

UNITED STATES TARIFF COMMISSION

WATCH MOVEMENTS

**Report to the President (1962)
Under Executive Order 10401**



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**Washington
July 1962**

UNITED STATES TARIFF COMMISSION

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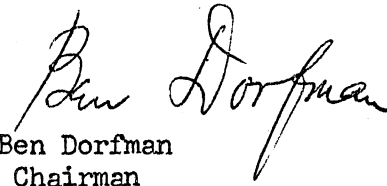
July 25, 1962

Dear Mr. President:

I have the honor to transmit the United States Tariff Commission's seventh report under paragraph 1 of Executive Order 10401 with regard to developments in the trade in watch movements since the modification of the tariff concession on watch movements granted in the trade agreement with Switzerland, by Proclamation No. 3062, effective July 27, 1954.

The Commission is of the view that developments in the trade in watch movements do not indicate such a change in the competitive situation as to warrant institution at this time of a formal investigation under the provisions of paragraph 2 of Executive Order 10401.

Respectfully,


Ben Dorfman
Chairman

Enclosure

The President

The White House

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U.S. TARIFF COMMISSION
Washington 25, D.C.

Watch Movements
(July 1962)

Report to the President Under Paragraph 1 of Executive Order 10401
On Developments in the Trade in Watch Movements

Introduction

After investigation by the Tariff Commission and report to the President ^{1/} under section 7 of the Trade Agreements Extension Act of 1951, as amended (the escape-clause procedure), the President, by Proclamation No. 3062, dated July 27, 1954 (3 CFR, 1954-1958 Comp., p. 15), modified the concession on watch movements granted in the trade agreement with Switzerland signed on January 9, 1936. The change in the U.S. customs treatment of watch movements resulting from this action became effective after the close of business July 27, 1954.

Paragraph 1 of Executive Order 10401 of October 14, 1952 (3 CFR, 1949-1953, Comp., p. 901), requires the Tariff Commission to keep under review developments with regard to any product respecting which a trade-agreement concession has been withdrawn or modified pursuant to action taken under the escape-clause procedure, and to make periodic reports to the President concerning such developments. The first such report

^{1/} U.S. Tariff Commission, Watches, Movements, and Parts (1954): Report to the President on Escape-Clause Investigation No. 26 Under the Provisions of Section 7 of the Trade Agreements Extension Act of 1951, 1954 (processed).

must be made not later than 2 years after the escape-clause action is taken, and subsequent reports are required at intervals of 1 year.

If, in the judgment of the Tariff Commission, conditions of competition with respect to the trade in the imported articles and the like or directly competitive domestic products concerned have so changed as to warrant a formal investigation to determine whether the withdrawn or modified trade-agreement concession may be restored in whole or in part without resultant serious injury to the domestic industry, or upon request of the President, such a formal investigation must be instituted by the Tariff Commission under paragraph 2 of the order.

This is the seventh report on watch movements, pursuant to paragraph 1. The first such report was submitted to the President on July 25, 1956; other reports were made in July in each year from 1957 through 1961.

As used in this report the terms "U.S. or domestic production" and "U.S. or domestic producers" refer to production that takes place within, or producers operating within, "the customs territory of the United States." The latter includes the 50 States, the District of Columbia, and Puerto Rico, but does not include the Virgin Islands. However, the production of watch movements in the Virgin Islands of the United States and shipments of such movements into the customs territory of the United States are discussed in this report, and such shipments have been taken into account in the calculation of total U.S. consumption of watch movements.

U.S. customs treatment since 1954 ^{1/}

On the basis of an escape-clause investigation made pursuant to section 7 of the Trade Agreements Extension Act of 1951, as amended, the Tariff Commission found in May 1954 that, partly as a result of the customs treatment reflecting the concessions granted in the trade agreement with Switzerland in 1936, the articles subject to duty under subdivisions (1), (2), (3), and (5) of paragraph 367(a) of the Tariff Act of 1930 were being imported in such increased quantities, both actual and relative, as to cause serious injury to the domestic industries producing like or directly competitive products. The President accepted the Commission's findings, and proclaimed on July 27, 1954, that the increased rates of duty recommended by the Commission would be effective after the close of business that day. The rates on the foregoing articles were accordingly increased by 50 percent above the rates in effect under the Swiss agreement except that no rates were increased above those originally imposed under the Tariff Act of 1930 (tables 1 and 2 in the appendix).

Most of the new rates were identical with, or closely approximated, the corresponding rates applicable before the Swiss agreement of 1936 went into effect. However, the rate of duty on each jewel in excess of 7 incorporated in a movement containing not more than 17 jewels was increased from 9 cents to 13-1/2 cents, whereas the preconcession rate

^{1/} For detailed descriptions of the tariff rates applicable under the Tariff Act of 1930 at the time of its enactment and of the rates under the 1936 trade agreement with Switzerland, see the Tariff Commission's 1957 report to the President on watch movements under Executive Order 10401.

was 15 cents each; the supplementary duty on adjustments was retained at the concession rate of 50 cents each, whereas the preconcession rate was \$1; and the supplementary duty on special features (such as self-winding) was increased from 50 cents to 75 cents each, whereas the preconcession rate was \$1 each.

The duty of \$10.75 per unit applicable to movements containing more than 17 jewels has not been changed since adoption of the Tariff Act of 1930. However, the protection afforded the domestic industry by the duty on such movements has declined in recent years as a result both of "upjeweling" and, more recently, of large shipments of such movements from the Virgin Islands.

The wide disparity between the U.S. duties applicable to 17-jewel movements and those applicable to movements of higher jewel count (more than \$8 on a typical men's size wristwatch), has made it economically feasible for a number of concerns in the United States (mostly importer-assemblers) to "remanufacture" imported 17-jewel conventional-type movements into movements incorporating 21 or more jewels. ^{1/} The cost of such conversion is much less than the differential in duties referred to above. Another widespread practice that has been followed by some importing concerns in the United States, in order to avoid the duty assessed on movements having more than 17 jewels, is the conversion in the United States of imported conventional-type 17-jewel movements into

^{1/} This practice is confined to the conversion of imported movements that are not specially prepared by the foreign supplier to facilitate upjeweling after importation. Imported movements specially prepared to facilitate such upjeweling in excess of 17 jewels are dutiable at \$10.75 each under T.D. 53753 (Mar. 16, 1955).

self-winding movements containing a greater number of jewels by the incorporation of an imported jeweled self-winding attachment. ^{1/}

Watch movements with 17 or fewer jewels are subject to higher duties if "adjusted" than if "unadjusted." Since most imports of movements with 17 or fewer jewels have for years been entered as "unadjusted," controversy continues concerning whether most of such imports are in fact "unadjusted."

The Tariff Act provides for a duty to be assessed for each adjustment of whatever kind (treating adjustment to temperature as two adjustments) in accordance with the marking on the plates or bridges. If the movement is unadjusted as defined by paragraph 367(a)(4) of the Tariff Act of 1930, the act provides, in paragraph 367(b), that the movement shall be marked as "unadjusted." The act, however, does not define what constitutes an adjustment; that is, whether or not it must be a specific physical manipulation of the movement, and if so, at what stage in the production process such manipulation must occur. In 1940 the Treasury Department ruled that watch movements are properly marked "unadjusted"

^{1/} This practice may result in a savings in the duty amounting to as much as 50 percent of the duty imposed on a watch movement having more than 17 jewels. The duty on a typical men's watch engineered for the later addition or incorporation of a self-winding mechanism is \$3.45, and the duty imposed on a self-winding attachment (containing 4 jewels) is approximately \$1.50. Thus the combined duty, amounting to approximately \$5.00, is slightly less than 50 percent of the duty of \$10.75 assessed on a movement having more than 17 jewels.

The Bureau of Customs in T.D. 54095 (May 25, 1956) held that imported watch movements that are engineered for the later addition or incorporation of self-winding devices containing jewels are not on that account regarded as movements specially prepared to facilitate upjeweling after importation within the meaning of T.D. 53573.

if they have not been specifically manipulated, otherwise than by ordinary assembly, to produce (a) temperature adjustment, (b) isochronal adjustment, or (c) position adjustment. ^{1/} In 1957 the Treasury Department further limited the definition of position adjustment. ^{2/}

Official import statistics indicate that in 1956 duties were assessed for 41,047 adjustments. The number of such adjustments on which the duty has been assessed increased to about 332,000 in 1958, declined to about 237,000 in 1959 and in 1960, and then increased to 317,000 in 1961. Most of the movements imported in 1961 for which the duties on adjustments were assessed were those containing more than 15 but not more than 17 jewels. The bulk of these movements probably were chronometers that are sold at the consumer level with certificates indicating the accuracy of the movement. The exceptional care and skill with which imported jeweled-lever-watch parts are generally made--as well as the improvements that have occurred in recent years in manufacturing techniques,

^{1/} T.D. 50277(3).

^{2/} As set forth in T.D. 54286, any such instrument [watch] shall be considered as adjusted to position if, after assembly, it has been tested in two or more positions and specifically manipulated in any manner which reduces to a prescribed limit of 45 seconds or less (per 24 hours) the observed differences between the rates in any of the positions in which tested and/or corrects the rate in any tested position for an instrument for which there is a prescribed tolerance not exceeding 45 seconds fast for one or more positions. The number of adjustments shall equal the number of positions in which the instrument was so tested, if tests were made in more than one position.

in metals technology, and in quality control ^{1/}-- have to a large extent outmoded the duties on adjustments for temperature, isochronism, and position as defined in current customs directives.

The increased rates of duty placed in effect in 1954 increased the incentive to smuggle watch movements, especially the smaller size movements containing 17 or more jewels. No official estimates of the extent of smuggling are available. The Commission does not know the extent of smuggling, and it does not know whether the volume of smuggling has increased or decreased. However, the volume is sufficiently large to be a serious problem not only for the Federal authorities charged with stamping out smuggling, but also for all legitimate interests in the watch trade. In 1961 the American Watch Association (principally importer-distributors of Swiss watches) reactivated their Vigilance Committee for the purpose of obtaining evidence leading to the arrest and conviction of smugglers. In addition, legislation designed to curtail smuggling has been proposed by the trade.

^{1/} In order to safeguard the reputation of watch products made in Switzerland, technical quality control over the manufacturing of such articles in that country is now mandatory under the provisions of the Swiss statute for the regulation of the Swiss watch industry, which entered into effect on Jan. 1, 1962. Under the established controls, specified minimum standards are required not only for watch parts but also for the timekeeping performance of the movement. After assembly, a certain percentage of the movements of a given manufacturing lot are selected for testing. During the tests, the timekeeping performance of the movements is observed in three vertical positions and in one horizontal position at a temperature of 20°C. with two degrees of spring winding for 24 hours of operation. The movements are also tested at 36°C. The tests yield data on daily performance, isochronal error, temperature error, and position error. The combined data provide a "quality index" so devised that the better the quality of the movements, the lower the index value (0 for a perfect movement and 25 for the lowest admissible quality for a movement designed for incorporation in a men's size watch).

The production of jeweled-lever watch movements in the Virgin Islands (of the United States), a recent development, also has a bearing on the protection afforded by the U.S. tariffs applicable to watch movements. Watch parts, including assemblies and subassemblies, on entering the Virgin Islands from foreign countries are dutiable at 6 percent ad valorem. Watch movements that incorporate such parts may enter the customs territory of the United States free of duty (pursuant to sec. 301 of the Tariff Act of 1930, as amended), provided that they do not contain foreign materials having a landed cost in the Virgin Islands in excess of 50 percent of the final appraised value of the movements when they enter the United States ^{1/} and that their entry is in compliance with the regulations prescribed by the Secretary of the Treasury. ^{2/} On the basis of current prices, producers of watch movements in the Virgin Islands of the United States seldom pay a Virgin Islands import duty of

^{1/} With respect to the determination of their value, sec. 7.8(d), Customs Regulations, U.S. Treasury Department, Bureau of Customs (19 CFR 7.8(d)), provides:

In determining whether an article produced or manufactured in any such insular possession contains foreign materials to the value of more than 50 per centum, a comparison shall be made between the actual purchase price of the foreign materials (excluding any material which at the time such article is entered, or withdrawn from warehouse, for consumption in the United States, may be imported into the United States from a foreign country, other than Cuba or the Philippine Republic, free of duty), plus the cost of transportation to such insular possession (but excluding duties and taxes, if any, assessed by the insular possession and any charges which may accrue after landing), and the final appraised value in the United States determined in accordance with section 402, Tariff Act of 1930, as amended, of the article brought into the United States.

^{2/} Shipments of watch movements from the Virgin Islands and the subsidies and tax exemptions for concerns producing those movements are discussed in a later section of this report.

more than 21 cents on the parts that are incorporated in a single movement, whereas the U.S. import duties paid on the great bulk of comparable watch movements imported from foreign countries range from \$2.70 to \$10.75 per movement.

U.S. producers

Currently, eight concerns manufacture movements in the continental United States of the types that are competitive with those imported under the provisions of paragraph 367. ^{1/} Four of these concerns (the Bulova Watch Co., the Hamilton Watch Co., the Elgin National Watch Co., and the Precision Time Corp.) manufacture exclusively jeweled-lever movements; three concerns (the United States Time Corp., General Time Corp., and the E. Ingraham Co.) produce pin-lever movements; and two concerns (General Time Corp., which also produces pin-lever movements, and the Lux Clock Manufacturing Co.) make spring-driven, nonjeweled pin-lever movements used in small clocks--movements which are competitive with similar movements imported under paragraph 367.

^{1/} At the time the rates of duty on movements were increased (July 1954), there were 10 concerns. Since then, 3 of the companies have discontinued the production of such articles--the Waltham Watch Co. ceased producing jeweled-lever watches; the New Haven Clock & Watch Co. discontinued the production of pocket and wrist pin-lever watches, as well as small, spring-driven nonjeweled pin-lever clocks; and the William L. Gilbert Clock Corp. (now known as General-Gilbert) terminated the production of small clocks--and 1 concern, the Precision Time Corp., began the manufacture of watch movements. The latter concern assembled movements from some parts of its own manufacture and from some imported parts. Initially, the output of this plant consisted of movements having pin-lever escapements, but production now consists solely of small-size jeweled-lever movements.

In addition to the aforementioned changes, the E. Ingraham Co. now produces only pin-lever pocket watches; formerly, this concern also manufactured pin-lever wrist watches and small, spring-driven, nonjeweled pin-lever clocks.

Of the four producers of jeweled-lever movements, only Precision Time Corp. sells domestic movements only. Some watches sold by the remaining three producers incorporate movements of their own domestic manufacture and some contain imported movements, including those produced in their own foreign plants. ^{1/} Three concerns through their foreign subsidiaries also market watches abroad; the bulk of such watches, however, contain movements made in Switzerland, France, Germany, and Japan.

In 1961, of the three domestic producers of pin-lever movements, one produced movements for incorporation only in pocket watches, one produced movements for incorporation both in pocket watches and in wristwatches, and the other produced movements for incorporation only in wristwatches. The last mentioned concern, in addition to producing pin-lever movements, introduced for sale in the United States early in 1962 watches containing a new type of 21-jewel movement ^{2/} at prices substantially lower than those of most domestic 21-jeweled-lever movements. All three of the foregoing concerns also sell watches containing imported pin-lever movements. In addition, two of them market conventional jeweled-lever watches containing imported movements and one of these two concerns markets electric watches incorporating imported movements.

^{1/} All three concerns, the Bulova Watch Co., the Hamilton Watch Co., and the Elgin National Watch Co., wholly own or control watch plants located in Switzerland. In 1961, the Hamilton Watch Co. purchased the Standard Time Corp. of the Virgin Islands.

^{2/} The construction of this movement differs considerably from that of a conventional jeweled-lever movement, notably in the shape and the mounting of the pallet jewels and in the contour of the teeth of the escape wheel.

Two of the aforementioned producers of pin-lever watches have interests in watch- or clock-manufacturing facilities located abroad. The General Time Corp. has subsidiaries located in Canada, Scotland, and Brazil. ^{1/} The United States Time Corp. has two plants in Scotland, two in West Germany, and one each in France and England; the West German plants, located in Pforzheim, are reported to be fully integrated jeweled-lever-watch factories. The United States Time Corp. now markets in the United States watches incorporating jeweled-lever movements manufactured by its German subsidiaries, as well as some manufactured in Japan by the Seikosha Watch Co.

Most of the imported pin-lever movements are cased abroad, but most other movements--whether domestically produced or imported--are cased in the United States in domestically produced cases. Some domestic watch manufacturers export limited quantities of complete timepieces (i.e., watches or clocks), movements, or parts to foreign markets, notably those in which they have merchandising or manufacturing affiliates. Practically all domestic watch manufacturers also produce articles other than timing instruments and in recent years have steadily expanded their operations outside the strictly horological field. In addition, most of these companies have, or have recently had, defense contracts covering not only timepieces and other timing instruments but also a wide range of other articles.

^{1/} The General Time Corp. will also begin to manufacture Westclox products during 1962 in Mexico under a joint venture with Mexican interests.

U.S. production

To avoid disclosing the operations of individual concerns producing pin-lever movements, data for the years after 1959 are shown only on the total operations of concerns producing all watch movements.

The production of all watch movements by the domestic watch industry in 1959 amounted to 11.3 million units, the highest level of production since 1951 (table 3). Such production amounted to 9.5 million units in 1960 and 9.7 million units in 1961; production in 1961 was the highest in any of the years since 1951 except for 1959. Total production of watch movements amounted to 2.7 million units in the first quarter of 1962, compared with 2.1 million units in the first quarter of 1961.

The production of jeweled-lever watch movements amounted to 1.6 million units in 1959; this quantity was substantially greater than the number produced in 1958 (947,000 units), which was smaller than in any of the years since the depression year of 1933. Production was slightly higher in 1960 than in 1959, but substantially lower in 1961 than in 1960. Production in 1961 was at its lowest peacetime level since 1938 except for 1 year, 1958. The diminished production in 1961 resulted solely from a decrease in the production of movements containing more than 17 jewels. Production of jeweled-lever movements was slightly greater in the first quarter of 1962 than in the first quarter of 1961.

The production of pin-lever watch movements amounted to 9.7 million units in 1959, an amount substantially greater than that in any of the preceding 10 years. Production was substantially lower in 1960 than in 1959 and was somewhat higher in 1961 than in 1960. Production of pin-lever watch movements was about a third greater in the first quarter of 1962 than in the first quarter of 1961.

As noted in the Commission's previous reports, the great bulk of the domestic output of jeweled-lever watch movements in recent years has consisted of movements having 16 or more jewels. The share of total production of jeweled-lever movements accounted for by 16- to 17-jewel movements reached a peak in 1952, when they accounted for 63 percent of production. Between 1952 and 1958 the share declined each year and it was 12 percent in 1958; the share increased each year thereafter and it was 28 percent in 1961. Conversely, the share of the total production accounted for by movements containing more than 17 jewels increased from 36 percent in 1952 to 88 percent in 1958 and declined to 72 percent in 1961. In the first quarter of 1962, movements containing 16 or 17 jewels accounted for 41 percent of the production of jeweled-lever watches, and movements with more than 17 jewels accounted for 59 percent.

All of the major producers of jeweled-lever movements manufacture and market some watches containing movements of other than conventional types. Although the domestic industry does not produce some of the specialty watches, such as calendar watches, it currently produces and markets self-winding watches and electric watches. In 1960 the production of such watches accounted for more than 16 percent of the total number of watch movements produced by the jeweled-lever-watch manufacturers. Two domestic jeweled-lever-watch concerns produce and market men's self-winding watches, all containing 23 or more jewels. ^{1/} Two domestic

^{1/} All domestic manufacturers of jeweled-lever watches also market self-winding watches that contain imported movements. Most of these watches contain 17 jewels, but some contain more. Some of the self-winding watches that contain more than 17 jewels are assembled in the United States by attaching imported, jeweled, self-winding mechanisms to imported 17-jewel movements.

companies producing jeweled-lever watches also produce and market battery-powered watches. In one of these electric watches the movement employs a balance wheel but does not incorporate an escapement. The other type of movement has neither a mainspring nor a balance wheel; this movement incorporates a tuning fork that is electrically activated.

Since 1930 the annual production of pin-lever wristwatches has generally exceeded the production of jeweled-lever watches, and, until 1953, the annual production of pin-lever pocket watches exceeded the production of pin-lever wristwatches. The production of pin-lever wristwatches has risen irregularly since 1953; in 1961 they accounted for about three-fourths of the total production of all pin-lever watches. The increased sales of pin-lever wristwatches since 1953 is attributable in part to the improvement in their appearance; many models are now as narrow and as thin as many jeweled-lever watches. In addition, the United States Time Corp. now produces and markets men's self-winding wristwatches.

U.S. producers' inventories

During the years 1953-61 inventories of domestic watch movements (including those contained in finished watches) held by manufacturers ranged from a high of 1.4 million units at the end of 1952 to a low of 686,000 units at the end of 1957 (table 4). At the end of 1961, inventories amounted to an aggregate of 908,000 units. Total inventories at the end of March 1962 amounted to 1,037,000 units, compared with 941,000 units at the end of March 1961.

Producers' inventories of pin-lever watch movements were about 33 percent larger at the close of 1961 than at the close of 1960, whereas producers' inventories of jeweled-lever movements were only slightly larger. At the end of March 1962, producers' inventories of pin-lever movements were 24 percent larger and those of jeweled-lever movements were slightly smaller than at the end of March 1961.

U.S. producers' sales

Sales of wholly domestic watches.--In 1953, producers' sales of watches containing domestic movements amounted to 8.8 million units, valued at \$87 million. ^{1/} During the following 6 years, sales ranged from 7.5 million units in 1954 (valued at \$66 million) to a peak of 10.8 million units in 1959 (valued at \$86 million). Sales declined thereafter through 1961, when they amounted to 9.5 million units, valued at \$73 million. Sales in the first quarter of 1962 amounted to 2.4 million units, substantially more than the 1.7 million sold during the first quarter of 1961, and about the same number as in the first quarter of 1960. However, the value of the watches sold in the first quarter of 1962 amounted to \$16.5 million, compared with \$17.9 million for those sold in the corresponding period of 1960, reflecting a decline in sales of the more expensive movements.

The share of domestically produced watches sold by domestic watch producers that is accounted for by jeweled-lever movements declined from 28 percent of the total quantity (80 percent of the value) in 1953 to

^{1/} The value of watch sales as reported includes the net return to the producers for the movement, case, band, and box.

14 percent of the quantity (49 percent of the value) in 1959 (the last year for which separate data may be made public). In 1960 and in 1961 the share of the total quantity and value of sales of domestic watches accounted for by jeweled-lever movements changed only slightly from that in 1959.

Since 1953, annual sales of all domestically produced watches have accounted for 25 to 44 percent of the total value of sales of all products manufactured in all the plants producing watch movements. The ratio, which reached a peak of 44 percent in 1958 and in 1959, was lower in the following 2 years; in 1961 it was 36 percent. The ratio for the first quarter of 1962 was 33 percent, which was slightly higher than the corresponding ratio for the first quarter of 1961.

Although in the years immediately preceding 1953 sales of watches containing domestically produced jeweled-lever movements accounted for virtually all of the total value of sales of the domestic plants producing such watches, in 1953 sales of jeweled-lever watches accounted for only 44 percent of the total value of sales by these plants. Largely because of cutbacks in the production of defense articles, the ratio of domestically produced jeweled-lever watches to total sales increased from 31 percent in 1954 to 46 percent in 1957. With the sharp decline in domestic production of jeweled-lever watches in 1958, the ratio declined to 41 percent in that year, but rose to 45 percent in 1959. In 1960 the ratio was slightly higher, but with the decline in the sales of jeweled-lever watches during 1961, it decreased substantially.

Until 1959, sales of domestically produced pin-lever watches accounted for an increasing share of the total value of annual sales of the plants

in which pin-lever watches were produced, increasing from slightly more than 13 percent in 1953 to a peak of 46 percent in 1958. In each successive year since 1958 the ratio has been smaller.

Sales of watches containing imported movements.--All major producers of watches containing domestic movements also market watches that incorporate imported movements. ^{1/} Since 1953, sales by these concerns of watches containing imported movements have ranged from \$33 million (1958) to \$47 million (1959), and have accounted for about one-third of the value of all watches marketed by domestic producers.

In 1961 sales by domestic producers of watches containing imported movements were valued at \$38 million. Between 1953 and 1959, owing to the almost steady decline in the annual sales of the other products produced in domestic watch plants, the sales of watches with imported movements accounted for a steadily rising share of the value of their total sales. In 1959 imported watch movements accounted for 24 percent of the total sales by domestic watch plants, but the ratio declined thereafter. It was 21 percent in 1960 and 19 percent in 1961.

In recent years, sales of watches containing imported movements have accounted for a much larger share of the total sales by domestic jeweled-lever-watch producers than of those by the domestic pin-lever-watch producers. In 1953, watches containing imported movements accounted for 23 percent of the value of the aggregate sales by the producers of jeweled-lever watches, whereas the corresponding ratio for the producers of

^{1/} Most of these movements are cased in domestically produced cases and many of these watches are equipped with watch bands manufactured in the United States.

pin-lever watches was less than 1 percent. Since 1953 the value of sales of watches with imported movements sold by both producers of jeweled-lever watches and producers of pin-lever watches has generally increased. In 1961 the corresponding ratios were 34 percent and 6 percent respectively.

Of the 2.5 million watches containing imported movements sold in 1961 by the domestic producers, 20 percent consisted of conventional type pin-lever watches, 71 percent were conventional type jeweled-lever watches, and the remaining 9 percent were special-feature types, principally those with self-winding jeweled-lever movements.

U.S. imports

In 1961 the total number of movements imported under paragraph 367 ^{1/} was 13.9 million units, which was about 5 percent less than in 1959 and slightly less than in 1960 (table 5). ^{2/} Imports in 1959 amounted to 14.5 million units, the largest annual imports on record, and in 1960 they totaled 14.3 million units. The foreign value of imports in 1961 amounted to \$50.1 million, about 12 percent less than the value of imports in 1959. Imports in the first 3 months of 1962 amounted to 2.6 million units, valued at \$9.8 million, compared with 2.2 million units, valued at \$8.5 million, imported in the first 3 months of 1961. The increase in imports in the years since 1958 is attributable primarily to the increased importation of pin-lever watches.

^{1/} Imports entered under par. 367 of the Tariff Act of 1930 are referred to hereafter in the aggregate as "watch movements" although they include a small quantity of movements that enter commercial channels as small clocks.

^{2/} Because of smuggling, official U.S. import statistics understate the actual quantities of foreign movements that enter into domestic consumption. The general practice of the U.S. Treasury Department is to sell at public auction watches and watch movements confiscated from smugglers.

Until 1953, imports from Switzerland accounted for virtually all of the imports of watch movements into the United States, but since then the share from that country has steadily declined. In 1952, movements from Switzerland accounted for 97 percent of the total number imported; by 1961 the share had declined to 84 percent. Since 1952 the bulk of the imports from other countries have come from West Germany (primarily movements having pillar plates measuring over 1.5 inches in width that are incorporated in small clocks). Between 1951 and 1961 the share of imported watch movements supplied by West Germany increased from 2.5 to 12 percent.

The official U.S. statistics on imports of movements, by jewel count (table 6), indicate that the shift in the composition of imports from jeweled-lever movements (those containing 7 or more jewels) to pin-lever movements (principally those containing 1 or no jewels) has continued since 1953. The share of total imports consisting of 1- or no-jewel movements increased from 21 percent of the total in 1951 to 49 percent in 1961; conversely, the share having 2 or more jewels declined from 79 percent of the total in 1951 to 51 percent in 1961. The shift to pin-lever movements has also been accompanied by a general decline in the average foreign unit value of imports, from \$5.29 per movement in 1953 to \$3.61 in 1961.

Imports of watch movements having 1 or no jewels have increased almost steadily since 1951. They rose from 2,448,000 units in 1951 to a peak of 7,085,000 units in 1960, and then declined slightly in 1961 to 6,792,000 units. Imports of these movements in the first quarter of

1962 amounted to 1,162,000 units compared with 1,007,000 units imported during the first quarter of 1961.

The bulk of the imports of jeweled-lever watch movements is accounted for by those in the 16- to 17-jewel bracket (most of which contain 17 jewels). Total annual imports of such watch movements reached their highest level in 1953, when they amounted to 8.4 million units; they declined to 6.2 million units in 1954 and 5.6 million units in 1955, and then rose to 6.2 million units in 1956 and remained at that level in 1957 (table 6). The imports in 1958 were 4.7 million units, the smallest in any year since World War II. Imports of 16- to 17-jewel watch movements rose to 6.1 million units in 1959 and then declined to 6.0 million units in 1960 and 5.8 million units in 1961. Imports of 16- to 17-jewel movements in the first 3 months of 1962 amounted to 1,123,000 units, compared with 993,000 units in the first 3 months of 1961.

Imports having 2 to 15 jewels accounted for a declining proportion of the annual imports of all watch movements during the last 10 years, declining from about 20 percent in 1951 to about 9 percent in 1961. Imports of movements having 2 to 7 jewels declined during this period from a high of 1.8 million units in 1953 to 1.1 million units in 1961; and imports having 8 to 15 jewels declined from 660,000 units in 1951 to 127,000 units in 1961.

Although imports of movements having more than 17 jewels were more than four times greater in 1961 than in 1951, they remained insignificant. In 1961 only 17,880 of the movements imported into the United States contained more than 17 jewels at the time they were imported.

In addition to being classified in official statistics into broad jewel-count categories, imports of watch movements having not more than 17 jewels are also classified according to seven size groups ^{1/} within each jewel-count category. An analysis of these data indicates that there has been little change during the last 10 years in the respective shares of total imports of watch movements incorporated in men's watches and in women's watches. ^{2/} Movements of the size normally used in men's wristwatches have accounted for slightly more than half of the total number of imported movements used in all watches, and those normally incorporated in women's watches have accounted for slightly less than half of the total imports.

The shift from jeweled-lever to pin-lever watch movements is shown not only in the aforementioned aggregate analysis of imported movements by jewel count, but also in the analysis of imported movements by size groups. Imports of the sizes of movements incorporated in women's wristwatches having 1 or no jewels (virtually all 0.6 to 0.8 inch in width) increased from 14,000 units in 1951 to 2.0 million units in 1961. These movements accounted for less than 1 percent of the imported movements incorporated in women's watches in 1951; by 1961 they accounted for 39 percent of the total. Imports of the sizes of movements incorporated in

^{1/} The Tariff Act of 1930, as amended, imposed a different rate of duty for these seven sizes, which range from movements having pillar plates measuring as large as over 1.5 inches but not over 1.77 inches in width to as small as 0.6 inch or less in width.

^{2/} In this analysis it is assumed that virtually all of the imported movements less than 1.5 inches in width are used in wristwatches, and, of these, movements measuring 0.9 to 1.5 inches in width are used in men's wristwatches.

men's wristwatches having 1 or no jewels increased from 1.4 million units in 1951 to 3.7 million units in 1961. Such movements accounted for 29 percent of the total imported movements incorporated in men's wristwatches in 1951 and for 52 percent of the total in 1961.

In contrast with the foregoing, the share of the total imports of men's wristwatch movements accounted for by those having 2 or more jewels declined from 71 percent in 1951 to 48 percent in 1961. The share of the total imports of women's watch movements accounted for by those having 2 or more jewels declined during this period from more than 99 percent to 61 percent.

During the last 10 years imports of watch movements subject to the additional duty for a self-winding device (or if designed to operate without rewinding for a period in excess of 47 hours) fluctuated somewhat from year to year. In 1961 about 1,070,000 such movements were imported; this, the smallest number since 1952, equaled about half the number of such movements imported in 1953. Since 1953, except for 1958, these movements have accounted for a declining proportion of the total annual imports of all watch movements.

The ratio of the number of adjustments to the number of imported movements on which adjustment duties were assessed was substantially higher in the past 4 years than in earlier years. This duty was assessed on movements accounting for an aggregate of 238,000 adjustments in 1960, and 320,000 adjustments in 1961. In both years, however, such movements accounted for less than half of 1 percent of the total number of movements imported.

Some of the movements entered under paragraph 367 of the Tariff Act of 1930 are of the types and sizes most frequently used in small clocks rather than in watches, but no separate statistics are available on the volume or value of the imports of these movements. The Tariff Commission estimates that imports of movements for use in clocks entered under paragraph 367 totaled about 1,051,000 units in 1956, decreased to 788,000 units in 1958, and increased in each succeeding year, amounting to 1,108,000 units in 1961 (table 5). ^{1/} Imports in the first 3 months of 1962 totaled 205,000 units, compared with 201,000 units in the first 3 months of 1961.

The tariff increases of July 1954 have had little restraining effect on imports of these small-clock movements inasmuch as most of them have been 1- or no-jewel movements more than 1.5 inches wide, on which the rate of duty (75 cents each) has remained unchanged since the passage of the Tariff Act of 1930. A substantial proportion of the 2- to 7-jewel movements entered under paragraph 367 are also used in clocks, but the 1954 tariff increases on most of such movements amounted to only 35 cents per unit.

Some of the movements imported under paragraph 367 are cased in the United States in domestic cases and then exported with benefit of drawback. The volume of such trade, however, has always been small. These shipments in 1961 amounted to only 132,000 units, a quantity much below

^{1/} Not all of the movements imported under par. 367 that are used in small clocks compete directly with the small, spring-driven, nonjeweled clocks produced by domestic manufacturers; some of the imported clocks compete more directly with the somewhat larger domestically produced clocks, and some have no domestic counterpart.

that in all of the immediately preceding 8 years except 1959 and 1960 (table 5).

Shipments from the Virgin Islands

As mentioned earlier in this report, watch movements are being produced in the Virgin Islands mostly from foreign parts, including assemblies and subassemblies, imported into the islands principally from Germany, France, and Japan. ^{1/} Some parts, however, are of U.S. origin. These movements--on becoming "products of the Virgin Islands"--enter the customs territory of the United States free of duty. Data concerning these movements have not been included in the sections of this report concerning U.S. production, U.S. producers' inventories and sales, U.S. imports, and employment and wages in U.S. plants. However, shipments of these movements into the customs territory of the United States are taken account of in the section of this report on U.S. consumption.

Available information indicates that Standard Time Corp. was the first concern to produce watch movements in the Virgin Islands; all of these movements initially incorporated solely imported parts. The first shipments of watch movements from the Virgin Islands into the United States occurred in November 1959. At least two concerns (Standard Time Corp. ^{2/} and the Delaware Watch Co.) shipped watch movements from the Virgin Islands to the United States during 1960 and 1961. During the first 3 months of 1962, two additional Virgin Islands concerns (Unit Time Corp. and Admiral Time Corp.) shipped watch movements to the United States.

^{1/} Under the laws of Switzerland, the exportation of parts from that country for assembly into complete movements is prohibited.

^{2/} A subsidiary of the Hamilton Watch Co.

Available information indicates that a fifth concern (Quality Products Co.), organized in the Virgin Islands by the Benrus Watch Co. during the latter part of 1961, will begin the production of movements for shipment to the United States during 1962.

Official U.S. statistics indicate that shipments of watch movements from the Virgin Islands have increased substantially since 1959 (table 7). They rose from 4,900 units in 1959 to 43,945 units in 1960, and to 172,805 units in 1961. Shipments in the first quarter of 1962 totaled 18,466 units, compared with 61,591 units in the first quarter of 1961.

The number of jeweled-lever watch movements shipped from the Virgin Islands to the United States in 1961 was significant compared with the total number of domestically produced jeweled-lever movements, and shipments of all watch movements from the Virgin Islands to the United States in 1961 were equal to about 2 percent of the total number produced in the United States (including pin-lever watch movements). The number of 17-jewel movements shipped from the Virgin Islands in 1961 was equal to more than one-third of the number of 17-jewel movements produced in the United States in that year. The share of the shipments from the Virgin Islands that consisted of movements containing more than 17 jewels increased from about 4 percent of the total in 1959 to about 33 percent in the first quarter of 1962. Since 1959 only a small part of the shipments have contained fewer than 17 jewels. About three-fourths of the total shipments appear to have been cased in the islands, the remainder having been cased after entry into the United States.

It is apparent that the establishment and rapid expansion of the watch-movement operations in the Virgin Islands of the United

States have been stimulated not only by the customs treatment accorded shipments coming into the customs territory of the United States from the islands, but also by the subsidies and tax exemptions which constitute part of the islands' business and industrial expansion program. ^{1/} The effect of the foregoing factors is most striking with respect to the shipments from the Virgin Islands of movements containing more than 17 jewels. Similar movements imported from foreign countries into the United States are assessed a duty of \$10.75 per movement. Official import statistics indicate that in no year since World War II have imports into the United States of movements containing more than 17 jewels exceeded 22,000 units. In contrast, in 1961 (the second full year during which the production facilities in the islands were in operation) shipments of such movements from the Virgin Islands amounted to 43,768 units--about double the 21,804 units that were imported from all foreign countries in 1958, the year of highest imports in the postwar period.

U.S. consumption

In the following discussion, U.S. consumption refers to the consumption in "the customs territory of the United States" of watches with domestic movements, imported movements, and movements shipped from the Virgin Islands, but does not include the consumption of watches and watch movements in the Virgin Islands.

Apparent U.S. consumption of all watches rose from 16.2 million units in 1954 (the lowest for any of the last 10 years) to 21.5 million units

^{1/} See title 33 of the Virgin Islands Code and the supplement thereto, and bill No. 1524 of the Legislature of the Virgin Islands, dated Oct. 31, 1961, amending and revising title 33 of the code.

in 1956, declined to 19.8 million units in 1958, and then rose to 24.8 million units in 1959 (the highest for any year on record) (table 8). Consumption declined to 22.6 million units in 1960, and remained at about that level in 1961. Consumption of all watches for the first quarter of 1962 amounted to 5.1 million units, compared with 4.0 million units for the first quarter of 1961.

The share of total consumption supplied by watches containing domestic movements declined from 51 percent in 1951 to 41 percent in 1953, rose to 47 percent in 1955, declined to 39 percent in 1957, rose again to 48 percent in 1958, and then declined to 42 percent in 1960. In 1961 the share supplied by movements produced in the customs territory of the United States rose to 43.1 percent. In the first 3 months of 1962 such movements accounted for 53 percent of consumption, compared with 51 percent in the first 3 months of 1961.

The share of total U.S. consumption of all watches that was supplied by watches containing domestic jeweled-lever movements declined from 14 percent in 1951 to 5 percent in 1958 (the lowest for any year on record), rose to 6 percent in 1959, and to a slightly higher level in 1960, but then declined substantially in 1961. The share supplied by watches containing domestic pin-lever movements declined from 37 percent in 1951 to 30 percent in 1953, rose to 37 percent in 1955, declined again to 32 percent in 1957, rose to 43 percent in 1958, declined substantially in both 1959 and 1960, and then rose slightly in 1961.

The share of consumption of all watches that was supplied by watches containing imported movements having 2 or more jewels (principally jeweled-lever movements) declined sharply from 48 percent in 1953 to a

low of 28 percent in 1958, and by 1961 had increased to 32 percent. The share supplied by watches containing imported movements having 1 or no jewels (all pin-lever movements) rose from 11 percent in 1953 to 27 percent in 1957, declined slightly in 1958, rose to 28 percent in 1960, and declined to 25 percent in 1961.

A substantial share of the sales of watches incorporating imported movements consists of those that are either lower or higher priced than the bulk of the wholly domestic watches. Some of the imported watches, such as self-winding watches in women's sizes, chronographs, and alarm watches, contain special features not found in wholly domestic watches. Only two domestic manufacturers of jeweled-lever watches and only one domestic manufacturer of pin-lever watches currently produce domestic self-winding watches, and only in men's watch sizes.

Increased consumer acceptance of pin-lever wristwatches, particularly in the smaller sizes that are currently supplied largely by imports, can be attributed not only to their comparatively low prices but also to the great variety of sizes, shapes, and styles in which they are offered, and to the improvements in the quality of many of them in recent years. Another factor of considerable importance in furthering the sale of pin-lever watches--more of which are discarded after expiration of the guarantee period than are repaired--has been the mounting cost of repairs to jeweled-lever watches. This factor, together with extensive advertising for watches that incorporate pin-lever movements, no doubt contributed to the rise in sales of such watches at the expense of sales of jeweled-lever watches.

Domestic manufacturers have changed the construction and outward appearance of their pin-lever pocket watches very little over the years. They continue to supply the great bulk of the now materially reduced domestic consumption of such watches, although imports of pin-lever pocket watches have increased somewhat during the past few years.

Domestic producers of small, spring-driven clocks in 1955 supplied an estimated 71 percent of the total domestic consumption of such clocks. That share was lower than in any year since World War II. Domestic production in 1956, which was about 17 percent higher than that in 1955, accounted for 77 percent of the total consumption of these clocks. Production declined steadily thereafter, until in 1959 the number produced was only about a third of that in 1956 and accounted for only 56 percent of domestic consumption. Since there was only one domestic producer of these clocks in 1960 and only two producers in 1961, no comparisons may be published for those years.

Employment and wages in U.S. plants

The annual average number of production and related workers engaged in the manufacture of all domestically produced watches and watch movements (including the production of watch parts and factory servicing of watches) declined from 8,300 workers in 1953 (the first full year before the increased rates of duty became effective) to 6,375 in 1957, and then rose to 7,924 in 1959 (table 9). Employment declined slightly in 1960 to an annual average of 7,046 workers and declined again in 1961 to 5,619 workers. Employment in the first quarter of 1962 averaged 6,335 workers--about 22 percent more than the 5,158 workers employed in the corresponding quarter of 1961.

Prior to 1958, the number of production and related workers engaged in manufacturing jeweled-lever watches and watch movements was substantially higher than the number engaged in producing pin-lever watches and watch movements. In both 1958 and 1959 a much greater number of workers were employed in the production of pin-lever watches and watch movements than in the production of jeweled-lever watches and watch movements; however, the relative positions were again reversed in 1960 and 1961, when employment in the production of pin-lever movements declined materially. Employment in both segments of the industry was much smaller in 1961 than in either 1959 or 1960, but employment in both was substantially greater in the first quarter of 1962 than in the first quarter of 1961.

Average hourly wages paid to workers engaged in the production of jeweled-lever watches increased steadily from World War II through 1958 and then declined thereafter (table 9). In 1958 the average rate paid reached a peak of \$2.36 per hour; in 1961 it amounted to \$2.31. The average rate in the first 3 months of 1962 was \$2.26, compared with \$2.31 per hour in the first 3 months of 1961. Average hourly wages paid to workers engaged in the production of pin-lever watches increased from \$1.44 per hour in 1953 to \$1.80 in 1961, and amounted to \$1.79 in the first quarter of 1962.

Statistical Appendix

Par. 367(c):

Parts for any of the foregoing:

(1) Parts (except pillar or bottom plates, or their equivalent, bridges or their equivalent, and jewels) imported in the same shipment with complete movements provided for in paragraph 367(a) (whether or not suitable for use in such movements), but not including any portion of all the parts in this shipment which exceeds in value 4 percent of the value of such complete movements-----

45% 4/

One-half the : 45% : One-half the : 45% :
 duty assessable: duty assessable: duty assessable: duty assessable:
 on the complete: on the complete: on the complete: on the complete:
 movement for : movement for : movement for : movement for :
 which suitable.: which suitable.: which suitable.: which suitable.:

One-half the : 9¢.

One-half the : 35¢ per assembly : 35¢ per assembly.

(3) Each assembly or subassembly (unless dutiable under clause (1) of this subparagraph) consisting of two or more parts or pieces of metal or other material joined or fastened together:
 Balance assemblies 5/
 Other assemblies and subassemblies:

50¢ per assembly : 35¢ per assembly : 35¢ per assembly.

For each jewel therein-----

15¢

9¢.

One-half the : 9¢ : One-half the : 9¢ :
 duty assessable: duty assessable: duty assessable: duty assessable:
 on the complete: on the complete: on the complete: on the complete:
 movement for : movement for : movement for : movement for :
 which suitable.: which suitable.: which suitable.: which suitable.:

For other parts or pieces of metal or other material joined or fastened together therein. 7/

The duty on any assembly or subassembly shall be-----

3¢ for each part : 2¢ for each part : 2¢ for each part

or piece. : or piece. : or piece.

Not more than the: Same rule ap- : Same rule ap-
 duty assessable: plied. : plied.

on the complete: :
 movement for : :
 which suitable : :
 and not less : :
 than 45%. : :
 65% : 55% : 55%.

(4) All other parts (except jewels)-----

1/ These rates were originally applied under the trade agreement with Switzerland (T.D. 48093), effective Feb. 15, 1936.

2/ These rates have been in effect since the trade agreement with Switzerland was modified by Presidential proclamation on July 27, 1954.

3/ For the sake of simplicity, "movements, mechanisms, devices, and instruments" will be referred to hereafter in this table simply as "movements."

4/ The 1930 rate, although not reduced, was bound against increase pursuant to the Swiss trade agreement.

5/ Par. 367(a)(4) provides that an adjustment to compensate for changes in temperature shall be treated as two adjustments.

6/ A balance assembly is defined in par. 367(c)(3) as "an assembly consisting of a balance wheel, balance staff, and hairspring, with or without the other parts commercially known as parts of a balance assembly."

7/ Par. 367(c)(3) provides that bimetallic balance wheels that are not parts of balance assemblies, and mainsprings with riveted ends are each to be considered as one part or piece.

Table 2.--U.S. rates of duty in 1930, 1936, and 1954 on selected items (classified by jewel count) dutiable under paragraph 367(a) of the Tariff Act of 1930

Articles	1930			1936 ^{1/}			1954 ^{2/}				
	0-1 : jewel	2-7 : jewels	15 : jewels ^{3/}	0-1 : jewel	2-7 : jewels	15 : jewels ^{3/}	0-1 : jewel	2-7 : jewels	15 : jewels ^{3/}	17 : jewels ^{3/}	Over 17 : jewels
Match movements:											
More than 1.5 inches wide-----	\$0.75	\$1.25	\$2.45	\$0.75	\$0.90	\$1.62	\$0.75	\$1.25	\$2.33	\$2.60	\$10.75
More than 1.2 inches but not more than 1.5 inches wide-----	.84	1.40	2.60	.75	.90	1.62	.84	1.35	2.43	2.70	10.75
More than 1 inch but not more than 1.2 inches wide-----	.93	1.55	2.75	.75	.90	1.62	.93	1.35	2.43	2.70	10.75
More than 0.9 inch but not more than 1 inch wide-----	1.05	1.75	2.95	.75	1.20	1.92	1.05	1.75	2.83	3.10	10.75
More than 0.8 inch but not more than 0.9 inch wide-----	1.20	2.00	3.20	.75	1.35	2.07	1.12 ^{1/2}	2.00	3.08	3.35	10.75
More than 0.6 inch but not more than 0.8 inch wide-----	1.35	2.25	3.45	.75	1.35	2.07	1.12 ^{1/2}	2.02 ^{1/2}	3.10 ^{1/2}	3.37 ^{1/2}	10.75
0.6 inch wide or less-----	1.50	2.50	3.70	.90	1.80	2.52	1.35	2.50	3.58	3.85	10.75
All the foregoing (except movements containing over 17 jewels):											
If adjusted-----					\$0.50 for each adjustment			\$0.50 for each adjustment			^{4/}
If self-winding or if designed to operate in excess of 47 hours without rewinding-----			\$1.00 extra								^{4/}
									\$0.75 extra		^{4/}

^{1/} Rates proclaimed pursuant to the 1936 trade agreement with Switzerland.

^{2/} Rates proclaimed on July 27, 1954, pursuant to "escape clause" action.

^{3/} Rates applicable to movements containing 8-17 jewels are the sums of the rates applicable to movements with 2-7 jewels plus an additional duty for each jewel in excess of 7. That additional duty under the original Tariff Act of 1930 was 15 cents per jewel, the duty under the trade agreement with Switzerland was 9 cents per jewel, and the corresponding duty since mid-1954 has been 13-1/2 cents per jewel.

^{4/} Not applicable.

Table 3. Watch movements: U.S. production, by type of movement, 1951-61, January-March 1961, and January-March 1962 ^{1/}

(In thousands of units)

Period	Jeweled-lever movements ^{2/}			Pin-lever movements			All movements
	8-15 jewels	16-17 jewels	More than 17 jewels	Total	Wrist	Pocket	
1951	37	1,839	1,286	3,162	3,242	5,084	8,397
1952	31	1,523	879	2,433	2,758	3,295	6,121
1953	39	1,110	1,216	2,365	3,314	2,709	6,076
1954	44	846	870	1,716	3,000	2,596	5,680
1955	44	701	1,225	1,926	3,680	2,874	6,566
1956	44	714	1,352	2,066	3,745	3,606	7,383
1957	44	460	1,073	1,533	4,683	1,681	6,373
1958	44	116	831	947	6,026	2,498	8,556
1959	44	263	1,351	1,614	5/	5/	9,720
1960	44	5/	5/	5/	5/	5/	5/
1961	44	5/	5/	5/	5/	5/	5/
January-March:							
1961	44	5/	5/	5/	5/	5/	2,062
1962	44	5/	5/	5/	5/	5/	2,722

^{1/} Data do not include watch movements produced in the Virgin Islands of the United States.
^{2/} There was no production of jeweled-lever movements containing 7 or fewer jewels in the periods covered by this table.

^{3/} The small differences between the totals shown and the sums of the production of pocket watches and wristwatches are accounted for by the inclusion in the totals of a small production of watch movements sold as such, and of watches other than wristwatches and pocket watches, in some years.

^{4/} These movements, if any, included with movements containing 16-17 jewels.
^{5/} Data may not be shown since publication would reveal the operations of individual companies.

Source: Compiled from data submitted to the U.S. Tariff Commission by U.S. producers.

Table 4.--Watches: Inventories of units produced in the United States, as of Dec. 31, 1952-61, and as of Mar. 31, 1961 and 1962 ^{1/}

(In thousands of units)

Date	Jeweled- lever watches	Pin-lever watches			All movements
		Pocket	Wrist	Total	
Dec. 31--					
1952-----	361	761	275	1,036	1,397
1953-----	562	426	300	726	1,288
1954-----	477	288	229	517	994
1955-----	425	59	319	378	803
1956-----	452	437	332	769	1,221
1957-----	331	120	235	355	686
1958-----	125	244	336	580	705
1959-----	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	1,029
1960-----	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	729
1961-----	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	908
Mar. 31--					
1961-----	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	941
1962-----	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	1,037

^{1/} Data do not include inventories of watch movements produced in the Virgin Islands of the United States.

^{2/} Data may not be shown since publication would reveal the operations of individual companies.

Source: Data compiled from reports submitted to the U.S. Tariff Commission by individual producers.

Table 5.--Watch movements: U.S. imports for consumption, ^{1/} total, estimated number entering commercial channels in clocks and in watches, and the number exported with benefit of drawback, 1951-61, January-March 1961, and January-March 1962

Period	(Quantity in thousands of units)											
	Foreign value, total	Movements			Movements used in watches					Quantity		
		Total	that enter commercial channels in clocks ^{2/}	Total	Imports	Containing 2 or more jewels	Exports with benefit of	Imports minus exports with benefit of	Total	Benefit of drawback	Benefit of drawback	Benefit of drawback
1951	54,190	500	11,576	2,248	8,828	69	11,007	11,007	11,007	11,007	11,007	
1952	58,818	650	11,657	2,270	8,737	130	11,007	11,007	11,007	11,007	11,007	
1953	70,695	1,085	13,367	2,262	10,020	407	12,282	12,282	12,282	12,282	12,282	
1954	54,495	1,149	10,485	1,972	7,364	319	9,336	9,336	9,336	9,336	9,336	
1955	50,459	1,228	10,853	3,293	6,332	270	9,625	9,625	9,625	9,625	9,625	
1956	57,312	1,051	13,509	5,358	7,100	196	12,458	12,458	12,458	12,458	12,458	
1957	56,922	850	13,246	5,333	7,063	153	12,396	12,396	12,396	12,396	12,396	
1958	46,343	788	11,315	4,810	5,717	140	10,527	10,527	10,527	10,527	10,527	
1959	56,732	970	14,524	6,404	7,150	82	13,554	13,554	13,554	13,554	13,554	
1960 ^{3/}	53,272	1,042	14,284	6,312	6,930	84	13,242	13,242	13,242	13,242	13,242	
1961 ^{3/}	50,104	1,108	13,867	5,726	7,033	132	12,759	12,759	12,759	12,759	12,759	
January-March:												
1961 ^{3/}	8,520	201	2,197	956	1,040	25	1,996	1,996	1,996	1,996	1,996	
1962 ^{3/}	9,844	205	2,622	987	1,430	54	2,417	2,417	2,417	2,417	2,417	

^{1/} Data do not include shipments from the Virgin Islands into the customs territory of the United States.

^{2/} Allocations made on the basis of information obtained from importers, dealers, and others.

^{3/} Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 6.--Watch movements (including small-clock movements): U.S. imports for consumption, ^{1/} by jewel count, 1951-61, January-March 1961, and January-March 1962

Period	Movements containing--					All movements ^{2/}
	0-1 jewel	2-7 jewels	8-15 jewels	16-17 jewels	More than 17 jewels	
	Quantity (1,000 units)					
1951-----	2,448	1,707	660	6,757	4	11,576
1952-----	2,470	1,644	476	7,060	7	11,657
1953-----	2,752	1,845	329	8,432	9	13,367
1954-----	2,532	1,534	190	6,217	13	10,485
1955-----	3,866	1,250	122	5,599	17	10,853
1956-----	5,986	1,272	57	6,177	17	13,509
1957-----	5,805	1,161	38	6,222	20	13,246
1958-----	5,294	1,261	47	4,692	22	11,315
1959-----	6,990	1,368	63	6,082	20	14,524
1960 ^{3/} -----	7,085	1,158	51	5,971	19	14,284
1961 ^{3/} -----	6,792	1,139	127	5,790	18	13,867
January-March:						
1961 ^{3/} -----	1,007	176	18	993	3	2,197
1962 ^{3/} -----	1,162	279	51	1,123	7	2,622
	Percent of total quantity					
1951-----	21.1	14.8	5.7	58.4	.4/	100.0
1952-----	21.2	14.1	4.0	60.6	0.1	100.0
1953-----	20.6	13.8	2.4	63.1	.1	100.0
1954-----	24.2	14.6	1.8	59.3	.1	100.0
1955-----	35.6	11.5	1.1	51.6	.2	100.0
1956-----	44.3	9.4	.4	45.8	.1	100.0
1957-----	43.8	8.8	.3	47.0	.1	100.0
1958-----	46.8	11.1	.4	41.5	.2	100.0
1959-----	48.2	9.4	.4	41.9	.1	100.0
1960 ^{3/} -----	49.6	8.1	.4	41.8	.1	100.0
1961 ^{3/} -----	49.0	8.2	.9	41.8	.1	100.0
January-March:						
1961 ^{3/} -----	45.8	8.0	.8	45.2	.2	100.0
1962 ^{3/} -----	44.3	10.6	1.9	42.9	.3	100.0
	Average foreign unit value					
1951-----	\$1.31	\$3.05	\$5.45	\$6.21	\$54.75	\$4.68
1952-----	1.39	3.20	5.87	6.67	34.30	5.05
1953-----	1.67	3.08	5.51	6.91	38.36	5.29
1954-----	1.82	2.84	5.37	7.11	24.02	5.20
1955-----	1.70	2.71	6.90	7.01	26.27	4.65
1956-----	1.57	3.25	7.69	6.93	31.32	4.24
1957-----	1.65	3.35	10.84	6.83	27.87	4.30
1958-----	1.79	3.45	8.77	6.72	26.90	4.10
1959-----	1.89	3.51	8.18	6.16	35.93	3.91
1960 ^{3/} -----	1.83	3.62	9.68	5.85	37.74	3.73
1961 ^{3/} -----	1.77	3.46	7.86	5.61	35.92	3.61
January-March:						
1961 ^{3/} -----	1.85	3.72	9.26	5.76	37.61	3.88
1962 ^{3/} -----	1.74	3.37	6.16	5.70	23.57	3.75

^{1/} Data do not include shipments from the Virgin Islands into the customs territory of the United States.

^{2/} Because of rounding, figures may not add to the totals shown.

^{3/} Preliminary. ^{4/} Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 7.--Watch movements: Shipments from the Virgin Islands of the United States into the customs territory of the United States, by jewel count, 1959-61, January-March 1961, and January-March 1962

Period	Watch movements containing--					Total watch movements
	0-1 jewel	2-7 jewels	8-15 jewels	16-17 jewels	More than 17 jewels	
Quantity						
1959-----	-	100	-	4,600	200	4,900
1960 <u>1</u> /-----	1,600	-	-	37,630	4,715	43,945
1961 <u>1</u> /-----	1,100	150	-	127,787	43,768	172,805
January-March:						
1961 <u>1</u> /-----	-	-	-	13,382	5,084	18,466
1962 <u>1</u> /-----	-	500	-	40,614	20,477	61,591
Value						
1959-----	-	\$715	-	\$31,290	\$1,530	\$33,535
1960 <u>1</u> /-----	\$11,230	-	-	241,744	33,969	286,943
1961 <u>1</u> /-----	7,425	1,065	-	778,919	299,477	1,086,886
January-March:						
1961 <u>1</u> /-----	-	-	-	81,094	35,648	116,742
1962 <u>1</u> /-----	-	2,960	-	237,599	138,562	379,121
Average unit value						
1959-----	-	\$7.15	-	\$6.80	\$7.65	\$6.84
1960 <u>1</u> /-----	\$7.02	-	-	6.42	7.20	6.53
1961 <u>1</u> /-----	6.75	7.10	-	6.10	6.84	6.29
January-March:						
1961 <u>1</u> /-----	-	-	-	6.06	7.01	6.32
1962 <u>1</u> /-----	-	5.92	-	5.85	6.77	6.16

1/ Preliminary.

Source: Compiled from the official statistics of the U.S. Department of Commerce.

Table 8.--Watches: Estimated apparent U.S. consumption, by type and origin, 1951-61, January-March 1961, and January-March 1962

Period	(In thousands of units)									
	Watches with domestic movements					Watches with imported movements				
	Jeweled-lever	Pocket	Wrist	Pin-lever	Total	Containing 2 or more jewels	Containing 0-1 jewel	Total	All watches	
1951	3,093	5,099	3,230	8,329	11,422	8,759	2,248	11,007	22,429	
1952	2,312	3,320	2,729	6,049	8,361	8,607	2,270	10,877	19,238	
1953	2,301	2,744	3,292	6,036	8,337	9,613	2,262	11,875	20,212	
1954	1,670	2,611	2,902	5,513	7,183	7,045	1,972	9,017	16,200	
1955	1,871	2,852	3,635	6,487	8,358	6,062	3,293	9,355	17,713	
1956	1,996	3,592	3,698	7,290	9,286	6,904	5,358	12,262	21,548	
1957	1,453	1,663	4,666	6,329	7,782	6,910	5,333	12,243	20,025	
1958	917	2,528	6,003	8,531	9,448	5,581	4,806	10,387	19,835	
1959	1,574	1/1	1/1	9,708	11,282	7,068	6,404	13,472	24,759	
1960	1/1	1/1	1/1	9,407	9,407	2/6,846	2/6,312	13,158	22,609	
1961	1/1	1/1	1/1	9,689	9,689	2/6,928	2/5,699	12,627	22,489	
January-March 1961	1/1	1/1	1/1	2,057	2,057	2/1,015	2/956	2,971	4,046	
January-March 1962	1/1	1/1	1/1	2,714	2,714	2/1,387	2/976	2,363	5,139	

1/ Data may not be shown since publication would reveal the operations of individual companies.
2/ Preliminary.

Source: Compiled from data in tables 3, 5, and 7.

Note.--Apparent consumption of watches incorporating "domestic movements" has been calculated on the basis of watch movements produced in the customs territory of the United States minus the estimated U.S. exports of watches containing such movements; the apparent consumption of "watches with imported movements" has been calculated on the basis of imports of watch movements from foreign countries, minus the number of watches containing such movements that have been exported with benefit of drawback; and apparent consumption of "all watches" has been calculated on the basis of "domestic movements," plus "imported movements," plus shipments of watches and watch movements from the Virgin Islands of the United States into the customs territory of the United States.

Table 9.--Average number of employees engaged in producing domestic watches and watch movements (including parts and service) in the United States, and average hourly earnings, 1951-61, January-March 1961, and January-March 1962 ^{1/}

Period	Average number of employees producing watches at--			Average hourly earnings ^{2/} of employees producing--	
	Jeweled-lever watch plants	Pin-lever watch plants	All watch plants	Jeweled-lever watches	Pin-lever watches
1951-----	8,379	3,244	11,623	\$1.63	\$1.33
1952-----	6,561	2,508	9,069	1.69	1.36
1953-----	5,951	2,349	8,300	1.79	1.44
1954-----	4,199	2,659	6,858	1.90	1.52
1955-----	4,072	2,836	6,908	2.04	1.51
1956-----	3,955	2,899	6,854	2.19	1.58
1957-----	3,621	2,754	6,375	2.29	1.59
1958-----	2,596	4,012	6,608	2.36	1.63
1959-----	^{3/}	^{3/}	7,924	2.26	1.67
1960-----	^{3/}	^{3/}	7,046	2.15	1.76
1961-----	^{3/}	^{3/}	5,619	2.31	1.80
January-March:					
1961-----	^{3/}	^{3/}	5,158	2.31	1.80
1962-----	^{3/}	^{3/}	6,335	2.26	1.79

^{1/} Data do not include employment and wages of workers in plants located in the Virgin Islands of the United States.

^{2/} Excludes "fringe benefits." Data for 1951 and 1952 represent average hourly earnings of all production and related workers employed in plants producing watches and watch movements.

^{3/} Data may not be shown since publication would reveal the operations of individual companies.

Source: Compiled from data submitted to the U.S. Tariff Commission by individual producers.