

STATEMENT OF STEWART M. TATEM, TATEM MANUFACTURING CO., INC.

The bills H.R. 10950 and H.R. 10973, were introduced for the purpose of rectifying an unfair situation that exists in our present tariff law schedules.

THE COMMODITY

Compressed laminated wood, not impregnated, is a wood material generally made up of thin sheets or veneers and compressed to varying degrees of density modifying the physical characteristics of hardness, strength, weight, etc. This material is generally manufactured in Europe from beechwood which produces, because of the physical characteristics, a superior machine part. This improved quality therefore improves the quality of the textile machine parts which follows through to improved more efficient production in our U.S. textile industry.

COMPARISON

Compressed laminated woods produced in Europe are sufficiently different in characteristic as to be unique and to my knowledge do not compete directly with domestic sources since our indigenous woods have never adapted well to the process due to technical physical differences.

THE PICKER STICK INDUSTRY

The picker stick industry is largely made up of small family type businesses that operate on a minimum capital base, and can be severely harmed by an inequity such as exists in our present tariff law. The product is a vital one to the operation of our textile industry which is a key industry in our economy, which in turn makes this relatively small picker stick industry an important cog in the nation's industry.

DUTY RATES

The present tariff schedules allow a finished picker stick (a textile loom part) produced with foreign labor to be entered under item 670.7400 at 12%¹ ad valorem. The same compression modified wood material in blank or semiprocessed form, used to make the picker stick in the United States with United States labor is entered under item 203.1000 and dutiable at 18%¹ ad valorem.

Therefore, the present rates are creating 44% increase in raw material cost to our picker stick industry before we meet the labor cost differential which exists. These products are usually produced to custom spec's, and therefore produced in job shop type of operations that do not allow the technological sophisticated high volume production advantages needed to make up the difference in the aforementioned costs.

PURPOSE

It is my purpose to seek the simplest most equitable solution to this problem in the framework of forward looking economic cooperation within the U.S. and with our foreign neighbors. Therefore I do not feel the approach should be to erect "protective tariffs" or quotas as barriers. Rather we should look at what we have, find out how we got here, and proceed to correct the problem. I cannot criticize the duty rates on textile machinery and accessories as they appear to be equitable. The situation with respect to compression modified wood was not optimum under the 1930 Tariff Act but was made anomalous by the tariff revision effective in 1963. However, it is my opinion that the raw or semiprocessed material should be allowed to enter the U.S. at a lower rate than the finished product made from the same material by foreign labor. I understand that that principle prevails in other commodities where in some cases raw materials are entered duty free.

The customs appraiser Goodwin at the Port of Boston once stated that the rates do not seem equitable but he, of course, had no choice and therefore assessed the duty according to law. The materials in the form of sheets, blocks, etc. are sufficiently uniform and limited in size as to make them easily recognizable for the purpose of specific classification to their use in the production of picker sticks.

¹ Reflects G.A.T.T. adjustments.