

Foreign sales

The sales of chemical porcelain to foreign countries direct from Coors Porcelain Company were \$126,000 in 1967, or slightly less than 8% of the total. In addition to this, it is estimated that our dealers sold approximately \$70,000 to foreign consumers directly. Of this amount, some 86% went into Canada and only about \$9,600 or some 14% of this total to Mexico. It is not possible for us to get completely accurate figures from all of our dealers as to their shipments direct to consumers in Canada and Mexico. Although the amount of Coors chemical porcelain shipped into Canada is probably a fairly large percentage of their total usage, the reason for our success in being able to penetrate this market despite adverse foreign price situations is that all but one of the Canadian scientific apparatus dealers are branches of U. S. owned companies. For this reason it is more natural for them to purchase this type of item from the United States and in many cases the purchasing arrangements are actually handled through offices in the United States. The Canadian duty is 22% on the majority of chemical porcelain items. The Mexican duties range from 12.7% to 41.6%, depending on the nature of the item.

Competitive price picture

In order to evaluate the effect of tariffs on the marketing of chemical porcelain, it is important to look at the competitive price situation. The table which is attached as Appendix C shows the prices of several German products as well as the Japanese products and those of Coors Porcelain Company before the duty was reduced from 60% to 54%. These figures indicate quite clearly that in some of the more popular items, such as crucibles and evaporating dishes, which in many cases were the only ones where foreign prices were available to us, the Coors list price is often double that of the list price of the imports. The column showing Labco is for Japanese ware delivered in the U.S. and duty paid. These are the list prices for which this product is offered to the ultimate consumer and compare with Coors list price. Even with the present 54% tariff, this material is available at a price ranging from 25% to 40% less than ours. The only reason that this has not made inroads into our business is that the ware is of relatively poor quality and also is not supplied in all of the items which are required. It is this kind of pricing, however, which is made available by reduction of our tariff to 30% and if used with the type of quality which is available from one or two of the top European producers, would provide such serious competition that it would be difficult to maintain our position as a supplier in this field.

Comparative wage rates

As mentioned previously, approximately 50% of the cost of our product comes either from direct or indirect labor. For this reason then, it is also important to compare competitive labor rates. The latest rates which we have for foreign countries are for the year 1961 and were compiled by the Business and Defense Services Administration of the Department of Commerce. These show that the average wage rate in the pottery industry is 35¢ per hour in Japan, 61¢ per hour in West Germany, and 48¢ per hour for women and 97¢ per hour for men in the United Kingdom. In our manufacture of chemical porcelain, approximately 75% of the jobs are carried out by female operators and the remainder by male operators. The average for these classifications in the jobs involved at the Coors Porcelain Company is \$1.93 for female operators and \$2.51 for male operators at the present time. In the case of Coors figures, fringe benefits which average in the neighborhood of 50¢ per hour are not included and it is presumed that fringe benefits are not included in the figures for the foreign countries either. In any case, assuming a 10% increase per year in these foreign countries, it can easily be seen that the average wage rates at Coors are two and one-half to three times higher than those in Europe and as much as five times higher than those in Japan. Although wage rates are rising faster in these countries than they are in the United States at the present time, the disparity is still a vast one and cannot be compensated for to any large extent by productivity. Until wage rates and the corresponding costs of living tend to equalize in the various countries of the world, it will not be possible to manufacture high labor cost items such as chemical porcelain in this country on a competitive basis with these foreign countries. Protective tariffs are therefore absolutely necessary if this industry is going to be preserved in the near future.