

UNITED STATES TARIFF COMMISSION

BASEBALL AND SOFTBALL GLOVES, INCLUDING MITTS

**Report to the President
on
Escape-Clause Investigation No. 7-97
Under the Provisions of Section 7
of the
Trade Agreements Extension Act of 1951, as Amended**



TC Publication 15

**Washington
May 1961**

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CONTENTS

	<u>Page</u>
Report to the President-----	1
Findings-----	2
Recommendation-----	2
Principal considerations bearing on the foregoing findings and recommendation:	
U.S. customs treatment-----	3
Description and uses-----	3
Method of production-----	4
U.S. producers-----	5
U.S. production, sales, and inventories:	
Production-----	6
Producers' sales-----	7
Producers' inventories-----	8
U.S. exports-----	9
U.S. imports-----	9
U.S. consumption-----	11
Distribution and marketing practices-----	13
Prices-----	16
Employment and wages-----	17
Profit-and-loss experience of domestic producers-----	19
Summary-----	21
Findings and recommendation of Commissioners Schreiber and Sutton and supporting considerations-----	24
Statistical appendix-----	33

(TC29406)

TABLES

1. Baseball and softball gloves, including mitts: U.S. production and sales, 1956-60
2. Baseball and softball gloves, including mitts: U.S. imports for consumption, 1957-60
3. Baseball and softball gloves, including mitts: U.S. imports for consumption, by months, 1958-60, and January and February 1961
4. Baseball and softball gloves, including mitts: Sales by domestic producers, imports, and apparent consumption in the United States, 1956-60
5. Baseball and softball gloves, including mitts: Percentage distribution of quantity of sales by value brackets, 1958-60

TABLES--Continued

6. Baseball and softball gloves, including mitts: Percentage distribution of the quantity of sales of domestic and imported products in the United States according to types of sales outlet, 1959
7. Indexes of reported prices of domestic and imported baseball and softball gloves, including mitts, on specified dates, Mar. 1, 1955, to Mar. 1, 1960
8. Employment of production and related workers, man-hours worked, and wages paid in certain U.S. plants producing baseball and softball gloves, including mitts, 1956-60
9. Profit-and-loss experience of certain U.S. producers with respect to their operations relating wholly or in large part to baseball and softball gloves and mitts, 1955-60

REPORT TO THE PRESIDENT

U.S. Tariff Commission
May 1, 1961

To the President:

The U.S. Tariff Commission herein reports the results of its investigation No. 7-97 under section 7 of the Trade Agreements Extension Act of 1951, as amended, to determine whether BASEBALL AND SOFTBALL GLOVES, including mitts, classifiable under paragraph 1502 of the Tariff Act of 1930, are, as a result in whole or in part of the customs treatment reflecting the concession granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

The aforementioned investigation was instituted on October 31, 1960, by operation of section 3(b)(1) of the Trade Agreements Extension Act of 1951, as amended. Public notice of the institution of the investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice at the office of the Commission in Washington, D.C., and at its office in New York City, and by publishing such notice in the Federal Register (25 F.R. 10584) and in the November 3, 1960, issue of Treasury Decisions. The public hearing was duly held on February 21 and 23, 1961, and all interested parties were given opportunity to be present, to produce evidence, and to be heard.

In addition to the information obtained at the hearing, the Commission in this investigation obtained information from its files, through fieldwork by members of the Commission's staff, and from responses to questionnaires sent to domestic producers and importers.

Findings 1/

As a result of the investigation, including the hearing, the Commission finds as follows:

(a) That as a result, in part, of the duty reflecting the concession granted thereon in the General Agreement on Tariffs and Trade, baseball and softball gloves, including mitts, (hereinafter, unless otherwise stated, referred to for convenience as baseball gloves), are being imported into the United States in such increased quantities, both actual and relative, as to threaten serious injury to the domestic industry producing the like products; and

(b) That in order to prevent serious injury to the domestic industry concerned, it is necessary that the duty on such baseball gloves be increased to 30 percent ad valorem.

Recommendation 1/

In view of the foregoing findings, the Commission recommends that the appropriate tariff concession granted in the General Agreement on Tariffs and Trade be modified to permit the application to the aforementioned baseball gloves of a duty of 30 percent ad valorem.

1/ Commissioners Schreiber and Sutton do not concur in the above findings and recommendation. See page 24 for their findings and recommendation and the considerations in support thereof.

Principal Considerations Bearing on the Foregoing
Findings and Recommendation

U.S. customs treatment

The products covered by this investigation are dutiable under a provision in paragraph 1502 of the Tariff Act of 1930 for certain athletic equipment. The duty originally applicable was 30 percent ad valorem. Pursuant to a concession granted in the General Agreement on Tariffs and Trade, the rate of duty was reduced to 15 percent ad valorem, effective January 1, 1948.

Description and uses

Baseball and softball gloves and mitts are produced in various shapes and sizes. The difference between a glove and a mitt is primarily in size and construction. Mitts are used by catchers and first basemen, and gloves are used by the other players. The catcher's mitt is larger, more heavily padded, and less flexible than the first baseman's mitt. The latter, in turn, is larger and has somewhat more padding than the fielder's glove, but is not as flexible. Gloves and mitts differ also in design. Gloves generally have a separate sheath for each finger and for the thumb, whereas mitts are usually solid on the palm side except for a separate place for the thumb, provision for the fingers being made either at the back or inside of the mitt. Both gloves and mitts have webbing between the thumb and the palm. In recent years a "six-finger" glove has been introduced by the trade. The space occupied by the sixth finger replaces some of the webbing of the ordinary glove but serves no separate function.

The trade distinguishes between high-, medium-, and low-priced gloves and mitts. High-priced gloves and mitts generally sell at wholesale (factory) for more than \$9 each; those in the medium-price range, for \$3 to \$9 each; and those in the low-price category, for less than \$3 each. Prices generally relate to quality, which in turn is determined by the kinds of raw material used and the workmanship. In addition to quality, however, the three price categories reflect differences in physical characteristics, in construction, and in the purpose for which the gloves and mitts are designed. As a rule, low-priced gloves and mitts are smaller, lighter in weight, shorter, and less durable than medium- or high-priced gloves and mitts.

High-priced gloves and mitts are designed for use in organized competitive games. The market for such gloves includes the professional leagues, amateur teams and leagues, schools, colleges, and others interested in achieving superiority in performance. To meet the exacting requirements of professional and semiprofessional players, the gloves and mitts must be durable and of high quality. Medium-priced gloves and mitts are used mainly by juveniles, and low-priced gloves, primarily by children. High-priced, top quality gloves and mitts are not in competition with those of low price and quality, some of which are in the toy classification. Competition is limited between the medium-priced gloves and the higher and lower priced categories.

Method of production

Most baseball gloves are made of cowhide, but some are made of plastic materials. The manufacturing process is relatively simple, involving mainly the cutting, stitching, lacing, and molding of leather,

cloth, and plastic materials. The manufacture starts with cutting the various parts of the glove from the cowhide by a "clicking" machine, using special dies. Then the glove pieces, after having been appropriately stamped, move to the stitchers, who bind the various parts together inside out on electric sewing machines. After being turned right side out and having wrinkles smoothed out, the gloves receive their first shaping by being stretched over a steam-heated glove form. They are then ready to have the padding and lining inserted; this is done by placing the lining and padding on a metal glove form, and pulling the glove shell over it. The padding and lining and the glove's edges are then roll bound, and a special grease is inserted between the palm of the shell and the top of the lining. The glove is then returned to the stitchers for binding by sewing machine and the insertion of metal eyelets. After grease has been applied to the inner palm, the gloves go to the lacers, who apply the webbing and the palm, wrist, back-finger, and wrist-strap laces as may be required. The almost completed gloves are then given a second shaping over another steam-heated form, a mallet being used to shape the pocket and smooth the glove's contour. After a final hand shaping and inspection the gloves are ready for packing and shipping.

U.S. producers

Baseball gloves are produced in the United States by 10 concerns operating 15 plants; 4 of the plants are located in Ohio, 2 each in Missouri, Illinois, New York, and Puerto Rico, and 1 each in Massachusetts, Pennsylvania, and Texas. Ownership of the operating facilities is direct except for 2 concerns which own 5 plants through subsidiaries. Of the 10 concerns that produce baseball gloves, 7 operate 1 plant each;

the other 3 operate a total of 8 plants. These 3 concerns accounted for more than four-fifths of the total quantity of baseball gloves produced in the United States in 1960.

All the concerns that produce baseball gloves also manufacture in the plants where such gloves are made other athletic goods, such as inflated products (mainly footballs and basketballs), boxing gloves, hockey gloves, protective equipment (e.g., helmets, paddings, and shin guards), and athletic uniforms and clothing. The ratio of the value of sales of baseball gloves to the value of sales of all products varies greatly from plant to plant. In the period 1958-60 this ratio ranged from 9 to 85 percent. Sales of baseball gloves represented more than half the total sales of all products by 4 plants in 1958-60, 2 of these plants being owned by concerns that manufacture a large variety of athletic goods in other plants. For 1 plant, baseball gloves accounted for less than 10 percent of total sales during 1958-60, and for the remaining 10 plants, such gloves accounted for 11 percent to 43 percent.

U.S. production, sales, and inventories

Production.--The Commission attempted to obtain annual production data from all known domestic manufacturers of baseball gloves for the period 1955-60. Data were received from 10 concerns that produced baseball gloves in 14 plants in 1955-59 and in 15 plants in 1960, but complete figures for all years were received for only 10 of the plants. Four plants failed to report data for 1955, 2 for 1956, and 1 for 1957. The 4 plants that did not furnish information for 1955 accounted for 31 percent of total domestic production of baseball gloves in 1960; the 2 that did not report for 1956 accounted for 7 percent (in 1960); and the 1 that

omitted figures for 1957, for 2 percent. Because of the relatively large deficiency in reporting for 1955, production data are shown in table 1 in the appendix only for the period beginning 1956. The figures for 1956 and 1957 are partly estimated. The production figure for 1960 is believed to represent the total U.S. output in that year; the data for 1956-59, however, understate the total somewhat because they do not include the output of a few minor producers that discontinued production of baseball gloves before 1960. The production data shown in table 1, therefore, represent the output of baseball gloves in 1956-60 of all concerns that were engaged in the manufacture of such gloves in 1960. The data show that the production by these concerns declined from 3.4 million gloves in 1956 and in 1957, to 3.2 million in 1958, to 3.1 million in 1959, and to 2.8 million in 1960. Most of the decline in output after 1957 was accounted for by producers of a limited line of athletic goods, sometimes referred to as single-line manufacturers. Production of baseball gloves by the 7 single-line producers declined by about 50 percent in the period 1957-60; production by the 3 leading producers (all of which manufacture a wide variety of sports equipment) declined by 7 percent in the same period. The share of the total domestic output of baseball gloves accounted for by the 3 leading producers increased from less than three-fourths in 1956-57 to more than four-fifths in 1960.

Producers' sales.--Data on sales of baseball gloves in 1956-60 are shown in table 1 for the same concerns for which data on production are given as explained above. The trend of sales of baseball gloves since 1956 has closely paralleled that of production. Sales reached a high of about 3.4 million gloves, valued at \$13.3 million, in 1957 and then

declined to 2.7 million gloves, valued at \$12.3 million, in 1960. Sales were 20 percent lower in quantity and 8 percent lower in value in 1960 than in 1957. Most of the decline in total sales in 1957-60, like that in production, was accounted for by the seven single-line producers.

Producers' inventories.--The sale of baseball gloves is seasonal, the bulk of them being shipped by the producers during the first 3 months of each year. As a result some manufacturers start producing gloves at the beginning of the year after most orders have been received, and stop their manufacture about the middle of the year. For the remainder of the year the manufacturing facilities are ordinarily used for the production of other athletic goods (such as hockey gloves and uniforms) for which the selling season is in the fall and winter. This practice is not uniform, however, for some of the larger producers manufacture baseball gloves during most of the year and accumulate inventories until shipments begin in volume in January.

Usable information on yearend inventory positions were obtained from 11 domestic plants, of which 3 showed no inventories in any of the years 1956-60. The 8 plants for which yearend inventories of baseball gloves were reported accounted for about 54 percent of total sales of domestic gloves in 1960. The quantity of sales of baseball gloves by the 8 plants, their inventories, and the ratio of inventories to such sales in 1956-60 were as follows:

Year	Sales	Yearend inventories	Ratio of inventories to sales
	Thousands	Thousands	Percent
1956-----	1,561	354	22.7
1957-----	1,488	468	31.5
1958-----	1,568	360	23.0
1959-----	1,483	358	24.1
1960-----	1,441	390	27.0

As indicated above, inventories at the end of 1960 were higher than at the end of any other year shown, except 1957.

U.S. exports

Exports of baseball gloves are not separately reported in official statistics. However, based on information obtained by the Commission from domestic producers, U.S. exports are estimated to have amounted to about 72,000 gloves in 1959 and to about 51,000 in 1960, equal to 2.4 percent and 1.9 percent, respectively, of aggregate sales of baseball gloves by domestic producers in those years.

U.S. imports

Imports of baseball gloves have been separately reported in official statistics only since January 1960. Previously they were included in a "basket" classification with other equipment for exercise, play, or sport. Total imports of such equipment were relatively small during the early 1950's and until 1956 were valued at less than \$100,000 a year. Beginning with 1956, imports under the "basket" classification increased significantly, primarily, it is believed, as a result of increased imports of baseball gloves, which until then had been negligible.

The Commission has estimated imports of baseball gloves for the years 1957-59 on the basis of an analysis by the Bureau of the Census of

individual customs entries for the "basket" classification. These estimates, together with official import statistics for 1960, are shown in table 2. Imports increased steadily from an estimated 149,000 gloves, valued at \$247,000, in 1957 to 2,412,000 gloves, valued at \$4,365,000, in 1960. In January-February 1961 imports amounted to 834,000 gloves, valued at \$1,430,000, compared with 557,000 gloves, valued at \$1,123,000, in January-February 1960 (table 3). Thus the imports in the first two months of 1961 were 50 percent greater in quantity than those in the corresponding period of 1960. Nearly all the imports have been supplied by Japan.

The Commission obtained data on the unit foreign value of imports of baseball gloves from import entry papers covering entries into the United States during the period January-November 1960. The data are summarized in the following tabulation:

Range of unit foreign values	Quantity	Percent
	Number	of total
Not more than 25¢-----	99,970	5
More than 25¢ but not more than 50¢-----	52,882	3
More than 50¢ but not more than 75¢-----	25,424	1
More than 75¢ but not more than \$1.00-----	92,340	4
More than \$1.00 but not more than \$1.25-----	113,763	5
More than \$1.25 but not more than \$1.50-----	173,789	8
More than \$1.50 but not more than \$1.75-----	291,529	14
More than \$1.75 but not more than \$2.00-----	360,358	17
More than \$2.00 but not more than \$2.50-----	543,651	27
More than \$2.50 but not more than \$3.00-----	265,513	13
More than \$3.00-----	69,061	3
Total-----	2,088,280	100

The tabulation shows that, during the first 11 months of 1960, 13 percent of total imports consisted of gloves that had a unit foreign value of not more than \$1.00; another 13 percent had a unit value of more

than \$1.00 but not more than \$1.50; 71 percent consisted of gloves with a unit value of more than \$1.50 but not more than \$3.00; and the remaining 3 percent consisted of gloves valued at more than \$3.00. The baseball gloves valued at not more than \$1.50 each consisted of gloves made of plastic materials and/or low-grade leather. For the most part, the imported leather gloves having a unit foreign value of not more than \$1.50 are of poor construction and of small size, being designed primarily for children. Some of the imported plastic gloves are of large size and attractive design. Most of the imported gloves having a foreign value of \$1.50 or less each sell at prices in the United States comparable to prices of low-grade domestic gloves.

U.S. consumption

Apparent U.S. consumption of baseball gloves (sales by domestic producers plus imports) increased steadily from 3.3 million in 1956 to 5.1 million in 1960, or by 54 percent (table 4). The ratio of imports to U.S. consumption increased steadily from about 4 percent in 1957 to 47 percent in 1960.

Baseball gloves are produced and sold in a wide range of qualities and prices, depending primarily on the materials and workmanship employed. Aside from plastic materials used for some very low priced gloves, there are at least as many as eight different qualities or grades of leather employed in the manufacture of baseball gloves. There are also variations in construction--including differences in the size and length of the gloves--and in workmanship, particularly in the finishing operations.

To obtain information on the types of baseball gloves sold, the Commission asked both domestic producers and importers to furnish data on sales by value brackets. Usable data were obtained from nine domestic producers that accounted for nearly all sales of domestically produced baseball gloves in the United States. The Commission also received adequate data on sales by value brackets from importers that accounted for about half of the total imports in the years 1958-60. The data for domestic and imported gloves are summarized in table 5. The table shows that in 1958-60 more than three-fourths of the domestic gloves and all but a small proportion of the imported gloves were sold in the wholesale price range of \$1 to \$6 each. In 1960, the number of imported gloves in this price range undoubtedly exceeded the number of domestic gloves sold in the same price range. Thus the predominant impact of imports is on that portion of the U.S. market for baseball gloves which sell at wholesale in the \$1-\$6 price range.

Distribution and marketing practices

The Commission obtained data on the distribution of sales by type of sales outlets for 1959 from 9 producers that accounted for nearly all of the domestic production in that year, and from 15 importers that accounted for about half of total imports in 1959.

The data show that wholesalers and retail stores were the principal sales outlets for domestic producers (table 6). About 48 percent of the total number of baseball gloves sold by U.S. manufacturers in 1959 was shipped to wholesalers, distributors, jobbers, and the like; 21 percent, to retail stores; 11 percent, to subsidiary affiliated companies; 11 percent, to mail-order houses; and the remaining 9 percent, to miscellaneous outlets, including institutions, the U.S. Government, and export markets. Evidence presented at the Commission's hearing indicates that numerous orders from traditional customers, such as large mail-order houses, chain stores, and department stores, have been lost by domestic manufacturers because of the lower prices at which comparable imported gloves may be obtained.

Data reported by importers show that about two-thirds of their sales of baseball gloves in 1959 were made to wholesalers, distributors, and jobbers, and nearly all of the remainder, to retailers, including mail-order houses.

All domestic producers publish illustrated catalogs, most of which show list or catalog prices. In conjunction with such catalogs, distributors' price lists--frequently marked confidential--are issued for use by dealers (i.e., resellers of athletic goods at wholesale, retail, or both wholesale and retail). Such lists quote prices to dealers and show in addition one, two, or three other prices at which baseball gloves are or may be sold to different channels of trade. The lowest quoted prices are those for dealers, representing factory prices to jobbers, wholesalers, or retailers. The highest prices shown are the list prices, which are the same as those appearing in the catalogs, and which are usually at least twice as high as prices quoted for dealers. Between these two extremes are trade (or quantity) prices and suggested retail prices, usually labeled either "promotion" or "special" prices. The trade price represents the price suggested to dealers for resale of baseball gloves to public institutions, such as schools and colleges. This price is ordinarily 25 percent lower than the quoted list price, between 5 and 10 percent lower than the suggested retail price, and between 50 and 55 percent higher than the quoted price shown for dealers. The suggested retail price is about 20 percent less than the list price and represents a markup of about $66\frac{2}{3}$ percent over the quoted price for dealers. Some domestic producers have separate price lists for jobbers showing quoted prices which are about 10 percent less than those quoted for wholesalers and other dealers.

Producers' sales are made f.o.b. plant, nearest branch sales office, or regional warehouse. The terms of sale are generally 30 days net

with a cash discount of 2 percent if paid within 10 days. It is the practice in the industry to permit "advance dating" for spring-trade merchandise. Under this procedure baseball gloves ordered in the fall for shipment in January are uniformly billed on April 1. This practice, in effect, represents extension of credit beyond the customary 30-day period.

Most importers, especially the larger ones, also publish illustrated catalogs, some of which show list prices, representing suggested retail prices. In conjunction with these catalogs, separate dealers' or jobbers' price lists--frequently labeled confidential--are issued; such price lists either quote only net prices to dealers or show both dealers' and suggested retail prices. Where both are shown, the list prices are more than twice and sometimes more than three times as high as quoted dealers' prices. The quoted prices apply to standard unit quantities, commonly two dozen, and quantity discounts are given by some importers on multiples of such quantities. The price lists of at least two importers show only suggested retail prices, and sales are subject to 50 percent discount to retailers, 50 percent plus an additional 10 percent to wholesalers, and 50 percent plus two additional 10-percent discounts to jobbers.

Importers generally sell baseball gloves f.o.b. warehouse or port of entry. The terms of sale are usually 30 days net with a cash discount of 2 percent if paid within 10 days. At least one importer grants full freight allowances on all shipments of \$300 or more. Importers generally

also permit "advance dating" for spring-trade merchandise on much the same basis as domestic producers, except that at least one importer allows an additional cash discount of three-fourths of 1 percent a month for anticipatory payments.

In general all baseball gloves marketed in the United States, both imported and domestic, are sold under trademark and trade names. The use of trade names supposedly reflects a guarantee of quality and carries with it a certain prestige value. In addition to the use of trade names, U.S. manufacturers, especially the larger ones, retain well-known baseball players either as consultants or as endorsers of particular baseball gloves. Under this arrangement the manufacturer has exclusive use of the player's name or nickname (one or both of which may appear on the glove) in connection with the promotion of sales of gloves.

Prices

To obtain information on price trends, the Commission asked domestic producers and importers to furnish data on the net selling prices of the five best selling models of baseball gloves and mitts and the two best selling models of softball gloves and mitts on March 1 and September 1 in each of the years 1955-59 and on March 1, 1960. Usable data were received from six producers, one of which gave separate price information for each of its three plants. No price information was submitted by the remaining four concerns. The six reporting concerns accounted for about three-fourths of the total quantity of baseball and softball gloves and mitts sold by the manufacturers in 1960.

No price information was received from importers for the years 1955 and 1956; as previously indicated, imports of baseball and softball gloves and mitts in those years were of minor significance. Price information reported for 1957 and the first part of 1958 was too meager to be significant, but adequate data were received from eight importers for September 1958-March 1960. These importers accounted for about one-third of the total volume of imports in 1960.

The price indexes shown in table 7 indicate the trend of prices; they do not measure differences between prices of imported and domestic gloves and mitts. The indexes show that prices of domestic gloves and mitts tended upward between March 1955 and March 1960. Prices of imported gloves and mitts declined slightly between September 1958 and March 1959 but thereafter increased somewhat. For September 1958-March 1960, for which price information is available for both domestic and imported gloves and mitts, prices of domestic gloves and mitts increased by 6 percent, compared with an increase of 3 percent in the prices of imported gloves and mitts during the same period.

Employment and wages

The Commission asked all domestic manufacturers of baseball gloves to submit information on employment and wages for the period 1955-60. Only four producers supplied adequate data for the entire period, but two additional concerns furnished complete data for all years except 1955. Of the remaining five concerns, one did not supply employment information, and the other four submitted incomplete data. ^{1/} The

^{1/} One of these concerns operates two plants; it submitted adequate employment data for one plant but not for the other.

six producers that submitted adequate data for the period 1956-60 operated 11 plants in 1956-59 and 12 plants in 1960, and they accounted for about three-fourths of total domestic production of baseball gloves in 1960. Data on employment, man-hours, and wages for these producers are shown in table 8.

The average number of production and related workers employed by the six reporting concerns in the plants where baseball gloves are made has fluctuated moderately. The trend of total man-hours of workers engaged in the manufacture of baseball gloves in the reporting plants does not correspond with the trend of production of baseball gloves in the same plants, probably indicating errors in reporting by some of the plants. According to the data submitted, man-hours devoted to the production of baseball gloves were higher in 1959 and 1960 than in 1958, notwithstanding a reported decrease (about 6 percent) in the total output of gloves by the reporting concerns. In any event, the reported number of man-hours on baseball gloves was lower in 1958-60 than in 1956-57. Man-hours devoted to the production of baseball gloves amounted to 38 percent of the total man-hours of employment in these plants in 1956; the ratio declined irregularly to 34 percent in 1960.

Some of the workers engaged in the manufacture of baseball gloves are paid on a piecework basis. Average hourly earnings of production and related workers (both those paid on a piecework basis and those paid by the hour) increased from \$1.46 in 1956 to \$1.61 in 1958, amounted to \$1.58 in 1959 and to \$1.60 in 1960.

Profit-and-loss experience of domestic producers

Questionnaires requesting data showing their profit-and-loss experience on baseball gloves were sent to the 11 domestic concerns ^{1/} that accounted for nearly all of the domestic production of such gloves in 1955-59, and for the entire domestic production in 1960. All the concerns produce various other products in addition to baseball gloves, and they were requested to furnish profit-and-loss data on their baseball-glove operations distinct from data pertaining to other products. Only two concerns were able to furnish separate data that were adequate to show their profit-and-loss experience on baseball gloves. Of the remaining nine concerns, one was unwilling to furnish any significant profit-and-loss data, and the other eight concerns furnished adequate profit-and-loss data either on their total operations only or on the total operations of the plants in which baseball gloves were made. For three of these concerns, baseball gloves accounted for a large part of the total sales of all products of the plants in which baseball gloves were made. The other products manufactured by the three concerns in the plants in which baseball gloves were made consisted almost exclusively of leather goods; and many of the operations on baseball gloves were similar to the operations on other products. The Commission, therefore, considered the profit-and-loss experience on the total operations of the plants in which baseball gloves were produced by the three concerns to be indicative of their profit-and-loss experience on baseball gloves alone.

^{1/} As indicated earlier in this report, there are 10 concerns engaged in the production of baseball gloves in the United States. One of these concerns is a parent corporation with two subsidiary plants that produce baseball gloves. Inasmuch as separate profit-and-loss data were obtained from each of the two subsidiaries, they are here counted as two separate concerns.

Combined profit-and-loss data for the three last-mentioned concerns and the two concerns that reported separate data relating to their baseball-glove operations are summarized in table 9. ^{1/} One of the concerns operates on an accounting year ending June 30. Data for that concern for the year ended June 30, 1960, are included in the table under 1960, the data for the year ended June 30, 1959, are included under 1959, and so on. The accounting years for two other concerns end on October 31, and the accounting years for the remaining two concerns end on December 31. The data for these concerns for their accounting years ended in 1960 are included in the table under that year, and the data for their accounting years ended in 1959 are included under that year, and so on. The five concerns for which data are shown in table 9 accounted for 88 percent of the total quantity of baseball gloves produced in the United States in 1960, and for 93 percent of the total value of sales of gloves by all domestic producers in that year.

The aggregate net operating profit (largely on baseball gloves) of the three concerns for which 1955 data are available was equal to 8.9 percent of aggregate net sales in that year. The aggregate net operating profit (principally on baseball gloves) for the five concerns was equal to 12.2 percent of their aggregate net sales in 1956, 9.2 percent in 1957, 7.0 percent in 1958, 9.4 percent in 1959, and 6.8 percent in 1960. Thus the profit ratio for 1960 was lower than that in any other year under review. Moreover, the data for 1960 do not reflect the operations for

^{1/} Data for 1955 were not available for two of the concerns. The data shown in table 9 for 1955, therefore, represent the operations of only three concerns, and the data for 1956-60 represent the operations of five concerns.

the full calendar year of the three concerns whose accounting year ended before December 31; hence profit-and-loss data to show the full effect of the large imports of baseball gloves in 1960 and early 1961 are not available.

Summary

The information obtained in this investigation shows that U.S. imports of baseball gloves increased markedly from 149,000 units in 1957 to 2,412,000 units in 1960; that imports in the first 2 months of 1961 were 50 percent greater than in the corresponding period of 1960; that production of baseball gloves by the presently existing U.S. manufacturers declined from 3,439,000 units in 1957 to 2,752,000 units in 1960; that sales by these manufacturers decreased from 3,371,000 gloves in 1957 to 2,685,000 gloves in 1960; that the producers' orders for 1961 indicate a possible further decline in production and sales this year; that the proportion of U.S. consumption of baseball gloves supplied by imports increased from 4 percent in 1957 to 47 percent in 1960; that the great bulk of the imported gloves are sold at wholesale in the United States in the price range of \$1 to \$6 each--the same price range in which about three-fourths of the domestically produced gloves are sold; that U.S. producers' inventories of baseball gloves were higher at the end of 1960 than at the end of 1956, 1958, and 1959; that total man-hours and total wages of production and related workers engaged in the manufacture of baseball gloves in U.S. plants for which data were received were lower in 1958-60 than in 1956-57; that the ratio of aggregate net operating profit (principally on baseball gloves) to aggregate net sales of five concerns accounting for the great bulk of the U.S. output of gloves

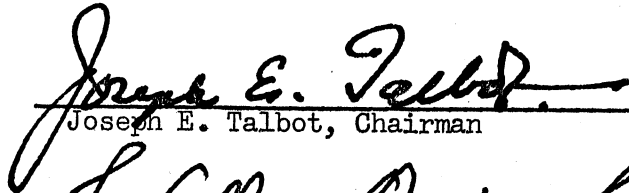
declined irregularly from 12.2 percent in 1956 to 6.8 percent in 1960; and that the profit ratio for 1960--lower than in any year of the period for which data are available--does not reflect fully the impact of the large imports in 1960 on the profit position of the domestic industry because the profit data for some of the concerns cover only part of the calendar year 1960.

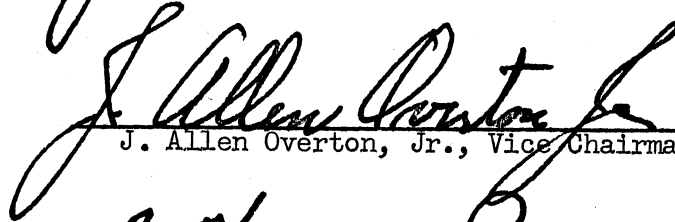
In view of the foregoing considerations we conclude that baseball and softball gloves and mitts are being imported into the United States in such increased quantities as to threaten serious injury to the domestic industry concerned and that in order to prevent such injury it is necessary that the duty on baseball and softball gloves and mitts be increased from 15 percent to 30 percent ad valorem.

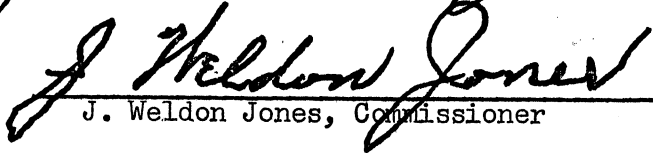
In making our recommendation for escape-clause relief, we wish to note that the escape clause is designed to meet emergencies confronting domestic industries arising out of injurious competition from imports. This is evidenced by the fact that the escape clause in the General Agreement on Tariffs and Trade (Article XIX), which we are recommending be invoked in this case, is expressly addressed to the withdrawal or modification of concessions to meet emergencies, the clause being entitled "Emergency action on imports of particular products". It is not designed to permit the establishment of increased import restrictions on a permanent basis but only "for such time" as may be necessary to prevent or remedy serious injury. The statute explicitly recognizes

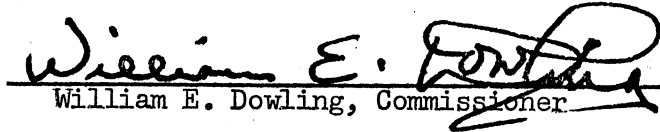
this principle of "review" of escape actions provided for by Executive Order 10401 (3 CFR 1949-53 Comp., p. 901) with a view to the restoration of the concession treatment when the emergency is over.

Respectfully submitted.


Joseph E. Talbot, Chairman


J. Allen Overton, Jr., Vice Chairman


J. Weldon Jones, Commissioner


William E. Dowling, Commissioner

FINDINGS AND RECOMMENDATION OF COMMISSIONERS
SCHREIBER AND SUTTON AND SUPPORTING CONSIDERATIONS

Findings

As a result of the investigation, including the hearing, Commissioners Schreiber and Sutton find as follows:

(a) That baseball and softball gloves, including mitts,^{1/} are, as a result, in part, of the duty reflecting the concession granted thereon in the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, both actual and relative, as to cause serious injury to the domestic industry producing the like products; and

(b) That, in order to remedy the serious injury to the domestic industry concerned, it is necessary that the duty on such baseball gloves be increased to 45 percent ad valorem.

Recommendation

In view of the foregoing findings, Commissioners Schreiber and Sutton recommend that the appropriate tariff concession granted in the General Agreement on Tariffs and Trade be modified to permit the application to the aforementioned baseball gloves of a duty of 45 percent ad valorem.

^{1/} Hereinafter referred to for convenience as baseball gloves.

Principal Considerations Supporting the Foregoing
Findings and Recommendation

The escape-clause investigation on baseball and softball gloves and mitts is one of nine investigations instituted under section 7 of the Trade Agreements Extension Act of 1951, as amended, pursuant to the mandatory provisions of section 3(b)(1) of that Act, as amended, as the result of peril-point findings made in the course of investigation No. 3-9 that increased import restrictions are required for each of certain classes of products to avoid serious injury to each of the respective domestic industries involved.

In order that our actions in connection with this investigation and all other escape-clause investigations arising under section 3(b)(1) may be viewed in proper perspective, we deem it important to refer to and emphasize our dissent in the report on escape-clause investigation No. 7-96 with respect to tennis rackets.^{1/} In short, we believe that we correctly postured section 3(b)(1) as being a provision essentially procedural in conception and intent, enacted to facilitate relief for seriously injured domestic industries and not to alter the substantive character of peril-point findings as valid, definitive, and final actions of the Commission. However, we also pointed out that the investigation set in motion by section 3(b)(1) affords the Commission an opportunity for action which, in practical effect, would result in setting aside or modifying an earlier peril-point finding that was erroneous or was invalidated by subsequent developments. Thus, our findings and recommendation in the present escape-clause investigation on baseball gloves are

^{1/} The report on tennis rackets is one of five reports (including the present report) thus far made by the Commission in connection with escape-clause investigations instituted pursuant to section 3(b)(1).

the equivalent of a reaffirmation of the Commission's related findings and recommendation in the peril-point investigation.

In our opinion, neither error nor changed circumstances exist in the present case; indeed, the escape-clause investigation which has just been completed confirms and reinforces the conclusion reached unanimously by the Commission in the peril-point proceeding that the domestic industry has suffered serious injury from increased imports, and that an increase of the duty to 45 percent ad valorem is the necessary remedial action.

The majority predicates its recommendation on a finding that imports of baseball gloves are entering in such manner as merely to threaten serious injury to the domestic industry. The serious injury, then, which the majority recommendation is designed to prevent, is something that is only in prospect and which has not yet taken place. With this position we emphatically disagree. Clearly, all of the principal facts developed in the investigation leave no doubt that the domestic industry has already incurred serious injury from imports, that such injury is now present, and that the continued rise of imports already evident in 1961 will further worsen the position of domestic producers.

In the short span of three years since 1957, the quantity of imports increased 1,519 percent and the foreign value of imports rose 1,667 percent (see table 2). Over the same period domestic production declined substantially, and there was even a larger decrease in sales of domestic gloves. In 1960 imports were equivalent to 88 percent of domestic production compared with 4 percent of domestic output in 1957. In

1960 domestic producers supplied only 53 percent of total U.S. consumption compared with 96 percent in 1957.

Apart from the fact that imports now enter in large volume, their rapid and spectacular upsurge has also subjected domestic producers to a distressingly abrupt and broad disruption of their market. The pyramiding of imports began in 1958 when they rose 258 percent over the 1957 level. Imports in 1959 were 139 percent higher than in the preceding year, and the 1960 imports represented an increase of 90 percent over 1959. Apparently the worst is still to come as imports in only the first two months of 1961 were 834,000 gloves--equal to more than a third of the record imports for all of 1960. The swift intensification of debilitating economic pressures confronting the domestic industry as a result of such a rapid invasion of the U.S. market cannot be dismissed lightly.

In view of the developments noted above, it is clear why the investigation reveals a major deterioration in the overall financial position of the domestic industry producing baseball gloves and mitts. The profit-and-loss data compiled by the Commission cover 5 concerns--which include two large producers who keep records on a standard-cost basis--that accounted for nearly 90 percent of total domestic production in both 1959 and 1960.^{1/} In 1960 these concerns had a total net

^{1/} The statistical table on profit-and-loss experience included in the appendix obscures the fact that the moderate increase in total sales of these 5 concerns in 1960 compared with either 1959 or 1958 was due primarily to larger sales of products other than baseball gloves and mitts. Total sales of gloves and mitts by all domestic producers were considerably smaller in 1960 than in any other recent year (see table 1).

operating profit before income taxes of only \$1,105,000, a decrease of 42 percent from the net operating profit of \$1,901,000 in 1956 when imports were still small. Not only is the domestic industry receiving substantially fewer dollars to maintain operations, reward investment, and confront foreign competition, but the ratio of net operating profit on sales has also declined sharply--from 12.2 percent on sales in 1956 to 6.8 percent on sales in 1960, a drop of 44 percent.

The financial data for the five companies referred to above include figures for an important domestic producer of baseball gloves that was unable to furnish separate information showing its profit-and-loss experience on baseball glove operations distinct from data pertaining to other products. Although this concern is a major manufacturer of baseball gloves, its output of other products is even larger. Hence, it is highly questionable whether the figures on profit-and-loss experience on the total operations of this concern, which are included in the Commission's profit-and-loss compilation, throw much light on the profitability of operations on baseball gloves. A more accurate measure of profitability of the domestic industry in this instance, we feel, is found in the record of the four concerns that were able either to segregate financial data on their baseball glove operations or that were dominantly producers of baseball gloves. These concerns accounted for about 70 percent of total domestic production in 1959. Between 1956 and 1960 the aggregate annual net operating profit on aggregate net sales before

income taxes for these four concerns skidded from 9.6 percent to 4.9 percent, a decline of 50 percent. From 1959 to 1960--when imports were zooming--this ratio decreased from 8.2 percent to 4.9 percent, a drastic drop of 40 percent in only one year.

The dismal financial record cannot be explained away on the ground that a few important domestic concerns have performed better profitwise than the average--which is always true--or that the decreased profit margins on sales before income taxes have not yet reached a level where the entire domestic industry is reduced to virtual insolvency. Under the latter concept, injury from imports would be permitted to continue until a domestic industry emits death rattles before applying an adequate remedy under the escape clause--a view with which we cannot concur.

In general domestic producers have adjusted their production schedules and inventories to the swiftly changing character of the market, including the rising volume of imports. This has been possible because the "lead-time" for glove production is short, demand is seasonally concentrated in the first half of the year, and a significant part of domestic production is undertaken "on order". Nevertheless producers' inventories at the end of 1960--the year of largest imports--were also the highest of any of the years 1958-60.

As might be expected, employment (as represented by total man hours worked on gloves and mitts) and total wages paid were both smaller in 1960 than in either 1956 or 1957.

The information obtained in the investigation, it should be noted, does not reveal the full extent of the deterioration that has taken place in the domestic industry. This is because no figures could be obtained from certain concerns that discontinued the production of baseball gloves before 1960 under the pressure of import competition. The losses of these concerns in production, sales, employment, and profits--if they could be determined--would further accentuate the degree of distress revealed by the information compiled by the Commission, and which to a large extent reflects economic data for the three largest and best situated domestic producers.

The consolidated statistical record for the domestic industry also does not adequately disclose the acute hardship that has befallen the majority of domestic producers under the impact of the avalanche of imports. In 1957 when imports were still moderate, for example, seven of the ten domestic producers were able to increase their aggregate production and sales compared with 1956. Over the 3 years 1958-60, however, both aggregate production and sales of the same seven concerns showed distressing declines of 50 percent respectively. Obviously most of the domestic producers who were operating satisfactorily prior to 1958 have been grievously injured by the fantastic intensification of import competition. Although the escape-clause procedure was not designed for the protection of marginal producers, failure to apply an appropriate remedy in those

instances where the damage from imports is both as serious and extensive as is shown by this investigation has the net effect of reducing operations under the escape clause to futile rituals.

It is true that 13 percent of the imports consist of gloves with a foreign value of not more than \$1.00 each and that at least some of these imports are not highly competitive with domestic production. What is really significant, however, is that 96 percent of the imports are sold in the U. S. market at wholesale prices ranging from \$1 to \$6 each and that 75 percent of sales by domestic producers fall in the same price range (see table ⁵4). Clearly, the offending imports are concentrated against, and intensively competitive with, the bulk of domestic production, and in 1960 the sales of imported gloves exceeded sales of domestic gloves in the \$1 - \$6 price bracket. This development is hardly surprising. Evidence presented at the hearing indicates that imported gloves retail at prices 20 percent to 50 percent below prices for domestic gloves of comparable quality, and that U. S. manufacturers have been losing an increasing number of orders from many of their traditional customers. Since the true character of competition can be determined only in the market place--where a particular imported glove can be bought for substantially less than a comparable domestic glove--any comparison of broad separate price trends for both domestic and imported gloves, and which does not take account of prices actually prevailing for

comparable models of both domestic and imported gloves, is virtually meaningless.

In view of the facts set forth above, we conclude that the domestic industry is entitled to adequate relief from what obviously has been, and continues to be, destructive import competition.

Respectfully submitted,


Walter R. Schreiber, Commissioner


Glenn W. Sutton, Commissioner

Statistical Appendix

Table 1.--Baseball and softball gloves, including mitts:
U.S. production and sales, 1956-60 1/

Year	Production	Sales	
		Quantity	Value
		Thousands	1,000 dollars
1956 <u>2/</u> -----	3,439	3,314	12,405
1957 <u>2/</u> -----	3,439	3,371	13,291
1958-----	3,216	3,226	13,167
1959-----	3,068	2,957	12,923
1960-----	2,752	2,685	12,294

1/ The producers for which data are shown accounted for nearly all of the domestic production in 1956-59, and for the entire domestic output in 1960.

2/ Partly estimated.

Source: Compiled from data submitted to the U.S. Tariff Commission by domestic producers, except as noted.

Table 2.--Baseball and softball gloves, including mitts: U.S. imports for consumption, 1957-60 ^{1/}

Period	Quantity	Foreign value
	Thousands	dollars
1957-----	149	247
1958-----	533	859
1959-----	1,271	2,479
1960 ^{2/} -----	2,412	4,365

1/ Statistical data are not readily available on imports for 1956, but it is known that imports in that year were smaller than in 1957.

2/ Preliminary; official statistics of the U.S. Department of Commerce.

Source: Estimated by the U.S. Tariff Commission on the basis of a special analysis of entry papers prepared for domestic producers by the Bureau of the Census, except as noted.

Table 3.--Baseball and softball gloves, including mitts: U.S. imports for consumption, by months, 1958-60, and January and February 1961

Month	1958 1/		1959 1/		1960 2/		January and February 1961 2/	
	Quantity	Foreign value	Quantity	Foreign value	Quantity	Foreign value	Quantity	Foreign value
	Number		Number		Number		Number	
January	58,381	\$101,892	104,266	\$183,841	340,661	\$682,404	469,169	\$815,634
February	29,092	52,856	120,950	185,656	216,709	440,233	364,799	614,127
March	51,629	101,610	139,656	246,481	330,293	634,507	-	-
April	46,722	89,997	149,323	257,250	275,946	531,771	-	-
May	35,205	60,824	82,116	160,414	287,243	473,207	-	-
June	19,241	35,827	54,597	96,090	94,728	139,707	-	-
July	12,935	28,706	71,133	135,152	48,296	92,753	-	-
August	3,337	8,609	56,239	117,539	64,401	112,303	-	-
September	23,874	28,462	70,825	187,687	97,653	127,743	-	-
October	60,484	119,940	77,092	169,460	116,561	187,514	-	-
November	81,728	96,873	130,824	270,960	195,131	337,532	-	-
December	110,636	132,981	214,027	468,778	344,184	605,066	-	-
Total	533,264	858,577	1,271,048	2,479,308	2,411,806	4,364,740	-	-

1/ Estimated by the U.S. Tariff Commission on the basis of a special analysis of entry papers prepared for domestic producers by the Bureau of the Census.

2/ Preliminary.

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

Table 4.--Baseball and softball gloves, including mitts: Sales by domestic producers, imports, and apparent consumption in the United States, 1956-60

Year	Sales by domestic producers ^{1/}		Imports Thousands	Apparent consumption ^{2/} Thousands	Ratio (percent) of imports to-	
	Thousands	Thousands			Apparent consumption	Sales by domestic producers
1956	3,314	3/	3,314	-	-	-
1957	3,371	149	3,520	4.2	4.4	4.4
1958	3,226	533	3,759	14.2	16.5	16.5
1959	2,957	1,271	4,228	30.1	43.0	43.0
1960	2,685	4/ 2,412	5,097	47.3	89.8	89.8

^{1/} The producers for which data are shown accounted for nearly all the sales in 1956-59 and for all sales in 1960.

^{2/} No allowance is made for U.S. exports, which are believed to be small.

^{3/} Not available. Imports are known to have been smaller in 1956 than in 1957.

^{4/} Preliminary; official statistics of the U.S. Department of Commerce.

Source: Sales compiled from data submitted to the U.S. Tariff Commission by domestic producers. Imports estimated on the basis of a special analysis of entry papers prepared by the Bureau of the Census, except as noted.

Table 5.--Baseball and softball gloves, including mitts: Percentage distribution of quantity of sales by value brackets, 1958-60

Baseball gloves and mitts valued each at--	Domestic <u>1/</u>			Imported <u>2/</u>		
	1958	1959	1960	1958	1959	1960
Not over \$1-----	2.2	2.7	2.3	0.1	1.3	2.2
Over \$1 not over \$3-----	52.9	47.5	39.9	44.8	46.1	47.8
Over \$3 not over \$6-----	27.6	29.0	35.8	55.1	51.8	48.6
Over \$6 not over \$9-----	13.6	15.5	16.0	<u>3/</u>	0.8	1.4
Over \$9-----	3.7	5.3	6.0	-	-	-
Total-----	100.0	100.0	100.0	100.0	100.0	100.0

1/ Based on sales f.o.b. plant or warehouse of 9 U.S. producers that accounted for virtually all sales.

2/ Based on sales f.o.b. point of shipment in the United States of 9 importers in 1958, 15 in 1959, and 17 in 1960 that accounted for about 50 percent of total imports in each of the 3 years.

3/ Less than one-half of 1 percent.

Source: Calculated from data submitted to the U.S. Tariff Commission by domestic producers and importers.

Table 6.--Baseball and softball gloves, including mitts: Percentage distribution of the quantity of sales of domestic and imported products in the United States according to types of sales outlet, 1959

Type of sales outlet	Domestic <u>1/</u>	Imported <u>2/</u>
Wholesalers, distributors, jobbers, etc.-----	48.1	66.3
Subsidiary or affiliated companies---	11.1	-
Retailers:		
Mail order houses-----	11.2	3.3
Other retailers-----	21.1	28.9
Direct to industrial, commercial and institutional users-----	3.8	.2
U.S. Government-----	1.5	.6
For export-----	2.5	.7
Other-----	.7	<u>3/</u>
Total-----	100.0	100.0

1/ Based on reported sales of 9 companies which in 1959 are believed to have accounted for virtually all of total production

2/ Based on sales by 15 importers that are believed to have accounted for about 50 percent of total imports in 1959.

3/ Less than 1/2 of 1 percent.

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

Table 7.--Indexes of reported prices of domestic and imported baseball and softball gloves, including mitts, on specified dates, Mar. 1, 1955, to Mar. 1, 1960 ^{1/}

(September 1958--March 1960=100)

Date	Domestic						Imported										
	Number of samples	Index of prices of--			Number of sample	Index of prices of--											
		Gloves	Mitts	Gloves and mitts combined		Gloves	Mitts	Gloves and mitts combined									
1955:																	
Mar. 1	74	87.7	81.5	84.6	-	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
Sept. 1	78	89.3	85.0	87.2	-	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
1956:																	
Mar. 1	80	91.2	84.4	88.6	-	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
Sept. 1	80	93.8	87.5	90.7	-	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
1957:																	
Mar. 1	80	94.2	89.9	92.0	-	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
Sept. 1	79	94.4	91.7	93.0	-	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
1958:																	
Mar. 1	78	94.6	92.2	93.3	-	3/	3/	3/	3/	3/	3/	3/	3/	3/	3/	3/	3/
Sept. 1	76	97.1	97.2	96.9	34	100.0	99.5	99.5	100.0	99.5	99.5	100.0	99.5	99.5	99.5	99.5	99.5
1959:																	
Mar. 1	73	99.5	99.0	99.2	43	98.6	98.7	98.7	98.6	98.7	98.7	98.6	98.7	98.7	98.7	98.7	98.7
Sept. 1	70	100.5	101.0	100.9	42	102.9	100.8	100.9	102.9	100.8	100.8	102.9	100.8	100.8	100.8	100.8	100.8
1960: Mar. 1	66	102.9	102.8	103.1	39	103.3	100.9	100.9	103.3	100.9	100.9	103.3	100.9	100.9	100.9	100.9	100.9

^{1/} Based on prices f.o.b. point of shipment in the United States.

^{2/} No price data reported.

^{3/} Data too meager to be significant.

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

Table 8.--Employment of production and related workers, man-hours worked, and wages paid in certain U.S. plants producing baseball and softball gloves, including mitts, 1956-60 ^{1/}

Item	1956	1957	1958	1959	1960
All products;					
Average number of workers-----	2,224	2,161	2,228	2,169	2,346
Man-hours worked, total-----thousands--	4,238	4,082	4,088	4,032	4,226
Average hours per worker ^{2/} -----	1,906	1,889	1,835	1,859	1,801
Wages paid, total-----1,000 dollars--	6,430	6,481	6,616	6,616	7,091
Average hourly earnings ^{2/} -----	\$1.52	\$1.59	\$1.62	\$1.64	\$1.68
Baseball and softball gloves and mitts:					
Man-hours worked, total-----thousands--	1,614	1,527	1,328	1,434	1,436
Wages paid, total-----1,000 dollars--	2,360	2,348	2,136	2,269	2,295
Average hourly earnings ^{2/} -----	\$1.46	\$1.54	\$1.61	\$1.58	\$1.60
Ratio of man-hours worked on baseball and softball gloves and mitts to those worked on all products ^{2/} -----percent--	38.1	37.4	32.5	35.6	34.0

^{1/} Data shown are for 6 domestic manufacturers that operated 11 plants in 1956-59 and 12 plants in 1960; these companies accounted for 77 percent of total production of baseball and softball gloves and mitts in 1960.

^{2/} Calculated from the unrounded figures.

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

Table 9.--Profit-and-loss experience of certain U.S. producers with respect to their operations relating wholly or in large part to baseball and softball gloves and mitts, 1955-60 ^{1/}

Item	1955	1956	1957	1958	1959	1960
Net sales ^{2/} -----1,000 dollars---	5,074	15,634	16,039	15,591	15,898	16,303
Cost of goods sold-----do-----	3,721	10,535	11,188	11,285	11,195	11,824
Gross profit-----do-----	1,353	5,099	4,851	4,306	4,703	4,479
General, administrative, and selling expense 1,000 dollars---	899	3,198	3,376	3,219	3,216	3,374
Net operating profit before income taxes						
1,000 dollars---	454	1,901	1,475	1,087	1,487	1,105
Ratio of net operating profit to net sales percent---	8.9	12.2	9.2	7.0	9.4	6.8

^{1/} The data shown are for 3 producers in 1955 and for 5 producers in 1956-60.

^{2/} For 2 producers, includes net sales of baseball and softball gloves and mitts only; for the other producers, includes net sales of all products manufactured in the plants in which baseball and softball gloves and mitts were made.

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