me, their elected representative, and to urge your prompt and favorable consideration.

[S. 3124, 90th Cong., second sess., introduced by Senator Metcalf on March 18, 1968]

A BILL To provide that annual increases in the quota of watches and watch movements which may be entered duty-free from the insular possessions shall be equally divided among the Virgin Islands, Guam, and American Samoa

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) headnote 6(b) of schedule 7, part 2, subpart E of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new sentence: "If such total quantity for any calendar year after 1967 exceeds 4,693,000, then of such total quantity—

"(iv) not to exceed 4,106,375, plus ⅓ of the number by which such total quantity exceeds 4,693,000, shall be the product of the Virgin Islands.

"(v) not to exceed 390,927, plus ⅓ of the number by which such total quantity exceeds 4,693,000, shall be the product of Guam, and

"(vi) not to exceed 195,698, plus ⅓ of the number by which such total quantity exceeds 4,693,000, shall be the product of American Samoa."

(b) The amendment made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after January 1, 1968.

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HAMILTON WATCH COMPANY,
*Lancaster, Pa., July 12, 1968.*

Hon. WILBUR MILLS,
*Chairman, Committee on Ways and Means,*
*House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: As you know, few U.S. industries have been more deeply affected by or more actively interested in U.S. trade policies and their administration over the past thirty years than the producers of jeweled-lever watch movements. This experience has shown rather conclusively that it is not possible to produce watch movements in this country without a very substantial tariff to equalize the difference between foreign and domestic labor rates. It has also shown that such rates cannot be maintained, certainly not through administrative channels.

In 1950, when I first became active on the tariff problem for Hamilton Watch Company, there were seven companies making complete wrist-watch movements in the United States, three producers of non-jeweled or pin lever movements and four producers of jeweled-lever movements. Today there are only two companies which have the capability to produce complete movements in this country. The total domestic production of these two companies is quite limited, is substantially less than in 1950, and its continuation even at this level is problematical.

Four of the other five companies have ceased all U.S. production of wrist-watch movements (although two continue to make an inexpensive, large, pin lever pocket watch of the type which once was known as the $1 watch). The The fifth company, U.S. Time Corporation, has presented testimony to your Committee. It produces more watches than any other company in the world, but the greatest part of its production is from its plants in several foreign countries. It now makes only one-half of the parts for its U.S. produtcion in the United States. Its more complicated operations, which require more labor, are centered elsewhere.

The President's reduction of tariffs on watch movements in January, 1967, by revocation of the escape clause rates established by President Eisenhower in 1954, has already resulted in the further decline of U.S. watch-movement production, and the full effects of his action will become more evident in the next few years. In March, 1965, before the President acted, the Tariff Commission had reported to him that the revocation of the escape clause rates would result in "idling of productive facilities and a decrease in employment in the manufacture of U.S. watch movements. . . ." That is precisely what has happened