the success and prosperity of their establishments, are engaged in expensive and far-flung promotional activities to increase the sale of imports. They have stimulated a demand on the part of the consumer for products bearing a foreign tag. Italian, French, Oriental and other handbags are advertised in stores, often to the exclusion of the domestic product. This promotional activity bears no relation whatsoever to the quality of the product or workmanship.

There is little that handbag manufacturers can do to overcome this well organized campaign which, in effect if not in time, imposes a boycott of the domestic product. But, if this process continues, it will further destroy an industry already laboring under severe handicaps. Non-action on the part of the government then, in the light of the new tariff rate reductions, will accelerate the destruction of our industry. The retailers' profits may increase, but the employers and workers in the American handbag industry, already the victims of tremendous imports, will pay the price for the benefits derived by other groups.

Actually, the American handbag manufacturer is prepared to compete with foreign-made merchandise on the basis of style, quality and eye appeal. But, the ground is cut out from beneath his competitive posture vis-a-vis foreign products primarily and fundamentally on the basis of price.

We constantly hear the term "world market". Implicit in this is the idea that there be reciprocity with respect to tariffs and trade barriers, thereby resulting in a free competitive world-wide situation in which all countries prosper and flourish. On the surface, at least, there is no disparity in the duties on handbags in the United States vis-a-vis France, Italy and West Germany which are the principal exporting countries of the world in the category of leather and reptile handbags. But in France, there is, in addition to the duty, a customs stamp tax of two percent levied on the value of total customs charges as well as sales and other internal taxes. In Germany, a turnover equalization tax of four percent is superimposed on the duty. Italy, on the other hand, has only inconsequential administrative fees. However, the duty there is pegged at thirty percent. Attention should also be directed at the subsidies granted to the foreign manufacturers by their respective governments.

Reciprocity is therefore a hollow-sounding note, and the hollowness is accentuated if one contrasts the escalation of imports with the relative sameness of exports during the past fifteen years or more. In 1949, we exported 11,592 leather handbags with a total value of $41,340.00. In 1960, there were 125,435 leather handbags exported with a total value of $337,368.00. In 1966, the exports of handbags of leather or materials other than plastic was as follows: Total number of items, 142,714; dollar value, $641,769. The export-import imbalance is so disproportionate that comparisons are out of the question.

Reciprocity may be meaningful in other sectors of the economy. It is totally irrevelant, however, to the realities in the handbag industry. However, laudable the objective of reciprocal lowering of tariff barriers and other obstacles to trade viability may be, we ask this Committee to appreciate the unwillingness of American manufacturers and American workers to become the sacrificial lambs on the altar of trade-tariff comity.

Because of the peculiar factors inherent in a handcraft industry, particularly such a one as the handbag industry, little can be done by the American manufacturers themselves to stem the tide of imports. As a matter of fact, more and more American manufacturers are, themselves, importing to supplement their domestic production. But this written presentation by the National Handbag Association is ample proof of the concern felt by American manufacturers regarding the deluge of imports. The American handbag manufacturer wants the industry to remain a basically domestic one. It needs the help of his government to keep it so. He is prepared to compete with other sectors of the American economy for a share of the consumer dollar. This competition is sufficient, unto itself, to keep the handbag manufacturer on his toes for new ideas, new designs, new merchandising methods—all aimed at catching the eye and the purse of the American consumer. But, while competition is expected from within, it is the competition from outside which has placed a stranglehold on both the handbag manufacturer and his employees.

The handbag industry, because of its highly competitive status and its sensitivity to any adverse conditions, needs all the help it can possibly receive from its government. And we ask that your thinking be addressed to the question: Is it fair and reasonable to permit tariff and trade policy to place an industry—its employers and employees—in constant fear of being deprived of their businesses, their jobs and their freedom to continue without impending disaster?