

UNITED STATES TARIFF COMMISSION

**WILTON, BRUSSELS, VELVET, AND TAPESTRY
CARPETS AND RUGS**

**Report to the President (No. TEA-IR-5-64)
Under Section 351 (d)(1) of the
Trade Expansion Act of 1962**



TC Publication 137

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(TC28827)

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
September 14, 1964.

To the President:

Introduction

Following an escape-clause investigation by the Tariff Commission and report to the President under section 7 of the Trade Agreements Extension Act of 1951, as amended, the President, by proclamation dated March 19, 1962, ^{1/} increased the rate of duty applicable to Wilton, Brussels, velvet, and tapestry carpets, rugs, and mats, and carpets, rugs, and mats of like character or description (hereinafter referred to as Wiltons and velvets), effective after the close of business on April 18, 1962. By proclamation dated March 27, 1962, ^{2/} the President deferred the effective date of the increased rate to after the close of business on June 17, 1962.

Section 351(d)(1) of the Trade Expansion Act of 1962 (76 Stat. 900) provides that--

So long as any increase in, or imposition of, any duty or other import restriction pursuant to this section or pursuant to section 7 of the Trade Agreements Extension Act of 1951 remains in effect, the Tariff Commission shall keep under review developments with respect to the industry concerned, and shall make annual reports to the President concerning such developments.

This is the second report to the President with respect to Wiltons and velvets under section 351(d)(1). The material in this

^{1/} Proclamation No. 3454; 3 CFR, 1962 Supp., p. 33.
^{2/} Proclamation No. 3458; 3 CFR, 1962 Supp., p. 40.

report is confined principally to developments that have occurred since those described in the Commission's first report, made on September 13, 1963. ^{1/}

U.S. Tariff Treatment

Wilton (including brussels) and velvet (including tapestry) floor coverings and floor coverings of like character or description are currently dutiable at the escape-clause rate of 40 percent ad valorem provided for in item 922.50 of part 2 of the appendix to the Tariff Schedules of the United States (TSUS). The rate of duty that would apply if it were not for the escape action is 21 percent ad valorem under item 360.45 of the TSUS; products of designated Communist-dominated or Communist-controlled countries are dutiable at 60 percent ad valorem under that item.

Recent Developments

A number of changes have occurred in the trade in Wiltons and velvets since the Commission published its 1963 report. A. & M. Karagheusian, Inc., was acquired by J.P. Stevens & Co., Inc., in

^{1/} For detailed information relating to earlier periods see the following reports:

U.S. Tariff Commission, Wilton, Brussels, Velvet, and Tapestry Carpets and Rugs: Report to the President on Escape-Clause Investigation No. 7-104 . . . , TC Publication 28, 1961 (processed); Wilton, Brussels, Velvet, and Tapestry Carpets and Rugs: Report in Response to the President's Request for Information Supplemental to the Report on Escape-Clause Investigation No. 7-104 . . . , TC Publication 41, 1961 (processed); and Wilton, Brussels, Velvet, and Tapestry Carpets and Rugs: Report to the President (No. TEA-IR-5-63) Under Section 351(d)(1) of the Trade Expansion Act of 1962 . . . , TC Publication 107, 1963 (processed).

February 1964 as a wholly owned subsidiary, with little change in management. In early 1964, Archibald Holmes & Son announced the cessation of its carpet-weaving operations and concentration on the production of knitted carpets. Roxbury Carpet Co. announced the closing of its Wilton carpet plant in Worcester, Mass., effective after the filling of all current orders, probably by the end of July 1964. Several producers of Wiltons and velvets announced the addition or the expansion of tufting facilities.

Commercial sales of soft-surface floor coverings to institutions, such as hospitals, schools, and libraries, have increased during the past year. New types of manmade fibers have been developed for carpet use, and an overall increase in the consumption of manmade fibers (chiefly nylon and acrylic) in the production of floor coverings has occurred. The shipments of machine-tufted carpets and rugs have continued to increase; in 1963 they amounted to 263 million square yards, a quantity about 17 percent larger than that in the previous year (table 1, appendix). The shipments of tufted carpets in 1963 were composed of 53 million square yards of carpets 4 by 6 feet and smaller, 34 million square yards of automobile and aircraft carpeting, and 176 million square yards of carpets larger than 4 by 6 feet.

U.S. Consumption

While U.S. consumption of all types of machine-made pile floor coverings has increased in recent years, the annual consumption of

Wiltons and velvets has declined since 1959, when it was 47.4 million square yards (table 2). By 1963 it had decreased about 37 percent to 30.0 million square yards. During the 1959-63 period U.S. production declined 30 percent, and imports declined 73 percent. The decline in production in terms of quantity was considerably greater than that in imports. Exports have been negligible for a number of years. The available data indicate that production, imports, and consumption in 1964 will be substantially below what they were in 1963.

U.S. Producers

After the Archibald Holmes & Son plant in Philadelphia, Pa., and the Wilton plant of the Roxbury Carpet Co. in Worcester, Mass. closed, there remained 28 plants, operated by 24 firms, manufacturing Wiltons or velvets or both. Of these plants, 7 were located in Pennsylvania; 4 in Massachusetts; 3 each in New Jersey and South Carolina; 2 each in New Hampshire, New York, and North Carolina; and 1 each in California, Connecticut, Georgia, Maine, and Virginia.

In 1963, 15 of 26 firms producing Wiltons and velvets also produced machine-tufted carpets and rugs. In that year 26 percent of the 15 producers' aggregate production of soft-surface pile floor coverings consisted of Wiltons and velvets; 61 percent, of machine-tufted carpets and rugs; and 13 percent, of other machine-woven and machine-knitted floor coverings. The corresponding percentages for the same producers in 1962 were 28, 59, and 13, respectively.

U.S. Production, Sales, and Inventories

The total U.S. production of Wiltons and velvets in 1963 was about 4 percent lower than that in 1962. This decline reflected a 15-percent decrease in the production of Wiltons; production of velvets increased about 3 percent. The general trend in the output of Wiltons and velvets during 1959-63 was downward, and this trend is continuing (table 2). A comparison of the periods January-June 1963 and January-June 1964 shows a decrease of 17 percent, indicating that the production of Wiltons and velvets in 1964 will be substantially less than that in 1963 and may be the lowest for any year in nearly two decades.

Indexes of the production, sales, and inventories of 19 firms that supplied data for the years 1957-63 (which in the aggregate accounted for approximately 97 percent of the estimated output of Wiltons and velvets in 1961-63) are shown in table 3. The lower production in 1963 as compared with that in 1962 was reflected in a decrease in the quantity and value of sales; production and sales in 1963 were at the same level as in 1961, the lowest points reached during the period 1957-63.

U.S. exports of Wiltons and velvets in recent years have been of minor significance (table 2).

The yearend inventories of Wiltons and velvets in 1963 declined, as in the preceding 3 years, reaching a low for the period 1957-63, although being only slightly less than in 1962.

U.S. Imports

U.S. imports of Wiltons and velvets have declined very substantially since reaching a record high, for a calendar year, of 8.2 million square yards in 1961 (table 2). In 1963, imports totaled 1.9 million square yards, which was 77 percent less than imports in 1961. This decline is attributable mostly to the increase in the duty from 21 percent ad valorem to 40 percent ad valorem, which became effective June 18, 1962. Imports in the first 6 months of 1964, amounting to 614,000 square yards, indicate that the total for the year may be the lowest for any year since 1949, when they totaled 991,000 square yards. The ratio of imports to production has declined steadily since reaching a peak of 28.7 percent in 1961. The ratio was 20.1 percent in 1962, 6.5 percent in 1963, and 4.9 percent in January-June 1964.

Belgium and Japan continued to be the principal sources of imports in 1963, the former accounting for 69 percent and the latter accounting for 19 percent of the total in that year (table 4). The 1963 imports from these countries were 63 percent and 81 percent, respectively, lower than those in 1962.

Employment and Man-Hours

Statistics supplied by the 19 Wilton-and-velvet-producing firms (whose data were used in the section on production) were used to compute the indexes of the number of workers employed and the man-hours

worked for the years 1960-63 (table 5). The index for the average number of production and related workers employed on all products of these firms decreased from 91 in 1962 (1960-62=100) to 88 in 1963, or by about 3 percent, whereas the man-hours worked on all products in those years showed no change. The index for man-hours worked on Wiltons and velvets decreased from 94 in 1962 to 88 in 1963, or by approximately 6 percent. The production of Wiltons and velvets by the 19 firms was about 4 percent lower in 1963 than in 1962.

Prices

Wholesale-price indexes for Wiltons, velvets, and all soft-surface floor coverings, as reported by the U.S. Bureau of Labor Statistics, are shown in table 6 for January and June 1957-64. A fairly substantial increase in all three indexes occurred from June 1963 to January 1964. The increase reflected largely two price increases instituted by most producers, one in October 1963 and one in January 1964, on their wool-carpet lines and on some of their manmade-fiber-carpet lines. The index for Wiltons rose by 11 percent; that for velvets, by 8 percent; and that for all soft-surface floor coverings, by 5 percent. The carpet manufacturers attributed these increases mainly to increases in the prices of raw materials. From January 1964 to June 1964 the indexes for Wiltons and velvets did not change, but the index for all soft-surface floor coverings dropped from 99 in April 1964 ^{1/} to 97 in June 1964, probably reflecting a

^{1/} Not shown in table 6.

substantial decrease in the price of carpet nylon which occurred early in June. This decrease affected the prices of tufted carpets more than the prices of woven carpets.

Appendix

Table 1.--Machine-woven and machine-tufted pile carpets and rugs:
U.S. production, by types, 1957-63

Year	Machine-woven		Machine-tufted ^{2/}			Grand total
	Wilton and velvet	All other ^{1/}	Total	4'x 6' and smaller	Over 4'x 6'	
1957	36,945	21,980	58,925	30,725	68,926	99,651
1958	34,258	16,802	51,060	34,057	79,583	113,640
1959	40,570	19,484	60,054	36,416	96,107	132,523
1960	31,530	16,781	48,311	^{3/} 38,220	^{3/} 113,764	^{3/} 151,984
1961	28,663	15,614	44,277	^{3/} 44,530	^{3/} 134,095	^{3/} 178,625
1962 ^{4/}	29,473	14,614	44,087	^{3/} 48,569	^{3/} 176,253	^{3/} 224,822
1963	28,339	13,914	42,253	^{3/} 52,670	^{3/} 209,869	^{3/} 262,539

^{1/} Includes sheen, chenille, Axminster, and others.

^{2/} Shipments.

^{3/} Not strictly comparable with prior years.

^{4/} Revised.

^{5/} Includes automobile and aircraft carpeting amounting to 30,437 thousand square yards in 1962 and 34,191 thousand square yards in 1963.

Source: Production of machine-woven pile carpets and rugs estimated by the U.S. Tariff Commission from data supplied by domestic producers; shipments of machine-tufted, Bureau of the Census, Facts For Industry and Current Industrial Reports.

Table 2.--Wilton and velvet carpets and rugs: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, calendar years 1957-63, fiscal years ending June 30, 1962-64, and January-June of 1962, 1963, and 1964

Period	Production		Imports		Exports		Apparent consumption		Ratio of imports to--	
	1,000 square yards	square yards	1,000 square yards	square yards	1,000 square yards	square yards	1,000 square yards	square yards	Production	Consumption
1957	36,945	4,671		254		41,362		41,362	12.6	11.3
1958	34,258	4,632		266		38,624		38,624	13.5	12.0
1959	40,570	6,982		196		47,356		47,356	17.2	14.7
1960	31,530	8,165		186		39,509		39,509	25.9	20.7
1961	28,663	8,234		221		36,676		36,676	28.7	22.5
1962	2/ 29,473	3/ 5,919		3/ 230		2/ 35,162		2/ 35,162	20.1	16.8
1963	28,339	3/ 1,853		3/ 188		30,004		30,004	6.5	6.2
Fiscal year ending June 30--										
1962	2/ 29,423	3/ 9,070		3/ 248		2/ 38,245		2/ 38,245	30.8	23.7
1963	2/ 29,446	3/ 2,407		3/ 175		2/ 31,678		2/ 31,678	2/ 8.2	7.6
1964	25,743	3/ 1,472		5/ 183		27,032		27,032	5.7	5.4
January-June--										
1962	2/ 15,157	3/ 4,508		3/ 135		2/ 19,530		2/ 19,530	29.7	2/ 23.1
1963	2/ 15,130	3/ 995		3/ 80		2/ 16,045		2/ 16,045	2/ 6.6	6.2
1964	12,525	3/ 4/ 614		5/ 75		13,064		13,064	4.9	4.7

1/ Production plus imports minus exports.

2/ Revised.

3/ Preliminary.

4/ Probably contains a relatively small amount of pile floor coverings other than Wiltons and velvets.

5/ Estimated.

Source: Production estimated by the U.S. Tariff Commission from data supplied by domestic producers; imports and exports compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 3.--Wilton and velvet carpets and rugs: Indexes of
U.S. production, net sales, and inventories, 1957-63

(1957-60=100)

Year	Production (quantity)	Net sales		Inventories as of Dec. 31 (quantity)
		Quantity	Value	
1957-----	102	100	105	105
1958-----	96	98	95	95
1959-----	114	112	109	107
1960-----	88	90	91	94
1961-----	82	82	82	92
1962-----	85	86	85	88
1963-----	82	82	82	87

Source: Computed from data submitted to the U.S. Tariff Commission by 19 U.S. firms whose output is estimated to have accounted for approximately 97 percent of the total production of Wilton and velvet carpets and rugs in 1961-63.

Table 4.--Wilton, Brussels, and velvet or tapestry carpets, rugs, and mats, and carpets, rugs, and mats of like character or description: U.S. dutiable imports for consumption, by specified sources, calendar years 1959-63 and fiscal years ending June 30, 1962-64.

Country	Fiscal year ending June 30--					Quantity (1,000 square yards)	1962 ^{1/}	1963 ^{1/}	1964 ^{1/}
	1959	1960	1961	1962 ^{1/}	1963 ^{1/}				
Belgium and Luxembourg	4,947	4,386	4,357	3,512	1,285	5,145	1,649	1,027	
Japan	1,459	3,001	3,063	1,833	356	3,028	529	238	
Italy	353	401	445	261	78	436	119	36	
France	70	193	208	178	72	260	62	75	
United Kingdom	108	115	114	95	48	135	42	63	
West Germany	27	42	36	28	8	50	3	14	
Netherlands	10	3	2	6	2/	7	2/	2/	
All other	8	24	9	6	6	9	3	19	
Total	6,982	8,165	8,234	5,919	3/ 1,853	9,070	2,407	3/ 1,472	
	Foreign value (1,000 dollars)								
Belgium and Luxembourg	16,032	15,518	15,458	11,446	4,442	17,672	5,291	3,486	
Japan	4,596	8,735	8,358	5,142	1,262	8,368	1,712	937	
Italy	1,519	1,892	2,275	1,293	425	2,206	609	217	
France	297	853	879	750	338	1,068	329	303	
United Kingdom	699	780	744	609	305	882	269	406	
West Germany	140	227	199	154	42	276	15	82	
Netherlands	29	14	15	34	1	39	4/	1	
All other	44	154	58	47	41	58	27	105	
Total	23,356	28,173	27,986	19,475	3/ 6,856	30,569	8,252	3/ 5,537	
	Unit value (per square yard) ^{5/}								
Belgium and Luxembourg	\$3.24	\$3.54	\$3.55	\$3.26	\$3.46	\$3.44	\$3.21	\$3.40	
Japan	3.15	2.91	2.73	2.80	3.55	2.76	3.24	3.93	
Italy	4.31	4.72	5.12	4.96	5.43	5.06	5.10	6.09	
France	4.23	4.41	4.23	4.22	4.68	4.11	5.29	4.06	
United Kingdom	6.47	6.78	6.53	6.44	6.35	6.53	6.39	6.44	
West Germany	5.20	5.39	5.52	5.49	5.64	5.48	5.76	5.69	
Netherlands	2.81	4.57	6.72	5.31	11.51	5.36	6.34	8.89	
All other	5.82	6.80	6.62	8.16	6.59	6.42	9.58	5.44	
Average	3.35	3.45	3.40	3.29	3.70	3.37	3.43	3.76	

^{1/} Preliminary.

^{2/} Less than 500 square yards.

^{3/} Probably contains a relatively small amount of pile floor coverings other than Wiltons and velvets.

^{4/} Less than \$500.

^{5/} Calculated from the unrounded figures.

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

Table 5.--Indexes of the average number of production and related workers employed and man-hours worked in plants in which 19 U.S. firms produced Wilton and velvet carpets and rugs, 1960-63

(1960-62=100)

Year	Average number employed (all products)	Man-hours worked on--	
		All products	Wiltons and velvets
1960-----	112	109	109
1961-----	97	97	97
1962-----	91	94	94
1963-----	88	94	88

Source: Computed from data supplied the U.S. Tariff Commission by domestic producers.

Table 6.--Indexes of wholesale ^{1/} prices in the United States of Wilton and velvet carpets and rugs, and all soft-surface floor coverings, January and June 1957-64

(1957-59=100)				
Year and month	Wiltons	Velvets	All soft-surface floor coverings	
1957:				
January----	104	102		105
June-----	104	102		104
1958:				
January----	100	102		102
June-----	97	97		98
1959:				
January----	95	98		97
June-----	99	101		98
1960:				
January----	100	101		99
June-----	102	103		100
1961:				
January----	99	99		98
June-----	99	98		98
1962:				
January----	99	95		96
June-----	97	95		96
1963:				
January----	97	92		94
June-----	97	91		94
1964:				
January----	108	98		99
June <u>2/</u> ----	108	98		97

^{1/} The term "wholesale," as used in the index, refers to sales in large lots at the first (primary market) level of commercial transaction; later transactions at other stages in the distribution cycle are not included.

^{2/} Preliminary.

Source: Computed from official statistics of the U.S. Bureau of Labor Statistics.

