

<i>Types of board</i>	<i>Principal uses</i>
Insulating formboard-----	Permanent form for reinforced gypsum or light weight aggregate concrete poured-in-place roof construction.
Sound deadening board-----	In-wall assemblies for apartments, commercial buildings, homes, hotels and motels to control sound transmission between units.

Under current conditions, domestic industry's position is a precarious one. After the post World War II building boom, while U.S. productive capacity continued to increase, the growth of industry demand began to slacken. This leveling-off process has continued to the present time, with the result that the industry is burdened with excess production capacity of about 30%.

This trend resulted from two basic factors. First, the use of insulation board is confined, almost exclusively, to the construction industry. Unlike particle-board and hardboard, it is a product which lacks versatility and the industry has been unable to create new uses for it outside construction. Insulation board today serves basically the same kind of construction purposes it has fulfilled for more than four decades.

The other factor contributing to the lagging U.S. demand for insulation board is the competition the industry has encountered from newer substitute materials. Insulation board, being made from wood or bagasse fiber, is a combustible product. There has been an increasing effort by building code agencies to restrict certain construction to noncombustible materials such as gypsum, mineral wool and fiber glass. This factor has served to confine the use of insulation board primarily to residential and farm construction, with only a limited variety of uses in industrial and public building construction.

The result of this combination of factors has been a saturation of the domestic insulation board market. Demand has increased by an average of less than one percent annually for the past fifteen years and is now about 30% below domestic production capacity.

Market limitations facing the domestic industry stemming from a saturated American demand and intensified competition from incombustible products, demonstrate the vulnerability of the industry to injury from imports.

TARIFF TREATMENT OF INSULATION BOARD

Insulation board was formerly classified under Tariff Item 1402 of the Tariff Act of 1930, as "pulpwood, wallboard . . . not plate finished." It is now classified under Item 245.90 of the Tariff Schedules as "Building boards not specially provided for, whether or not face finished . . . other boards of vegetable fibers."

The duty rate applicable to insulation board in 1963, when the Tariff Schedules were enacted, was 5% a.v., having been reduced from an original duty rate of 10% a.v. by virtue of a 1949 trade agreement concession. As a result of the bilateral trade agreement with Canada announced by the President on December 31, 1965, the duty rate was further reduced to 4% a.v. in 1966 and 1967, 3% a.v. in 1968 and 1969, and 2½% a.v. thereafter.

These reductions were increased and accelerated by the results of the Kennedy Round, under which the staged duty rate reductions for insulation board are as follows: 1968—3% a.v.; 1969—2% a.v.; 1970—1.5% a.v.; 1971—0.5% a.v.; 1972—Free.

Thus, in three and a half years, all tariff protection on insulation board will be eliminated, and imported insulation board may enter this country duty free.

NEED FOR TARIFF PROTECTION

For the domestic insulation board industry, the fruits of the Kennedy Round have been bitter indeed. In return for total elimination of tariff protection for insulation board in this country, our negotiators secured only token reductions in the tariff walls erected by other countries. Over the same five year period that U.S. duty rates will be reduced to zero, rates in the European Economic Community will go from 15% to 11%; rates in Great Britain and Northern Ireland from 20% to 18%; rates in Japan from 25% to 22½%; and rates in Canada from 20% to 15%.