

dustrial) requirements for watches, as computed by Commerce, actually exceed the military requirements.

According to information obtained from both trade and Government sources, the number of jeweled-lever and pin-lever watches currently in the hands of the American public is estimated between 145 to 170 million units. This estimate is based on domestic consumption figures for the past 10 years and the average service life of the watches under normal maintenance conditions. In addition, the total inventory of watches at the retail level is estimated at 17.5 million watches at the end of 1965. Estimates of watches in the domestic producers and importer-assemblers inventories ran to some 6 million units, making a total inventory in 1965 of over 23 million units. Thus, there appears to be a pool of about 165 to 190 million watches in consumers' hands and inventories, most of them being of jeweled-lever construction. In addition, the number of clocks of all types in the hands of consumers and in inventories exceed the number of watches above referred to. This available supply of timepieces should be more than enough to meet all essential civilian needs even in a war lasting several years.

With respect to the repair and maintenance of watches in the hands of the public, the Department of Labor publication, "Occupational Outlook Handbook" 1966-1967 edition, states, among other things, that there are over 25,000 watchmakers in the United States outside of manufacturing facilities. A great number of these are employed in retail stores, only a few hundred being employed either by the domestic watch manufacturers or importer-assembler firms. In fact, about one-half of the total are self-employed. During World War II, most of these watchmakers continued in the retail establishments.

It is likely that during a major emergency most of the watchmaking operations would be curtailed to an irreducible minimum and the facilities utilized to fulfill higher priority needs. According to the study by the Department of Labor, referred to in this report, only about 200 workers of the present nearly 10,000 workers employed in the four major watch companies would be needed to manufacture precision time keeping devices to meet defense requirements in a mobilization period. Of these 200 workers, approximately only one-third would be technical and highly skilled workers.

The level of imports dealt with in "national security" investigations is related to quantities which have been and are entering this country under existing rather than prospective tariffs. However, we have taken account of the fact that the higher "escape clause" rates of duties on watches imposed in 1954 are currently in the process of review. Our findings in this national security investigation took into consideration the alternatives considered by the defense agencies, referred to earlier in this report, should further changes in domestic watch production take place as a result of termination of the duty protection now enjoyed by the industry.

I have made a careful analysis of the comprehensive record assembled in this case and of the thorough and exhaustive studies by the Departments of Defense and Commerce, the Atomic Energy Commission and the other agencies collaborating in this investigation. There is ample evidence that the military production capability of the companies composing the domestic watch manufacturing industry has not only been *unimpaired* by substantial imports in the past decade but is currently at its maximum and is expanding. In this connection, we have taken note of the judgments of the defense agencies which rely on the watch industry for the supply of a significant portion of horological-type defense items that in the event any changes result in the impairment of this source, not now foreseen, timely action can be taken by them to provide a source of production within or outside the watch industry for meeting peacetime and mobilization requirements for horological-type defense products.

Accordingly, I have concluded that watches, watch movements, and watch parts are not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. I have also concluded, based on the studies and judgments of the interested defense agencies, that the domestic watch manufacturers will be likely to continue production of defense materials for the foreseeable future, that the non-horological industry now has and will continue to have a role in the production of essential military timing devices, and that horological-type defense items will continue to be available from one source or another without regard to the level of imports of watches, movements, and parts.

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