

blame for this condition rests upon U.S. trade policy which has invited massive penetration of American markets by foreign producers and thereby aggravated an already serious economic imbalance.

We submit that a change of direction is clearly in order, and we therefore advocate enactment of import quotas and urge this Committee to consider favorably. "The Fair International Trade Act of 1968," H.R. 17088 introduced May 7, 1968 by Congressman Utt. This proposal is designed to reverse the trend of our trade deficit by providing for expansion of imports only in proportion to the growth of domestic markets. By careful delineation of impartial standards for imposing quotas, this bill eliminates the risk of "special interest" legislation and provides for application of uniform restrictions. In our judgment, it would ably serve the nation's best interests, as well as those of the domestic hardboard industry, and we commend it to the Committee's attention.

STATEMENT OF HARDWOOD PLYWOOD MANUFACTURERS ASSOCIATION

INTRODUCTION

My name is Clark E. McDonald and I am the Managing Director of the Hardwood Plywood Manufacturers Association. Our Association represents the domestic manufacturers of hardwood plywood and is the industry spokesman. Its membership consists of 65 of the leading producers of hardwood plywood and includes companies employing as many as 1,500 employees, as well as small manufacturers, in some cases family-owned, employing as few as 12. The members manufacture products ranging from wall panels and furniture components to shoe heels.

IMPACT OF IMPORTS ON HARDWOOD PLYWOOD INDUSTRY

The domestic hardwood plywood industry has been most severely affected by imports, this can be readily established by concrete evidence. In 1950, United States manufacturers produced 93% of our domestic consumption. That same year, plywood was added to the Offer List for the GATT Negotiations, despite the efforts of our Association (then, Hardwood Plywood Institute), which filed a brief and then made an appearance before the United States Tariff Commission and the Committee of Reciprocity Information. At the GATT Negotiations in 1951, the general duty on plywood was reduced from 40% ad valorem to 20% ad valorem.

The year 1952 was the beginning of the deluge, with the Japanese assuming the lead which they have yet to relinquish. By 1954, hardwood plywood imports had increased 740%, accounting for over one-third of the entire United States consumption. In the fall of that year, the Hardwood Plywood Institute filed an Escape Clause Complaint with the Tariff Commission; the hearings were held in March, 1955. In June, 1955, the Tariff Commission issued its decision finding no injury and stated that the downward trend of the industry had not existed for a sufficient length of time to establish serious injury.

By 1958, after plywood imports had increased 1500% from the 1950 total and accounted for more than 50% of the United States consumption, a second Escape Clause Complaint was filed. Hearings were held in April, 1959, and again the Tariff Commission denied relief. (See Chart—Exhibit A.)

There are 187 hardwood plywood mills in twenty-eight states (Exhibit B). The hardwood plywood mill is typically located in a small community and is its greatest supplier of income. The workers are generally unskilled or semi-skilled laborers, who have little job mobility. From 1953 to the present date, in spite of an overall 400% increase in domestic consumption of hardwood plywood, 93 domestic mills have ceased operation in communities which could ill afford the loss of any industry.

In spite of the rising costs of materials, labor and distribution factors, the domestic manufacturers, in order to compete with imports, have been forced to cut into domestic return on investment in order to survive. The following Wholesale Price Index Chart from the Department of Commerce discloses that the price of hardwood plywood has declined since 1951, contrary to most other products. (See Chart—Exhibit C.)

According to Association records, the average labor rate in a hardwood plywood mill in 1960 was \$1.00 per hour compared with \$1.55 in 1967. The figures speak for themselves.