

UNITED STATES TARIFF COMMISSION

STAINLESS-STEEL TABLE FLATWARE

Report to the President on
Investigation No. TEA-I-EX-3 Under
Section 351(d)(3) of the
Trade Expansion Act of 1962



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(TC28997)

Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
September 21, 1967

To the President:

This report is made pursuant to section 351(d)(3) of the Trade Expansion Act of 1962 ^{1/} which provides that--

Upon petition on behalf of the industry concerned, filed with the Tariff Commission . . . not later than the date which is 6 months before the date any increase or imposition of any duty or other import restriction pursuant to section 7 of the Trade Agreements Extension Act 7 . . . is to terminate in accordance with the provisions of the Trade Expansion Act of 1962 7 . . ., the Tariff Commission shall advise the President of its judgment as to the probable economic effect on such industry of such termination.

Introduction

On February 8, 1967, the United States Tariff Commission, upon a petition filed on behalf of the domestic industry producing stainless-steel table flatware (knives, forks, and spoons), instituted the current investigation. A public hearing was held on May 23, 1967.

A tariff-rate quota, with increased rates of duty applicable to imports entered in excess of the quota, was imposed by Presidential proclamation ^{2/} upon imports of certain stainless-steel table flatware; this action became effective on November 1, 1959, following an escape-clause investigation by the Tariff Commission under section 7 of the Trade Agreements Extension Act of 1951. On

^{1/} 76 Stat. 900

^{2/} Proclamation No. 3323.

January 7, 1966, the President, in accordance with the provisions of the Trade Expansion Act, 1/ relaxed the escape-clause restrictions by enlarging the tariff-rate quota and by reducing, but not eliminating, the increases in rates of duty applicable to such flatware entered in excess of the enlarged quota. 2/ The Trade Expansion Act provides that the remaining escape-clause restrictions will terminate at the close of October 11, 1967, unless extended by the President. 3/

1/ Sec. 351(d)(1)(A).

2/ Proclamation No. 3697.

3/ Sec. 351(c)(1)(B).

Probable Economic Effect of Restoration of the Concessions ^{1/}

Statement by Commissioners Thunberg and Clubb

Following an injury determination by the Tariff Commission the President imposed escape-clause restrictions on the importation of certain types of stainless-steel flatware effective November 1, 1959. The restrictions consisted of a quota of 5.75 million dozen pieces on imports which could be entered at the concession rates and of increased rates of duty on imports entered in excess of the quota.

In January 1966, the President increased the quota to 7.0 million dozen pieces and substantially reduced the duties on above-quota imports. The reduced rates of duty, however, are still nearly twice as high as the concession rates, which would apply in the absence of a tariff quota.

The Trade Expansion Act of 1962 provides that escape-clause restrictions will expire (and the concessions be reinstated) on October 11, 1967, unless the President continues them in whole or in part because he determines that such action is in the national interest. This report responds to the statutory requirement that the Tariff Commission advise the President of its judgment of the probable economic effect on the domestic industry of the termination of the modified restrictions.

^{1/} Commissioner Culliton was absent at the time of the preparation of this section.

The termination of escape-clause restrictions on imports of stainless-steel flatware will cause a prompt and sustained increase in imports and therefore more intense competition within the U.S. market. Imports from present suppliers will increase almost immediately, especially in the low- and middle-price brackets where price is a more important consideration than in the higher priced lines. In addition, other foreign suppliers will no doubt seek access to the U.S. market, and at least for a time the market probably will be less orderly than it has been while the restrictions were in effect.

The impact of increased imports will be felt unevenly throughout the United States industry. Several of the more alert domestic producers, presently accounting for about two-thirds of U.S. production, have, through increased capital expenditures for labor-saving machinery, better product styling, and improved merchandising, put themselves into a position to meet successfully more intense competition. These firms will probably be able to hold at least one-half of growing domestic demand and to be profitable despite the more rugged competitive scene.

Increased competition of any kind--whether generated by increased imports or not--may well prove fatal to certain small domestic producers operating with obsolescent technology on very low margins. These firms have earned a niggardly return on sales at

best and frequently have operated at a loss despite existing limitations on competition from abroad. Unable to compete successfully with other domestic and foreign producers, many, if they continue on their present course, will wither slowly as old customers move on.

Continuation of the current escape-clause restrictions will have two effects. First, it will give the inefficient producers more time to become competitive, although there is no guaranty that they possess the resources to make this adjustment no matter how much time they have. Second, it would give unnecessary protection to the portion of the industry, presently accounting for about two-thirds of U.S. production, which has prepared itself to deal with more intense competition from whatever source. If restrictions are not terminated, the more efficient and aggressive domestic producers will probably increase their share of the domestic production at the expense of the other members of the industry. If restrictions are terminated, on the other hand, the more efficient domestic producers will probably continue operations in the United States, but at the same time import increasingly from abroad, while the less efficient domestic producers, located largely in the Northeast, will reduce employment and production, importing a larger share of their merchandise, or will be forced out of the industry entirely.

In our view the degree of dislocation in the domestic industry likely to follow the termination of escape-clause restrictions is sufficient to warrant consideration of their continuance. We would, however, also note that should the President decide to restore trade-agreement concessions, and should concession-generated increased imports cause serious injury to the marginal resources in this industry, then adjustment assistance to these firms and workers would be available under existing legislation. We also noted in recent reports under section 351(d)(3) the possibility of using adjustment assistance to aid marginal firms and workers in the carpets and glass industries. The stainless-steel flatware industry differs from those in that the number and relative importance of marginal firms is greater.

Statement by Commissioner Sutton

In my judgment the remaining escape-clause restrictions that have been imposed on imports of designated types of stainless-steel flatware can be allowed to terminate without materially impairing the vigor of the domestic industry producing such articles. The termination of the already relaxed import restrictions would probably result in increased imports, as indicated by the increases prior to--and since--the modification of the restrictions in early 1966. It is likely, however, that domestic production will continue to increase as consumption expands.

Competitive conditions in the United States differ from those existing at the time of the escape-clause action. Principally, the U.S. industry, in the aggregate, has become more viable than it was before 1959. Several producers, both large and small, have modernized and expanded their manufacturing facilities and improved methods of production. They have upgraded stainless-steel flatware and lent their long-established prestige to it in the market. U.S. producers have developed and promoted better grades, as well as mass-produced low-grades, of stainless-steel flatware.

During the last decade, the U.S. consumption of stainless-steel flatware has increased at an average rate of 10 percent annually. Such consumption shows every likelihood of further and substantial increases. U.S. producers have shared

abundantly in the expanding consumption. The U.S. annual output of stainless-steel table flatware in 1964-66 averaged 40 percent higher than in 1961-63. The increased production reflected increased sales. Moreover, the annual profits earned by U.S. producers on their stainless-steel operations in 1964-66 were 300 percent of those in 1961-63 and 700 percent of those in 1958-60.

As would be expected, not all firms in the industry shared equally in the markedly improved condition of the domestic industry. Indeed, revealing changes occurred in the vigor of the respective domestic producers. Some improved their competitive positions and, in so doing, impaired those of others. Such developments are characteristic of a healthy competitive economy. During recent years, a few large producers have accounted for an impressive and increasing share of the domestic production of stainless-steel flatware. Meanwhile, the supplier positions of various marginal high-cost concerns have declined. The vigor of the more dynamic and alert concerns is evidenced by the fact that between 1960 and 1966 they were responsible for the greater share of the capital investment made by domestic producers in modernizing and improving productive facilities. As a result of their modernization programs, productivity in the respective plants improved. Indeed, between 1960 and 1966 the annual

production of stainless-steel table flatware by these more viable concerns alone increased by a greater magnitude than the total imports of such products in 1966.

Largely irrespective of imports, therefore, the position of the less efficient marginal firms deteriorated relative to the position of the more profitable concerns. The ratio of net operating profits to sales reported by the several low-cost producers was more than 50 percent higher in 1964-66 than in 1961-63 and more than 100 percent higher than in 1959-61. Meanwhile the combined profit position of the five that reported losses during one or more years in 1959-66--though varying materially from year to year--revealed no improvement over the period. The ratio of profits to net sales reported by the large low-cost U.S. producers of stainless-steel flatware in 1964-66 was nearly seven times as high as that for several firms reporting losses in recent years.

A reasonable construction of the objective and purpose of the escape clause--whether under section 7 or under the Trade Expansion Act--is that it shall be employed to enhance the vigor and viability of the domestic industry of concern. The health of neither the domestic industry nor the national economy would be vitalized if escape-action rates of duty are employed preeminently to perpetuate the lives of all firms in the industry regardless of their productive efficiency, or to freeze productive processes to present techniques--in other words to assure the survival of marginal operations. Such a policy would be

imprudent as it is futile. Imprudent, since it ignores the desideratum--a viable industry; futile, since escape-action rates of duty can shield the marginal producer from competition by importers but not from competition by his more efficient domestic counterparts.

Information Obtained in the Investigation

U.S. tariff treatment

Imports of stainless-steel table flatware (except those in excess of the quota) are currently subject to trade-agreement rates of duty averaging somewhat less than half those formerly imposed under the Tariff Act of 1930 (table 3). As has been indicated, some of the trade-agreement rates initially negotiated have been modified; such modifications have involved both changes in the negotiated rates of duty and the institution of tariff-rate quotas. Knives and forks are subject to compound rates of duty and spoons to ad valorem rates only. Stainless-steel table flatware imported in sets is dutiable at the rate applicable to the article in the set that is subject to the highest rate of duty. Tables 1 and 2, in the Statistical Appendix, identify the rates of duty currently applicable to U.S. imports of stainless-steel table flatware, as well as the changes in such duties that have been effected since August 1963.

At least six rates of duty are currently applicable to imports of stainless-steel table flatware--the individual rate depending, not only on the character of the article but also on the circumstances of importation. ^{1/} The articles of concern in this report--i.e., the articles on which the escape-clause restrictions will terminate soon, unless extended by the President--consist of

^{1/} E.g., whether or not the imports enter within or above the tariff-rate quota, when applicable, and whether they come from countries designated Communist dominated or controlled.

stainless-steel table flatware valued under 25 cents each, if not over 10.2 inches in overall length--hereinafter referred to as quota-type flatware. During the quota period beginning November 1 of each year, a specified quantity of quota-type flatware may be entered at the trade-agreement rates. After the designated quantity of quota-type flatware has been entered, higher over-quota rates of duty apply. Nonquota-type stainless-steel flatware is subject to the trade-agreement rates of duty.

The President's action of January 7, 1966, which was made retroactive to November 1, 1965, enlarged the annual tariff-rate quota from 5.75 million dozen pieces to 7 million dozen pieces and designated two periods for the application of the enlarged quota--November 1, 1965 to October 31, 1966 and from November 1, 1966 to October 11, 1967. The President's proclamation also reduced the rates of duty on imports of quota-type flatware in excess of the quota. The reduced rates, however, are still higher than the trade-agreement rates, which would apply in the absence of a tariff quota.

The rates of duty applicable to each class of stainless-steel flatware in 1965 and 1966 are shown in table 2 along with their calculated average ad valorem equivalents--for imports from all sources combined, as well as from Japan, Europe, and other sources. ^{1/} The average ratio of duty to value (ad valorem equivalent) for

^{1/} The retroactive provision of Presidential Proclamation No. 3697 affected only a negligible quantity of flatware imported in excess of the quota in November and December 1965.

imports from all sources within the quota has ranged from 17 to 26 percent in 1966. The average ratio for quota-type flatware imported in excess of the quota ranged from 60 to 101 percent in 1965, but from only 38 to 53 percent in 1966; the lower range in 1966 reflects the rate reductions announced by the President on January 7, 1966 for over-quota imports. The average ad valorem equivalents of the duties collected on imports of stainless-steel flatware other than quota-type, on the other hand, ranged from 14 to 22 percent in 1966.

As a result of the Kennedy Round of negotiations, the rates of duty on stainless-steel flatware other than quota-type, will be reduced in five stages by 50 percent. The first stage in the reductions will probably become effective on January 1, 1968 and the final stage on January 1, 1972 (table 1).

U.S. consumption of stainless-steel flatware

Flatware, especially stainless-steel flatware, is generally usable for many years. Each year some flatware is damaged beyond repair or otherwise permanently removed from use; nevertheless, the bulk of that sold annually by U.S. manufacturers and importers constitutes additions to the existing supply. The new supply entering domestic channels (imports, plus sales of domestically produced flatware, minus exports) is considered herein to be the apparent consumption (hereinafter generally referred to as "consumption").

Whereas the U.S. annual consumption of all types of table flatware has about doubled since 1954, that of stainless-steel flatware has trebled. The consumption of all types of flatware increased irregularly from 36 million dozen pieces in 1958 (data for earlier years are not available) to 53 million dozen in 1966 (table 5). ^{1/} The consumption ^{2/} of stainless-steel flatware totaled 23 million dozen pieces in 1958, which was nearly double that consumed in 1953. It increased further to 39 million dozen pieces in 1966 (table 4). Consumption of this ware has increased irregularly since 1953 at an average rate of about 10 percent a year. The consumption of stainless-steel table flatware was 8 percent higher in 1966 than in 1965, and 15 percent higher in 1966 than in 1964.

Stainless-steel flatware supplied an increasing share of the table flatware consumed in the United States during the 1950's; its share increased during the decade from about one-third to two-thirds. Between 1961 and 1966, the share increased further to three-fourths. ^{3/} Meanwhile, the quantity of new sterling and silver-plated flatware coming into use declined; such decline was rapid during the 1950's but less markedly so during the early 1960's. Sales recovered somewhat in 1965 and 1966 with the repeal

^{1/} U.S. producers' sales plus imports. Data on the quantity exported are not available.

^{2/} Imports, plus sales of domestically produced flatware, minus exports.

^{3/} Ratios are approximate, especially for the earlier years, because complete data for these years are not available.

of the excise tax on silverware. At that time, however, an upward pressure on the price of silver began in international markets. In July 1967 the U.S. Treasury suspended sales of silver at the formerly fixed price of \$1.29 per troy ounce; soon thereafter the price quoted at New York increased to about \$1.80. Shortly thereafter, two leading U.S. producers of flatware announced price increases on their silver products averaging 20 percent. Meanwhile, the prices of stainless-steel flatware increased only slightly. It appears, therefore, that the consumption of stainless-steel flatware will continue to gain at the expense of silver and silver-plated flatware.

The U.S. market for stainless-steel table flatware is, of course, responsive to price competition, but the adjustment of consumption to price changes is apt to be delayed, since the consumer's choice of one type of flatware over another often depends on nonprice considerations. Examples of such nonprice considerations are: style (fashion and artistic appeal), famous trade names, preference for domestically made goods, and the propensity to trade through long-established distribution channels. Catering to such considerations involves producer costs, which may be small relative to the value that the buyer places on them, and which may not be reflected in the price he is willing to pay. A detailed appraisal of the nonprice factors affecting the relative position of U.S. producers and importers in the U.S. market for stainless-steel table flatware would involve many complexities, which by their nature are difficult to quantify. The evidence at hand, however, indicates

that the domestic flatware can be sold at a higher price than a similar imported product; domestic producers have built up valuable reputations, as well as strong selling organizations. In some features, such as originality or traditional authenticity of design, importers sometimes achieve an appeal equal to that of the domestic producers; the latter, on the other hand, usually offer a greater variety of patterns, make them available for a longer period, and stand more ready to supply them from open stock than do the importers.

It appears likely, therefore, that the consumption of stainless-steel flatware will continue to increase in the future. Such increase is indicated by a number of factors. Foremost among these is the anticipated growth in the number of U.S. households, which, as indicated by past experience, bears a high relationship to the sales of flatware, although its rate of increase has not been as rapid as that of stainless-steel flatware. The Census Bureau has estimated that the number of households, 58 million in 1966, will grow to 62 million or more in 1970, and 75 million or more in 1980; the consumption of flatware will undoubtedly increase with it. Such consumption will also probably be stimulated by the increased tendency of people to eat away from home in restaurants, schools, factories, and other institutions. In addition, more and more families are now buying more than one set of flatware; as incomes increase this trend will probably be accentuated.

In April 1965 the Tariff Commission estimated that the consumption of stainless-steel flatware in the United States would increase at a rate of about 2 million dozen pieces annually to a total of about 45 million dozen pieces in 1970. ^{1/} U.S. consumption increased at a higher rate than that anticipated and reached 39 million dozen pieces in 1966 (table 4). It is likely to reach 42 million dozen pieces in 1967 and 52 million dozen pieces in 1970.

U.S. producers

Since 1958 no significant change has occurred in the number of U.S. plants producing stainless-steel table flatware. The number of plants declined from 22 to 21 in 1964, when one company absorbed another. In 1966, 21 plants operated by 19 concerns, produced stainless-steel flatware in the United States. Seven plants were located in Connecticut; 3, each, were located in Massachusetts and Rhode Island; 2, each, in New Jersey, New York, and California; and 1, each, in Ohio and Virginia.

In recent years, more than two-fifths of the man-hours expended by labor in the 21 plants was devoted to the production of stainless-steel flatware. Seven small concerns produced stainless-steel flatware exclusively; 12 other concerns, ranging in size from small to large, made other products in addition to stainless-steel flatware--such as sterling, silver-plated and miscellaneous types of flatware, hollowware, cutlery, kitchen utensils, or a combination

^{1/} Stainless-Steel Table Flatware, Report to the President on Investigation No. TEA-IA-5.

of several of these articles. Most smaller firms confined their operations to volume production of inexpensive flatware of simple design. Some produced only forks and spoons, supplemented by knives purchased either from other domestic or foreign manufacturers.

Eighteen domestic manufacturers, who accounted for more than 99 percent of the net sales of domestically manufactured stainless-steel table flatware in recent years, furnished data on their capital expenditures for production facilities used primarily in the manufacture of stainless-steel table flatware. Such expenditures involved the purchase of new machinery, equipment, fixtures, buildings, and land. Meanwhile, no existing buildings or real estate, and only a few existing machines, were disposed of. Data for the years 1960-66 are summarized below:

Year	Land and land improvements	Buildings and lease- hold im- provements	Machinery, equipment, and fixtures	Totals
	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
1960-----	3	57	380	440
1961-----	-	282	660	942
1962-----	-	326	<u>1/</u> 1,751	<u>1/</u> 2,077
1963-----	2	30	1,029	1,061 ¹
1964-----	15	145	1,132	1,292
1965-----	216	586	1,141	1,943
1966-----	653	826	1,830	3,309
Total-----	889	2,252	7,923	11,064

1/ Includes the purchase of existing machinery and equipment of one company by another company, which did not report separately its purchases of new and used machinery and equipment.

* * * * *

The producers' program of modernization is reflected in the statistics on labor productivity. The average quantity of flatware produced per man-hour increased from 3.8 dozen pieces in 1960 to 4.1 dozen in 1966; meanwhile, the sales value of flatware produced per man-hour increased from \$7.98 per dozen pieces to \$9.40 (table 11).

Production, sales, and inventories

Annual sales of U.S.-made stainless-steel table flatware have increased each year since 1957. Annual production also increased over the period, though it declined slightly in some years. The U.S. annual production of stainless-steel table flatware increased from 21 million dozen pieces in 1963 to 30 million dozen in 1966 (table 4). Such production amounted to about 16 million dozen pieces in the first 6 months of 1967, compared with 15 million dozen during the comparable period in 1966.

Sales of stainless-steel flatware produced in the United States were 36 percent larger in 1966 than in 1963 in terms of quantity, and 47 percent larger in terms of value (table 6). In 1963 such sales totaled 22 million dozen pieces, valued at \$47 million (table 6). They increased annually until they reached 30 million dozen pieces, valued at \$69 million in 1966. They amounted to 15.0 million dozen, valued at \$35 million in the first 6 months of 1967, compared with 14.6 million dozen, valued at \$32 million, during the first half of 1966. Since the early 1950's stainless-steel table flatware has accounted for an increasing share of the total sales

of table flatware by the producers of stainless-steel flatware (table 9). ^{1/} In terms of value, the share was about a third of the total in the late 1950's and from two-fifths to more than half of the total in the 1960's.

The Commission obtained data from the U.S. producers of stainless-steel table flatware on their sales of patterns arrayed by the average value of sales per dozen pieces in 1964-66 (table 7). Sales in the less than \$2 value range accounted for more than half of the quantity and about a third of the total value of sales in 1964-66. The value range of \$3.00 to \$4.99, in terms of value the second important category, accounted for nearly a fifth of the total quantity and about a third of the total value of sales in the same period.

* * * * *

Over the last decade, the 2 largest producers accounted for an increasing share (well over half) of total sales of stainless-steel table flatware.

* * * * *

For years, exports have accounted for only a small part of the U.S. producers' total sales of stainless-steel table flatware. In

^{1/} The data reported to the Commission for the sales of flatware other than stainless-steel table flatware cover only such flatware produced in the same plants that produced stainless-steel flatware. These plants accounted for virtually all U.S. sales of silver-plated flatware, about half of the sales of sterling flatware, but only a very small share of the sales of flatware having handles of other metal or materials.

1963 exports totaled about 231,000 dozen pieces, valued at \$455,000 (table 8). They increased irregularly to 449,000 dozen, valued at \$1.2 million in 1966, in which year they were equal to 1.8 percent of the total value of sales.

As a percentage of total sales, year-end inventories of stainless-steel flatware held by domestic producers have varied little in recent years. Producers generally accumulate stocks during the early months of the year, much of which is worked off by the end of the year. During 1959-66 their closing inventories ranged from 10 to 15 percent, and averaged 12.5 percent, of their total net sales for the period. On December 31, 1966, inventories were equivalent to 12 percent of net sales (table 6).

Employment and wages

Although the production of stainless-steel flatware increased by 64 percent from 1959 to 1966, the average number of production and related workers and the hours worked by them on stainless-steel flatware increased only by 43 and 46 percent, respectively. The average number of all production and related workers in the plants that produced stainless-steel flatware, however, was only 16 percent larger in 1966 than in 1959.

Workers engaged solely in the production of stainless-steel table flatware totaled 2,838 workers in 1963 and 3,455 in 1966 (table 11). The average number of production and related workers in the plants (all products) producing stainless-steel table

flatware declined from 7,618 in 1963 to 6,867 in 1964, but increased to 7,282 in 1965, and to 7,600 in 1966 (table 10).

In 1966 the number of man-hours (7,411,000) worked by U.S. production and related workers in the production of stainless-steel flatware was the highest on record (table 10). In that year, some plants operated three shifts in most departments; others operated single shifts, except in departments where a second shift was necessary to maintain balanced production. Total wages paid to production and related workers engaged in the production of stainless-steel table flatware increased annually from \$18.9 million in 1964, to \$21.1 million in 1966.

U.S. imports

At least 60, and possibly as many as 80, U.S. firms imported stainless-steel table flatware in the years 1964-66. Most of them were located in or near New York City; a few were located on the West and Gulf Coasts and some at the headquarters of large retail organizations. The number of U.S. importers of stainless-steel flatware declined after 1959, when the tariff-rate quota became effective; in each of the years, thereafter, a few firms accounted for the bulk of imports. In 1966, 8 importers entered about 50 percent of the total imports. Four importers were producers of stainless-steel flatware and 2 of the 4 largest importers were affiliates of U.S. producers. In 1964, 3 large importers, who imported substantial quantities from Japan, accounted for all of

the U.S. imports from other Far Eastern sources. Currently other firms also import from these sources.

Volume.--Although partly restricted by the over-quota rates of duty, the volume of U.S. imports of stainless-steel flatware kept pace roughly with the increasing U.S. consumption (table 4). Imports averaged about 24 percent of U.S. consumption of such flatware during 1960-66, when quotas were in effect.

U.S. imports increased annually during 1961-66. They totaled 6.9 million dozen pieces in 1963 and 9.2 million dozen in 1966 (table 4). In the first 6 months of 1967, imports totaled 1.7 million dozen pieces, compared with 1.8 million dozen in the corresponding period of 1966. The increased imports in 1966 reflected in part the liberalization of trade restrictions that became operative in the first week of that year. Imports in 1965, however, before the restrictions were liberalized were about 21 percent larger than in 1964, partly because importers had anticipated the President's action.

Since 1964, an increasing share of the U.S. imports of stainless-steel table flatware has been entered by six U.S. producers (including affiliated concerns). * * * As indicated below, imports by producers in 1966 were more than double those in 1964 and accounted for about a fifth of total imports:

<u>Year</u>	<u>Quantity</u> <u>(1,000 dozen pieces)</u>	<u>Ratio to total</u> <u>imports (percent)</u>
1964-----	736	9
1965-----	1,548	17
1966-----	1,884	20

Principal suppliers.--Japan was the principal U.S. foreign source of stainless-steel table flatware in every year for which statistics are available. Before 1964, it supplied 90 percent or more of U.S. imports (table 13); thereafter, with the emergence of new sources in the Far East, it continued to supply increasing quantities, but decreasing shares of the total imports, as shown below:

Source	1964	1965	1966
	Imports (million dozen pieces)		
Japan-----	6.5	6.8	7.1
Other Far East sources-----	.3	1.6	1.7
Europe-----	.5	.5	.4
Total-----	7.3	8.9	9.2
	Percent of total		
Japan-----	89	77	77
Other Far East sources-----	4	17	19
Europe-----	7	6	4
Total-----	100	100	100

In 1966 Taiwan, a new U.S. source in 1964, supplied more than 1 million dozen pieces of stainless-steel table flatware and thus became the second most important foreign supplier. The Republic of Korea ranked third in 1966, and Hong Kong, which had been second in 1965, was fourth (table 14).

Manufacturers and traders in Japan, whose exports to the United States after 1957 were limited by an export quota, ^{1/} sought to

^{1/} Discussed later (p. 30).

minimize its restrictive effect by raising both the quality and price of the permitted exports. In so doing they lost a portion of the U.S. market for low-end ware to new competitors in other Far Eastern countries, which imposed no restrictions on the exportation of stainless-steel table flatware. The new competitors, moreover, could make the cheaper types of ware with a relatively small investment of capital and at a low unit-labor cost.

Later, the average unit value of imports of stainless-steel flatware from all sources, declined from \$1.30 per dozen pieces in 1961-64 to \$1.22 in 1966 (table 14). This decline reflected both a reduced unit value of imports from Japan (\$1.22 in 1964; \$1.18 in 1965; \$1.19 in 1966) and an increase in the share of U.S. imports obtained from Taiwan, Korea, and Hong Kong. The average unit values of imports from these three sources ranged from 64 to 80 cents per dozen pieces in 1964-66.

Composition.--Imports of quota-type stainless-steel flatware in sets ^{1/} amounted to about 2.5 million dozen pieces in 1964, 3.3 million dozen pieces in 1965, and 2.8 million dozen in 1966. Some importers found it advantageous to import certain types of flatware in sets, notwithstanding that the total duty payable on a set of flatware is generally higher than the sum of the duties payable separately on the same knives, forks, and spoons. If, before importation, the flatware is not only assembled in sets, but also packaged

^{1/} Data on imports of nonquota-type stainless-steel flatware in sets are not separately reported in official statistics. Such imports, however, are known to have been insignificant.

in display boxes for retail, the cost of shipping is generally prohibitive. The assembling of sets, apart from final packaging, entails an additional cost borne by the importer whether it is done abroad--in which case it also entails a higher duty--or in the United States after importation--thereby adding to the importers' labor costs.

The composition of imports not entered in sets from all sources--by types of knives, forks, and spoons--and their average entered values in 1965 and 1966 are shown in the tabulation below:

Item	Quantity		Entered value		Average unit	
	(1,000 dozen		(\$1,000)		value per	
	pieces)				dozen	
	1965	1966	1965	1966	1965	1966
Quota type:						
Knives-----	1,000	1,575	1,679	2,507	\$1.68	\$1.59
Forks-----	1,552	1,494	1,460	1,386	.94	.93
Spoons-----	2,494	2,665	2,123	2,129	.85	.80
Total or aver-						
age-----	5,046	5,734	5,262	6,022	1.04	1.05
Nonquota type:						
Knives-----	255	274	1,072	1,168	4.21	4.26
Forks-----	110	133	470	480	4.25	3.60
Spoons-----	197	284	714	753	3.63	2.65
Total or aver-						
age-----	562	691	2,256	2,401	4.01	3.47

It is estimated that about two-thirds of the total quantity and about half of the total value of importers' sales consisted of patterns that sold for less than \$2 per dozen pieces. A considerable portion of such flatware was of a quality comparable to U.S.-produced flatware having an average unit value ranging from \$2 to \$2.99. Importers' sales in the value ranges \$2 to \$2.99 and \$5 to \$6.99 were

also significant in relation to total sales (table 17). Sales of flatware in the \$7 and over range consisted largely of ware imported from Europe.

U.S. tariff quota.--The annual tariff quota of 5.75 million dozen pieces administered by the United States on imports of designated types of stainless-steel flatware during the 6 years from November 1, 1959, through October 31, 1965, was buttressed by over-quota duties sufficiently high to limit severely the importation of quota-type ware in excess of the quota. Only occasional shipments, totaling not more than 250,000 dozen pieces, of over-quota ware entered in any calendar year. On January 7, 1966, the President enlarged the quota from 5.75 to 7 million dozen pieces and made it retroactive to November 1, 1965.

Imports that entered in excess of the enlarged tariff-rate quota ^{1/} of 7 million dozen pieces were subject to over-quota duties, which were lower than those previously in force but which were sufficiently high to induce U.S. importers to take the maximum advantage of the within-quota rates of duty. ^{2/} Nevertheless, they brought in 671,738 dozen pieces of quota-type flatware in excess of the enlarged quota in the calendar year 1966 (table 12). They paid the reduced over-quota duties on 2,042,376 dozen additional pieces

^{1/} Effective November 1, 1965.

^{2/} The compound duties on knives and forks consisted of over-quota ad valorem rates that had been reduced and specific duties that had not been reduced. Accordingly, the duties were less burdensome on the higher-valued, better-grade, stainless-steel flatware than on the low-valued flatware.

of quota-type flatware in the first 8 months of 1967, compared with 478,578 dozen in the corresponding period of 1966.

Although imports of stainless-steel flatware varied from year to year, imports within the tariff quota always equaled the quota. Imports at the more favorable rates within the quota amounted to 5.75 million dozen pieces in each 12-month period from November 1, 1959, to October 31, 1965, and 7 million dozen pieces in each of the two quota periods beginning November 1, 1965, and November 1, 1966 (table 12). Total imports by calendar year were larger, of course, because they included not only quota-type flatware entered in excess of the quota but also nonquota-type stainless-steel table flatware. Moreover, the quota year did not correspond with the calendar year and the quantities entered under the quota in November and December varied from year to year.

Before the U.S. tariff quota was employed, the largest monthly volume of imports of stainless-steel table flatware was usually entered in October and November. Imports in those months consisted largely of flatware entered for immediate consumption. After the quota became operative, importers entered quota-type flatware into bonded warehouses in early fall to await the opening of a new quota on November 1 (table 12). To avoid payment of the higher over-quota rates of duty, importers entered substantial quantities of flatware in the early months of the quota period, even though much of it would not be sold until the following year. Making purchases ahead

of requirements tied up considerable sums of money and increased the importers' costs.

In each quota year except the first, which began on November 1, 1959--10 days after the Presidential proclamation--large quantities of stainless-steel flatware were cleared through customs in November. Partly as a result of a more orderly issuance of export licenses by Japan beginning in 1962, U.S. imports for consumption were less concentrated in the first month of the quota years 1961-64 than in 1960. In the quota year which opened on November 1, 1965, however, the initial quota was virtually filled by the middle of that month. When the enlarged quota of 7 million dozen pieces was announced, some 156,00 dozen pieces of quota-type flatware had already entered in excess of the former quota (5.75 million dozen pieces). These pieces were accorded within-quota treatment; shortly thereafter 1.1 million dozen additional pieces were entered, with the result that the enlarged quota was filled by March 1966.

The quantities entered during the first month of the quota years since 1960, and the months in which the quota was filled, are shown in the tabulation below:

<u>Quota period beginning--</u>	<u>Flatware entered under quota in first quota month (million dozen pieces)</u>	<u>Month in which quota was filled</u>
Nov. 1, 1960-----	4.9	December 1960
Nov. 1, 1961-----	3.5	April 1962
Nov. 1, 1962-----	2.2	June 1963
Nov. 1, 1963-----	2.0	April 1964
Nov. 1, 1964-----	2.6	February 1965
Nov. 1, 1965-----	<u>1/</u> 5.75	November 1965
Nov. 1, 1966-----	6.7	January 1967

1/ On January 7, 1966, the President enlarged the quota from 5.75 million dozen to 7 million dozen, retroactive to November 1, 1965. The balance of the enlarged quota was filled by March 1966.

Japan's export quota.--In the fall of 1957, when the Tariff Commission was conducting its escape-clause investigation on stainless-steel table flatware, the Japanese Government announced that it would limit exports of such flatware to the United States. Since that time it has continued to do so. It also maintains quotas on its exports of stainless-steel flatware to Canada and several European countries, usually after periodic bilateral negotiations.

Japan's quota, effective during the 1958 calendar year, on exports to the United States of stainless-steel flatware related only to such ware measuring not over 26 centimeters (10.2 inches) in overall length. Exports of such flatware to the United States were limited to 5.5 million dozen pieces (table 16). The annual quota was maintained at the same level during 1959 and 1960; it was reduced to 3.5 million dozen for 1961, and then increased almost annually until it totaled 7 million dozen pieces for 1966. In both 1963 and 1964, another quota (800,000 dozen pieces) was established

to control exports to the United States of stainless-steel flatware having a value of \$3 or more per dozen pieces (this type of flatware is outside the scope of the U.S. tariff quota). For 1965-67 the annual export quota for such flatware was fixed at 1 million dozen pieces. In 1966 and 1967, all other flatware became subject to an additional annual quota of 5 million dozen pieces.

Before 1966, Japan maintained its export quota applicable to the flatware specified in the U.S. import tariff quota at a figure somewhat below the latter (5.75 million dozen pieces). Japan set its 1966 quota for exports of such flatware to the United States at a figure equal to the enlarged U.S. tariff quota and thus stood ready to compete for the whole of it (table 16). For several years the Japanese authorities have divided the export quota for such flatware going to the United States into subquotas of varying quantities for 4-month periods, in an effort to minimize the congestion of shipments near the opening of the U.S. quota year. Apparently, such allocation met with only limited success in controlling the timing of shipments. Japan established an export subquota of 2.5 million dozen pieces of the type subject to the U.S. tariff quota for January-April 1967, compared with 1.9 million dozen for the corresponding months in 1966. As the U.S. tariff quota had already been filled by January 1967, the enlargement of the Japanese export subquota served only to encourage early shipments to the United States through July; a large portion of such shipments were entered at the over-quota duties.

Japan's aggregate exports to the United States of stainless-steel flatware of the types subject to that country's export quota since 1958 have been smaller than the quantities authorized (table 16). During 1963-66 the Japanese exports to the United States of export-quota flatware did not vary significantly from an average of 6.2 million dozen pieces annually, compared with an average of 4.3 million dozen pieces in the preceding 4 years 1959-62. Exports of other flatware to the United States increased significantly, however, from 1.4 million dozen pieces in 1959 to 4.0 million dozen pieces in 1966. These types included stainless-steel flatware having plastic handles, flatware of chrome-plated carbon steel, pieces more than 26 centimeters in length, and other articles not distinguished from stainless-steel flatware in the Japanese statistics.

Prices received by U.S. importers.--Importers' prices of 50-piece sets declined nominally from 1964 to 1967 (table 19). Meanwhile, the prices for open-stock teaspoons and forks increased by 11 percent and those of knives by 18 percent. The largest increase in open-stock items occurred in 1966. When they occur, price changes involving 50-piece sets are much more important to the importers than to U.S. producers, because most sales by importers are in such sets. Accordingly, the remaining part of this section relates largely to prices received by importers for such sets.

Indexes of prices were computed for the importers' best-selling patterns, arrayed on the basis of their average unit value per dozen

pieces in 1964 (table 20). ^{1/} The indexes thus derived show that the importers' prices of 50-piece sets in the first (less than \$2), third (\$3.00-\$4.99) and fourth (\$5.00-\$6.99) categories declined from 3 to 5 percent between 1964 and 1967. Prices of patterns in the second category (\$2.00-\$2.99) remained stable, and those in the fifth (\$7 and over) increased by 18 percent. Patterns in the latter category were sold by firms importing only from Europe.

Indexes prepared from prices received by importers for flatware classified by source of imports (table 21) show that prices for 50-piece sets from Japan and other Far East sources declined by 4 percent from 1964 to 1967. The prices received by firms that imported only from Europe increased in all categories from 1964 to 1967, by amounts ranging from 11 to 18 percent.

Prices received by U.S. producers

Little change has occurred in the average prices received by domestic producers of stainless-steel flatware in recent years (table 23). Between 1964 and 1967, prices of 50-piece sets increased by 2 percent; those of open-stock teaspoons and dinner forks increased by 3 percent; and those of knives by 4 percent. Most of these small increases occurred in 1967 (table 23).

^{1/} The value ranges reflect, to some degree, relative differences in quality. However, any comparison of data in table 20 with those in table 24 should take account of the fact that the qualities of flatware reflected roughly by the value ranges in table 20 do not necessarily correspond to those in table 24.

The average value per dozen pieces of all stainless-steel flatware sold by the U.S. manufacturers, f.o.b. their plants, increased annually from \$2.13 in 1963 to \$2.30 in both 1965 and 1966, when it was higher than in any other year since 1951 (table 6). The average value per dozen was \$2.33 for the first half of 1967, compared with \$2.21 for the corresponding period in 1966. These average unit values reflect both changes in the product mix and changes in prices.

Indexes of prices were also computed for best selling patterns, classified by their average value of sales per dozen pieces in 1964 (table 24). The indexes show that between 1963 and 1967 open-stock prices, in virtually all value categories, advanced slightly. The most pronounced increases occurred in the prices of knives in both the lowest and the highest value ranges, prices in each being 7 percent higher in 1967 than in 1964. Most of the price increases occurred in 1966 and 1967. Prices received for 50-piece sets either remained stable or increased moderately in most categories. The index for one category (\$3.00 to \$4.99), however, declined by 2 percent from 1964 to 1967. ^{1/}

Channels of distribution

In recent years, wholesalers and jobbers have constituted the largest single sales outlet for domestically produced stainless-steel table flatware. In terms of value, nearly a third of the producers'

^{1/} * * *

sales have gone to this market (table 22). By contrast, only about 12 percent of the importers' sales in 1966 went to wholesalers and jobbers, compared with about 20 percent in 1956.

For importers, on the other hand, department and chain stores combined were the major outlet (55 percent). In 1966, about 21 percent of U.S. producers' sales were to this type of outlet, compared with about 27 percent in 1956.

Premium ware ^{1/} accounted for about 21 percent of the sales by producers (compared with 12 percent in 1956), and for 12 percent of those by importers (compared with 8 percent in 1956). Large-scale promotional schemes and practices such as giveaways and premiums operate in a highly competitive area. The merchandise so used must be offered at a low price to the promoter or distributor; the seller, moreover, must undergo the cost of special packaging, frequently in small quantities, and have the merchandise ready in unknown, but possibly very large, quantities at scheduled times. Although importers of flatware compete in this field, domestic producers appear to have certain advantages, apart from the quoted prices, since adequate volume, availability, and timely service are also important.

* * * * *

^{1/} E.g., for use in advertising, promotion, and giveaways.

Profit-and-loss experience of domestic manufacturers

In the aggregate, the U.S. producers' operations in producing stainless-steel table flatware have been increasingly profitable during the last 5 years (table 25). In various years before 1959, losses were sustained on such operations. In 1964-66, producers' profits on stainless-steel operations averaged nearly 9 percent of the net value of their sales, which ratio is considerably higher than that for any earlier 3-year period since 1955. The ratio of profits to net sales from stainless-steel table flatware declined from 9.1 percent in 1965 to 8.4 percent in 1966. This decline may reflect, in part, the increased import competition encountered by domestic producers resulting from the enlargement of the tariff quota and the reduction of duties on imports of quota-type flatware in excess of the quota (principally effective in 1966).

The profit experiences of individual producers, however, have been varied * * *. The operations of some that had sustained losses have become profitable and those of others unprofitable. A few small companies (virtually all family-owned) regularly reported either small profits or losses after paying officers' salaries. ^{1/} Half or more of the producers, accounting for a substantial share of the production, reported either losses or low profits. In both 1965 and 1966 (after the import restrictions were relaxed), seven of the thirteen concerns that supplied usable profit-and-loss data reported either net operating losses or net operating profits of

^{1/} * * *

3 percent or less. In both years these seven producers accounted for about 40 percent of the domestic sales of stainless-steel table flatware. One producer, however, has accounted for a large and increasing portion of the profits since 1959.

* * * * *

Concerns that manufactured other products as well as stainless-steel flatware earned higher profits on their stainless-steel flatware operations in 1962-66 than did those that were engaged predominantly in making stainless-steel flatware; as shown below, the reverse was true in 1959-61:

Year	: Ratio (percent) of aggregate net operating profit : to aggregate net sales on stainless-steel : table flatware operations for--	
	: All : establishments	: Establishments : Establishments : that produced : that produced : predominantly : other products : stainless-steel : in substantial : table flatware ^{1/} : volume ^{2/}
1959-----:	3.4 :	4.1 : 3.3
1960-----:	3.3 :	5.1 : 3.0
1961-----:	2.8 :	2.9 : 2.7
1962-----:	4.3 :	2.0 : 4.6
1963-----:	4.6 :	1.3 : 4.9
1964-----:	9.2 :	2.9 : 10.3
1965-----:	9.1 :	2.3 : 10.1
1966-----:	8.4 :	3.3 : 9.2
:	:	:

^{1/} Data are for 7 manufacturers.

^{2/} Data are for 7 manufacturers for 1959-63 and 6 manufacturers for 1964-66.

* * * * *

Usable profit-and-loss data were received from 17 manufacturers, who accounted for 98 percent of total sales of domestically produced stainless-steel table flatware in 1959-66. A few were unable to compute profits separately for such flatware, but those who were able to do so (14 in 1959-63 and 13 in 1964-66) accounted for more than 90 percent of the total sales of such flatware. During the 1959-66 period, the concerns that reported separately their profits on stainless-steel table flatware derived an increasing share of their total profit from such ware, as well as an increasing share of their revenue from sales. The rate of profit (measured as a ratio of net sales), however, was smaller for stainless-steel flatware than for their sales of all products manufactured in the establishments that produced stainless flatware, as shown below:

Item	1959	1960	1961	1962	1963	1964	1965	1966
Total, all establishments:								
Number-----	16	17	17	17	17	17	17	15
Sales-----millions of dollars--	144.9	139.9	141.1	142.1	145.1	155.4	178.6	194.2
Establishments reporting profit								
data for stainless steel								
operations:								
Number-----	14	14	14	14	14	13	13	13
Sales:								
Total, all products-----								
millions of dollars--	142.3	137.3	138.7	139.4	142.2	145.1	169.8	183.4
Stainless-steel flatware-do---	37.9	37.2	39.7	42.5	47.4	54.7	59.7	64.8
Ratio of profits to sales:								
Total, all products--percent--	7.2	5.5	5.8	6.4	6.9	9.6	11.4	11.4
Stainless-steel flatware								
--percent--	3.4	3.3	2.8	4.3	4.6	9.2	9.1	8.4
Ratio of sales of stainless-								
steel flatware to total								
sales-----percent--	26.6	27.1	28.6	30.5	33.4	37.7	35.2	35.3
Ratio of profits from stainless-								
steel flatware to profits								
on all products-----percent--	12.4	16.4	13.5	20.7	22.1	36.5	28.0	26.1

Data submitted by 8 producers, who accounted for 85 percent of total U.S. sales of domestic stainless-steel table flatware in 1966, indicate that the cost of raw materials declined from 29 percent of net sales in 1959 to 21 percent in 1966 (table 27). The cost of direct and indirect labor combined declined from 31 percent in 1959 to 28 percent in 1966; "other" factory costs increased from 13 percent in 1959 to 20 percent in 1966; and selling expenses increased from 10 percent in 1959 to 12 percent in 1966.

Appendix A
Statistical Tables

Table 1.--U.S. rates of duty under the Tariff Schedules of the United States (TSUS) on stainless-steel knives, forks, and spoons ^{1/}

TSUS item	TSUS appendix item ^{2/}	Article	Rate applicable before:		Rate applicable after quota is filled	
			Statutory rate ^{3/}	Trade-agreement rate ^{4/}	In effect from Aug. 31, 1963, to Oct. 31, 1965	In effect beginning Nov. 1, 1965
		Knives, forks, and spoons with stainless-steel handles:				
		Knives and forks:				
10.09	{ 927.50	With handles not containing nickel and not containing				
10.39	{ 927.53	over 10 percent by weight of				
11.75 ^{5/}	{ 927.60	manganese:				
		Not over 10.2 inches in over-all length and valued at less than 25 cents each.	2¢ each + 45% ad val.	1¢ each + 12.5% ad val.	3¢ each + 67.5% ad val. ^{6/}	3¢ each + 15% ad val. ^{7/}
		Other ^{9/} -----	2¢ each + 45% ad val.	1¢ each + 12.5% ad val. ^{11/}	10/	3¢ each + 15% ad val. but not less than 2¢ each + 45% ad val. ^{8/}
50.11	{ 927.51	With handles containing nickel or containing over 10 percent				
50.41	{ 927.53	by weight of manganese:				
51.75 ^{5/}	{ 927.61	Not over 10.2 inches in over-all length and valued at less than 25 cents each.	2¢ each + 45% ad val.	1¢ each + 17.5% ad val.	3¢ each + 67.5% ad val. ^{6/}	3¢ each + 20% ad val. ^{7/}
		Other ^{9/} -----	2¢ each + 45% ad val.	1¢ each + 17.5% ad val. ^{12/}	10/	3¢ each + 20% ad val. but not less than 2¢ each + 45% ad val. ^{8/}
50.55	{ 927.52	Spoons:				
51.75 ^{5/}	{ 927.54	Not over 10.2 inches in over-all length and valued at less than 25 cents each.	40% ad val.	17% ad val.	60% ad val. ^{6/}	40% ad val. ^{7/}
	{ 927.62	Other ^{9/} -----	40% ad val.	17% ad val. ^{13/}	10/	40% ad val. ^{8/}

^{1/} The TSUS came into effect on Aug. 31, 1963.

^{2/} TSUS appendix items provide or provided for the imposition of tariff quotas on certain stainless-steel flatware. Items 27.53 and 927.54 were in effect from Aug. 31, 1963, to Oct. 31, 1965, and items 927.60, 927.61, and 927.62 became effective on Nov. 1, 1965. Items 927.50, 927.51, and 927.52 have been in effect since Aug. 31, 1963. The initial tariff quotas specified in the appendix to the TSUS had been in effect since Nov. 1, 1959 (see table 2).

^{3/} Applicable to imports from countries or areas designated as Communist dominated or controlled.

^{4/} Applicable to imports from all countries except those designated as Communist dominated or controlled and except imports from the Republic of the Philippines.

^{5/} Each set of 2 or more articles containing 1 or more articles of flatware, is dutiable at the rate of duty applicable to the article in the set subject to the highest rate of duty.

^{6/} Applicable to imports from non-Communist (except the Philippines) and Communist countries after an aggregate quantity of 69 million single units of knives, forks, and spoons with stainless-steel handles, valued under 25 cents each, and not over 10.2 inches in over-all length had been entered in any 12-month period beginning Nov. 1 in any year from countries subject to the trade-agreement rates.

^{7/} Applicable to imports from other than designated Communist countries and the Republic of the Philippines after an aggregate quantity of 84 million single units of knives, forks, and spoons with stainless-steel handles, valued under 25 cents each, and not over 10.2 inches in over-all length, has been entered in the periods Nov. 1, 1965-Oct. 31, 1966, and Nov. 1, 1966-Oct. 31, 1967, from countries subject to the trade-agreement rates.

^{8/} Applicable to imports from designated Communist countries after the quota has been filled by imports from countries subject to the trade-agreement rates.

^{9/} These articles are not subject to quota.

^{10/} Not applicable.

^{11/} As a result of the Kennedy Round of tariff negotiations, this rate will be reduced, in 5 equal stages, to 0.5 cents each plus 6 percent ad valorem. The first reduction probably will become effective on Jan. 1, 1968.

^{12/} As a result of the Kennedy Round of tariff negotiations, this rate will be reduced, in 5 equal stages, to 0.5 cents each plus 8.5 percent ad valorem. The first reduction probably will become effective on Jan. 1, 1968.

^{13/} As a result of the Kennedy Round of tariff negotiations, this rate will be reduced, in 5 equal stages, to 8.5 percent ad valorem. The first reduction probably will become effective on Jan. 1, 1968.

Table 2.--Stainless-steel table flatware: Average ad valorem equivalents of the trade-agreement and the over-quota rates of duty in effect in 1965 and in 1966, based on imports in 1965 and 1966, respectively, by type of flatware, and by selected sources

Description	Rate of duty in effect in--		Average ad valorem equivalents of the rates of duty based on imports from--									
	1965		1966		All countries, in--		Japan, in--		Europe, in--		All other sources, 1/ in--	
	Cents each; percent ad valorem	Cents each; percent ad valorem	1965	1966	Percent	Percent	1965	1966	Percent	Percent	1965	1966
Quota-type:												
Spoons imported at the--												
Trade-agreement rate	17%	No change	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Overquota rate	60%	40%	60.0	40.0	60.0	40.0	60.0	40.0	60.0	60.0	60.0	40.0
Knives and forks:												
With handles of austenitic (nickel) steel:												
Knives imported at the--												
Trade-agreement rate	1¢ + 17.5%	No change	30.2	24.5	30.2	24.5	30.2	24.5	30.2	24.5	30.2	24.5
Overquota rate	3¢ + 67.5%	3¢ + 20%	82.2	40.0	82.2	40.0	82.2	40.0	82.2	40.0	82.2	40.0
Forks imported at the--												
Trade-agreement rate	1¢ + 17.5%	No change	27.2	26.4	28.4	26.4	28.4	26.4	23.5	23.1	23.5	23.1
Overquota rate	3¢ + 67.5%	3¢ + 20%	99.0	49.0	98.8	49.0	98.8	49.0	90.3	34.6	90.3	34.6
With handles of nonaustenitic (chrome) steel: 2/												
Knives imported at the--												
Trade-agreement rate	1¢ + 12.5%	No change	19.6	20.0	19.5	19.7	19.5	19.7	21.3	20.6	20.7	22.4
Overquota rate	3¢ + 67.5%	3¢ + 15%	89.0	38.1	88.6	36.8	88.6	36.8	89.1	38.4	90.5	43.6
Forks imported at the--												
Trade-agreement rate	1¢ + 12.5%	No change	25.6	25.8	24.9	25.0	24.9	25.0	19.3	19.0	28.7	31.6
Overquota rate	3¢ + 67.5%	3¢ + 15%	101.1	52.7	100.7	48.6	100.7	48.6	97.4	38.1	111.4	70.5
Nonquota-type:												
Spoons	17%	No change	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Knives:												
With handles of austenitic (nickel) steel	1¢ + 17.5%	do	20.7	20.6	21.0	21.0	21.0	21.0	20.1	19.9	23.0	22.7
With handles of nonaustenitic (chrome) steel	1¢ + 12.5%	do	13.9	14.2	15.0	16.1	15.0	16.1	13.8	13.7	15.2	15.3
Forks:												
With handles of austenitic (nickel) steel	1¢ + 17.5%	do	20.9	21.8	21.4	21.2	21.4	21.2	19.8	21.0	20.9	35.2
With handles of nonaustenitic (chrome) steel	1¢ + 12.5%	do	14.8	14.9	16.6	16.9	16.6	16.9	14.7	14.7	21.4	15.9

1/ Principally Taiwan, Hong Kong, and Korea.

2/ No imports.

3/ The great bulk of imports in both years consisted of stainless-steel flatware with handles of chrome steel.

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

Table 3.--Stainless-steel table flatware: U.S. rates of duty under the Tariff Act of 1930
(old schedule, superseded Aug. 31, 1963)

Tariff paragraph and description	(Cents each; percent ad valorem)			
	Tariff Act of 1930			
	Statutory rate ^{1/}	Trade-agreement modification		
	Rate	Effective date and trade agreement ^{2/}		
Par. 339:				
Table, household, kitchen, and hospital utensils, and hollow or flat ware, not specially provided for: * * * composed wholly or in chief value of copper, brass, steel, or other base metal, not plated with platinum, gold, or silver, and not specially provided for:				
Table spoons wholly of metal and in chief value of stainless steel, not over 10.2 inches in overall length and valued at less than \$3 per dozen pieces.	40%	20%	Jan. 1, 1948.	
		19%	June 30, 1956.	
		18%	June 30, 1957.	
		17% ^{3/}	June 30, 1958.	
		60% ^{3/}	Nov. 1, 1959. ^{3/}	
Par. 355:				
Table, butchers', carving, cooks', hunting, kitchen, bread, cake, pie, slicing, cigar, butter, vegetable, fruit, cheese, canning, fish, carpenters' bench, curriers', drawing, farriers', fleshing, hay, sugar-beet, beet-topping, tanners', plumbers', painters', palette, artists', shoe, and similar knives, forks, and steels, and cleavers, all the foregoing, finished or unfinished, not specially provided for * * * :				
Not specially designed for other than household, kitchen, or butchers' use:				
Table knives and forks, wholly of metal and in chief value of stainless steel, not over 10.2 inches in overall length and valued at less than \$3 per dozen pieces, with handles of--				
Austenitic steel:				
Less than 4 inches in length, exclusive of handle.	2¢ + 45%	2¢ + 35%	Jan. 1, 1939; United Kingdom.	
		2¢ + 17-1/2%	Jan. 1, 1948.	
		1¢ + 17-1/2% ^{3/}	July 7, 1951.	
		3¢ + 67-1/2% ^{3/}	Nov. 1, 1959. ^{3/}	
4 inches in length or over, exclusive of handle.	8¢ + 45%	8¢ + 35%	Jan. 1, 1939; United Kingdom.	
		8¢ + 35% ^{4/}	Jan. 1, 1948.	
		4¢ + 17-1/2% ^{3/}	Oct. 1, 1951.	
		12¢ + 67-1/2% ^{3/}	Nov. 1, 1959. ^{3/}	
Steel, other than austenitic:				
Less than 4 inches in length, exclusive of handle.	2¢ + 45%	2¢ + 25%	Jan. 1, 1939; United Kingdom.	
		2¢ + 25% ^{4/}	Jan. 1, 1948.	
		2¢ + 12-1/2%	May 30, 1950.	
		1¢ + 12-1/2% ^{3/}	Oct. 1, 1951.	
		3¢ + 67-1/2% ^{3/}	Nov. 1, 1959. ^{3/}	
4 inches in length or over, exclusive of handle.	8¢ + 45%	4¢ + 25%	Jan. 1, 1939; United Kingdom.	
		4¢ + 25% ^{4/}	Jan. 1, 1948.	
		4¢ + 17-1/2% ^{3/}	Oct. 1, 1951.	
		12¢ + 67-1/2% ^{3/}	Nov. 1, 1959. ^{3/}	

^{1/} Applicable to the products of Communist-dominated or Communist-controlled countries or areas which are designated as such by the President.

^{2/} General Agreement on Tariffs and Trade, unless otherwise indicated.

^{3/} Pursuant to Presidential Proclamation No. 3323, dated Oct. 20, 1959, the higher of the 2 rates to which this footnote is attached was made applicable during any 12-month period beginning Nov. 1, 1959, and in each subsequent year, after a total aggregate quantity of 69 million single units of table spoons described under par. 339, and of table knives and table forks described under par. 355, had been entered, or withdrawn from warehouse, for consumption; until the total aggregate quantity of the designated units had been entered, or withdrawn from warehouse, for consumption, during any 12-month period designated above, the lower rate of duty was applicable.

^{4/} Bound.

Note.--Stainless-steel table flatware, wholly of metal and in chief value of stainless steel, over 10.2 inches in overall length or valued at \$3 or more per dozen pieces (nonquota-type flatware), was dutiable at the same rates of duty as the quota-type flatware entered within the quota limits.

Table 4.--Stainless-steel table flatware: Production and sales by U.S. manufacturers, U.S. imports for consumption, and apparent consumption, 1951-66, January-June 1966, and January-June 1967

Period	U.S. production ^{1/}	Sales by U.S. manufacturers		Imports for consumption ^{2/}	Apparent consumption ^{3/}	Ratio of imports to--	
		Total	Exports			Apparent consumption	U.S. production
	<u>1,000</u> <u>dozen</u> <u>pieces</u>	<u>1,000</u> <u>dozen</u> <u>pieces</u>	<u>1,000</u> <u>dozen</u> <u>pieces</u>	<u>1,000</u> <u>dozen</u> <u>pieces</u>	<u>1,000</u> <u>dozen</u> <u>pieces</u>	Percent	Percent
1951-----	11,893	11,379	208	^{4/}	^{4/}	^{4/}	^{4/}
1952-----	9,304	9,306	203	^{4/}	^{4/}	^{4/}	^{4/}
1953-----	11,020	10,827	147	883	11,563	7.6	8.0
1954-----	11,051	10,800	97	1,347	12,050	11.2	12.2
1955-----	14,848	14,654	144	3,571	18,081	19.8	24.1
1956-----	14,695	14,392	82	7,999	22,309	35.9	54.4
1957-----	13,079	13,207	82	10,600	23,725	44.7	81.0
1958-----	15,030	14,887	1,292	9,180	22,775	40.3	61.1
1959-----	18,480	18,594	327	8,950	27,217	32.9	48.4
1960-----	19,332	18,654	191	^{5/} 10,900	^{5/} 29,363	^{5/} 37.1	^{5/} 56.4
1961-----	18,467	18,877	212	4,755	^{5/} 23,420	^{5/} 20.3	^{5/} 25.7
1962-----	21,339	21,089	178	5,163	26,074	19.8	24.2
1963-----	21,366	22,100	231	^{6/} 6,860	^{6/} 28,729	^{6/} 23.9	^{6/} 32.1
1964-----	27,862	26,729	267	^{6/} 7,339	^{6/} 33,801	^{6/} 21.7	^{6/} 26.3
1965-----	27,409	27,210	334	^{6/7/} 8,880	^{6/} 35,756	^{6/} 24.8	^{6/} 32.4
1966-----	30,262	30,043	449	^{6/7/} 9,185	^{6/} 38,779	^{6/} 23.7	^{6/} 30.3
January-June--							
1966-----	14,840	14,567	234	^{6/7/} 1,781	^{6/} 16,114	^{6/} 11.1	^{6/} 12.0
1967 ^{7/} -----	15,828	15,016	^{4/}	^{6/} 1,715	^{8/} 16,500	^{6/} 10.4	^{6/} 10.8

^{1/} Partly estimated from sales data for a few manufacturers.

^{2/} Includes an estimate for a small amount of imports in the years 1953-58.

^{3/} Sales of domestically produced flatware plus imports less exports.

^{4/} Not available.

^{5/} The high figure for imports in 1960 is attributable primarily to the entry in that year of most of the imports permissible within the quota in the first and second quota years. As a result, the figures for apparent consumption and the ratios of imports to apparent consumption and to production for 1960 and 1961 are of only qualified significance.

^{6/} Data for 1963 and 1964 are revised. Data do not include imports in sets of nonquota-type stainless-steel table flatware beginning Aug. 31, 1963, because they are not reported separately under the TSUS. Such imports are known to be negligible.

^{7/} Preliminary.

^{8/} Estimated

Source: Compiled from information submitted to the U.S. Tariff Commission by the producers and importers, and from official statistics of the U.S. Department of Commerce.

Table 5.--Table flatware: U.S. apparent consumption, ^{1/}
by type, 1958-59 and 1961-66

(In thousands of dozen pieces)

Table flatware with handles of--					
	Silver	Silver plate	Stainless steel ^{2/}	Other material	Total
1958-----	993	6,516	24,067	4,235	35,811
1959-----	1,027	7,004	27,544	4,781	40,356
1961-----	1,015	5,265	23,632	5,591	35,503
1962-----	869	4,729	26,252	6,170	38,020
1963-----	825	4,853	28,960	^{3/} 7,101	^{3/} 41,739
1964-----	777	4,706	34,068	^{3/} 8,253	^{3/} 47,804
1965-----	960	5,316	36,090	^{3/} 8,472	^{3/} 50,838
1966 ^{4/} -----	1,100	5,226	39,228	^{3/} 7,527	^{3/} 53,081

^{1/} U.S. producers' sales plus imports. Data on the quantity of exports, known to be small, are not separately reported in official statistics. All data except those on silver-plated and stainless-steel flatware contain estimates. For apparent consumption of stainless-steel table flatware, taking exports into account, see table 4.

^{2/} Data exceed those in table 4 by the amount of exports which were small in most years.

^{3/} Includes consumption of an estimated 1 million dozen pieces of flatware with handles of "other materials" not separately reported in official statistics.

^{4/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce and from reports submitted to the U. S. Tariff Commission by the producers of stainless-steel table flatware.

Table 6.--Stainless-steel table flatware: U.S. manufacturers' inventories of finished flatware, and net sales, 1951-66, January-June 1966, and January-June 1967

Period	Inventories at end of period ^{1/}		Net sales		
	Quantity	Ratio to net sales	Quantity	F.o.b. factory value	Average value per dozen pieces
	<u>1,000</u> <u>dozen</u> <u>pieces</u>	<u>Percent</u>	<u>1,000</u> <u>dozen</u> <u>pieces</u>	<u>1,000</u> <u>dollars</u>	
1951-----	1,160	10.2	11,379	20,140	\$1.77
1952-----	1,131	12.2	9,306	16,830	1.81
1953-----	1,309	12.1	10,827	19,723	1.82
1954-----	1,548	14.3	10,800	20,688	1.92
1955-----	1,699	11.6	14,654	28,323	1.93
1956-----	2,009	14.0	14,392	31,241	2.17
1957-----	1,525	11.5	13,207	29,626	2.24
1958-----	2,035	13.7	14,887	31,554	2.12
1959-----	2,050	11.0	18,594	38,515	2.07
1960-----	2,802	15.0	18,654	39,163	2.10
1961-----	2,465	13.1	18,877	40,522	2.15
1962-----	2,796	13.3	21,089	43,276	2.05
1963-----	2,242	10.1	22,100	47,084	2.13
1964-----	3,388	12.7	26,729	59,709	2.23
1965-----	3,602	13.2	27,210	62,668	2.30
1966-----	3,610	12.0	30,043	69,159	2.30
January-June--					
1966-----	3,897	<u>2/</u>	14,567	32,143	2.21
1967-----	4,571	<u>2/</u>	15,016	35,039	2.33

^{1/} Includes an estimate (less than 1 percent of the total in any year) derived from data on production and sales.

^{2/} Ratios based on data for 6 months are not meaningful.

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

Table 7.--Stainless-steel table flatware: U.S. producers' sales of patterns arrayed by average value of sales per dozen pieces, 1964-66 ^{1/}

Year and average sales value per dozen pieces	Number of producers reporting in value range	Ratio of the number of patterns in value range to total number of patterns	Ratio of sales in value range to total sales, based on--	
			Quantity	Value
		Percent	Percent	Percent
1964:				
Less than \$2.00-----	13	34	59	38
\$2.00-\$2.99-----	8	16	18	20
\$3.00-\$4.99-----	9	36	19	32
\$5.00-\$6.99-----	5	9	3	7
\$7.00 and over-----	4	5	1	3
Total-----	19	100	100	100
1965:				
Less than \$2.00-----	13	34	53	32
\$2.00-\$2.99-----	9	19	26	28
\$3.00-\$4.99-----	9	31	17	27
\$5.00-\$6.99-----	6	10	3	10
\$7.00 and over-----	4	6	1	3
Total-----	19	100	100	100
1966:				
Less than \$2.00-----	13	32	52	30
\$2.00-\$2.99-----	10	20	26	29
\$3.00-\$4.99-----	9	33	17	28
\$5.00-\$6.99-----	5	10	4	10
\$7.00 and over-----	4	5	1	3
Total-----	19	100	100	100

^{1/} The producers were instructed to calculate the average value of sales per dozen pieces for each pattern in each year and then group the patterns in the value ranges shown. Data contain some estimates for a few small producers.

Source: Compiled from reports submitted to the Tariff Commission by all the producers.

Note.--Any comparison of data in this table with those in table 17 should be made with the understanding that the qualities of flatware reflected roughly by the value ranges in this table do not necessarily correspond to those in table 17. Values for U. S. producers' sales are values f.o.b. their plants, whereas values of importers' sales are f.o.b. their point of shipment in the United States.

Table 8.--Stainless-steel table flatware: U.S. exports of domestic merchandise, 1951-66

Year	Quantity Dozen pieces	Value	Average value per dozen pieces
1951-----	207,845	\$238,519	\$1.15
1952-----	202,952	235,898	1.16
1953-----	146,799	172,312	1.17
1954-----	96,736	143,614	1.48
1955-----	143,709	200,737	1.40
1956-----	82,180	138,214	1.68
1957-----	81,918	155,128	1.89
1958-----	1,291,757	1,536,076	1.19
1959-----	327,095	467,799	1.43
1960-----	190,648	437,640	2.30
1961-----	211,725	511,686	2.42
1962-----	177,859	382,286	2.15
1963-----	231,218	455,181	1.97
1964-----	267,345	593,810	2.22
1965-----	333,881	842,047	2.52
1966-----	449,466	1,244,406	2.77

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

Table 9.--Table flatware: Sales of all types of table flatware produced in U.S. establishments in which stainless-steel table flatware is produced, 1951-66 ^{1/}

(In thousands of dozen pieces)

Year	Stainless steel	Silver plated	Sterling silver	Other ^{2/}	Total, all kinds
1951-----	11,379	15,763	993	2,211	30,346
1952-----	9,306	11,824	922	1,572	23,624
1953-----	10,827	12,957	1,285	1,920	26,989
1954-----	10,800	12,284	994	1,281	25,359
1955-----	14,654	10,946	1,034	1,255	27,889
1956-----	14,392	9,547	1,024	1,204	26,167
1957-----	13,207	6,748	857	1,439	22,251
1958-----	14,887	6,478	782	1,601	23,748
1959-----	18,594	6,971	822	704	27,091
1960-----	18,654	5,792	798	497	25,741
1961-----	18,877	5,233	802	411	25,323
1962-----	21,089	4,691	654	443	26,877
1963-----	22,100	4,805	497	378	27,780
1964-----	26,729	4,626	472	^{3/} 510	32,337
1965-----	27,210	5,211	578	^{3/} 415	33,414
1966-----	30,043	5,114	602	^{3/} 365	36,124

^{1/} This table shows sales data only for manufacturers of stainless-steel table flatware during the years in which they produced such flatware. The data on sales of stainless-steel table flatware, therefore, are complete, but the data on sales of other types of flatware include only the sales by the manufacturers of stainless-steel table flatware.

^{2/} Includes tin-plated, nickel-plated, and chrome-plated flatware, flatware of metals (such as nickel silver) other than stainless steel, and flatware with handles of nonmetallic materials.

^{3/} Data not strictly comparable with those for preceding years.

Source: Compiled from information submitted to the U. S. Tariff Commission by the producers of stainless-steel table flatware.

Table 10.--Average number of workers on the payroll and man-hours worked by production and related workers in establishments engaged in the production of stainless-steel table flatware, 1959-66

Year	Average number		Man-hours worked by production and related workers	
	All persons	Production and related workers	All operations	Stainless-steel table flatware
			Thousands	Thousands
1959-----	8,383	6,580	13,803	5,079
1960-----	8,155	6,369	12,997	5,110
1961-----	8,404	6,671	13,543	4,886
1962-----	9,066	7,124	14,339	5,744
1963-----	9,773	7,618	15,681	5,889
1964-----	8,398	6,867	14,838	7,394
1965-----	8,757	7,282	15,610	7,109
1966-----	9,069	7,600	16,446	7,411

Source: Compiled from data submitted to the U.S. Tariff Commission by the producers of stainless-steel table flatware.

Table 11.--U. S. production of stainless-steel table flatware, and employment, wages, and labor productivity in the manufacture of such flatware, 1951-66

Year	Production and related workers										
	Number of manufacturers	Average number of employees	Production	Average number ^{1/} worked	Flatware produced per man-hour		Wages paid		Total	Per man-hour	Per dozen pieces
					Quantity	Value ^{2/}	Per dozen pieces	dollars			
			<u>1,000</u> dozen pieces	<u>1,000</u> man-hours	Dozen pieces	Per dozen pieces	Per 1,000 dollars				
1951	18	2,336	11,893	2,021	2.8	\$4.95	6,822	\$1.60	\$0.57		
1952	18	2,011	9,304	1,721	2.6	4.65	6,111	1.69	.66		
1953	19	2,182	11,020	1,882	2.7	4.94	7,097	1.75	.64		
1954	23	2,390	11,051	1,972	2.7	5.16	7,055	1.71	.64		
1955	22	3,080	14,848	2,501	2.8	5.38	10,034	1.88	.68		
1956	21	2,987	14,695	2,382	2.9	6.33	9,820	1.95	.67		
1957	21	2,888	13,079	2,248	2.8	6.29	9,225	1.98	.71		
1958	20	3,057	15,030	2,326	3.2	6.69	9,895	2.08	.66		
1959	19	3,019	18,480	2,416	3.6	7.45	10,990	2.16	.59		
1960	19	3,164	19,332	2,510	3.8	7.98	11,427	2.24	.59		
1961	19	2,973	18,467	2,387	3.8	8.17	11,397	2.33	.62		
1962	20	3,457	21,339	2,793	3.7	7.58	3/ 11,397	4/ 2.22	4/ .58		
1963	20	3,607	21,366	2,838	3.6	7.67	3/ 11,397	4/ 2.39	4/ .64		
1964	19	4,092	27,862	3,400	3.8	8.47	18,887	2.55	.68		
1965	19	3,957	27,409	3,309	3.9	8.97	19,098	2.69	.70		
1966	19	4,073	30,262	3,455	4.1	9.40	21,055	2.84	.70		

^{1/} Estimated by applying to the reported number of employees on all products the ratio of man-hours for production and related workers on stainless-steel table flatware to man-hours for such workers on all products.

^{2/} Estimated by multiplying the number of dozens of pieces of flatware produced per man-hour by the average value of sales per dozen pieces sold.

^{3/} Not available.

^{4/} Based on data for 11 producers that accounted for approximately 85 percent of total production.

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

Table 12.--Stainless-steel table flatware: U.S. imports for consumption of quota-type flatware, whether or not imported within or in excess of the quota, based on data reported by the U.S. Department of the Treasury, by months, November 1963-August 1967.^{1/}

(In dozens of pieces)					
Quota year and month	Monthly entries	Accumulated totals	Quota year and month	Monthly entries	Accumulated totals
1963-64:			1965-66:		
November	1,743,436	1,743,436	November	5,772,608	5,772,608
December	907,400	2,650,836	December	133,380	5,905,988
January (1964)	827,482	3,478,318	January (1966)	1,044,042	6,950,030
February	797,465	4,275,783	February	60,991	7,011,021
March	876,714	5,152,497	March	39,579	7,050,600
April	604,454	5,756,951	April	18,349	7,068,949
May	16,306	5,773,257	May	49,711	7,118,660
June	21,900	5,795,157	June	46,674	7,165,334
July	12,484	5,807,641	July	182,921	7,348,255
August	19,648	5,827,289	August	130,323	7,478,578
September	11,716	5,839,005	September	127,360	7,605,938
October	10,653	5,849,658	October	65,800	7,671,738
1964-65:			1966-67: ^{2/}		
November	2,570,100	2,570,100	November	6,676,048	6,676,048
December	902,727	3,472,827	December	216,316	6,892,364
January (1965)	1,333,706	4,806,533	January (1967)	285,106	7,177,470
February	988,515	5,795,048	February	3/	7,457,670
March	82,257	5,877,305	March	285,314	7,673,236
April	22,610	5,899,915	April	215,566	8,066,701
May	13,802	5,913,717	May	393,465	8,326,612
June	12,058	5,925,775	June	259,911	8,582,586
July	10,975	5,936,750	July	255,974	9,042,376
August	19,433	5,956,183	August	459,790	
September	22,256	5,978,439			
October	11,384	5,989,823			

^{1/} Entries shown in months following the first month of each quota year reflect adjustments in previous entries. ^{2/} Preliminary; subject to revision.

^{3/} Figures are not shown because small adjustments were made in this month, affecting the previous 3 months. The accumulated total was reduced somewhat below that for January 1967.

Table 13.--Stainless-steel table flatware: U.S. imports for consumption, total and from Japan, by types, 1962-66, January-June 1966, and January-June 1967

Item	(Quantity in 1,000 dozen pieces; entered value in 1,000 dollars)					
	1962	1963	1964	1965 1/	1966 1/	1967 1/
	Quantity: value	Quantity: value	Quantity: value	Quantity: value	Quantity: value	Quantity: value
Quota-type	4,577	5,665	6,128	8,318	8,494	8,840
Nonquota-type	586	669	667	562	691	357
Total, quota- and nonquota-types	5,163	6,334	6,795	8,880	9,185	9,197
Imports from Japan						
Quota-type	4,385	5,268	5,585	7,123	6,643	7,336
Nonquota-type	341	404	442	313	425	1,098
Total, quota- and nonquota-types	4,726	5,672	6,027	7,436	7,068	8,434
Ratio (percent) of imports from Japan to total imports 2/						
Quota-type	95.8	93.0	91.1	78.4	78.2	83.0
Nonquota-type	58.3	60.3	66.2	55.7	61.5	45.7
Average, quota- and nonquota-types	91.5	89.5	88.7	77.0	76.9	75.0

1/ The value of imports includes estimates for the value of quota-type stainless-steel table flatware imported in sets because the value of such sets is not separately reported in official statistics. Preliminary for 1965, 1966, and January-June 1967.

Data do not include imports of quota-type flatware amounting to 526,000 dozen pieces in 1963, and 544,000 dozen pieces in 1964, for which data on value and in the indicated detail of this table are not available from official statistics. Data exclude the quantity and value of nonquota-type stainless-steel flatware imported in sets because they are not separately reported in official statistics. Such imports are known to be negligible.

2/ Based on the unrounded figures.

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

Table 14.--Stainless-steel table flatware: U.S. imports for consumption, by countries, 1958-66, January-June, 1966, and January-June 1967

Source	1958 ^{1/}	1959	1960	1961	1962	1963 ^{2/}	1964 ^{2/}	1965 ^{2/}	1966 ^{2/}	January-June	
										1966 ^{2/}	1967 ^{2/}
Quantity (1,000 dozen pieces)											
Japan-----	8,761	^{1/} 8,265	9,876	4,301	4,726	5,672	6,027	6,834	7,068	1,324	1,113
Taiwan-----	-	-	-	-	-	-	25	621	1,029	245	356
Republic of Korea-----	-	-	-	-	-	-	-	84	569	48	140
Hong Kong-----	7	110	53	23	6	119	267	849	128	11	6
Netherlands-----	48	18	97	33	97	152	197	169	84	33	10
West Germany-----	207	320	^{3/} 338	^{3/} 243	163	171	105	140	73	26	28
Italy-----	52	74	324	52	59	36	38	43	66	20	15
United Kingdom-----	5	7	9	13	12	18	20	31	36	16	13
Austria-----	16	36	76	36	18	46	27	24	31	15	8
Sweden-----	64	^{1/} 68	68	24	32	23	21	21	12	4	5
Denmark-----	9	28	26	21	18	12	9	7	8	4	3
Nansei and Nanpo	-	-	-	-	-	-	-	-	-	-	-
Islands-----	-	-	17	-	15	50	18	-	-	-	-
All other-----	11	24	16	9	17	35	41	57	81	35	18
Total-----	9,180	8,950	10,900	4,755	5,163	^{4/} 6,334	^{4/} 6,795	8,880	9,185	1,781	1,715
Entered value (1,000 dollars)											
Japan-----	7,496	8,350	9,895	4,526	5,117	6,408	7,342	8,069	8,434	1,742	1,520
Taiwan-----	-	-	-	-	-	-	17	478	745	172	237
Republic of Korea-----	-	-	-	-	-	-	-	54	424	31	110
Hong Kong-----	3	75	41	16	4	78	203	682	98	9	8
Netherlands-----	165	40	161	80	162	255	294	307	212	84	40
West Germany-----	693	912	^{3/} 1,040	^{3/} 929	687	731	446	604	370	144	171
Italy-----	144	180	423	153	166	133	150	151	218	86	61
United Kingdom-----	27	31	49	78	93	96	86	135	171	72	72
Austria-----	69	116	183	112	77	120	108	106	106	52	37
Sweden-----	292	342	371	153	166	114	107	95	65	21	33
Denmark-----	52	151	154	141	138	98	83	55	71	36	25
Nansei and Nanpo	-	-	-	-	-	-	-	-	-	-	-
Islands-----	-	-	16	-	11	35	11	-	-	-	-
All other-----	43	51	65	39	67	147	149	204	327	173	91
Total-----	8,984	10,248	12,398	6,227	6,688	^{4/} 8,215	^{4/} 8,996	10,940	11,241	2,622	2,405
Average value per dozen pieces ^{5/}											
Japan-----	\$0.86	\$1.01	\$1.00	\$1.05	\$1.08	\$1.13	\$1.22	\$1.18	\$1.19	\$1.32	\$1.37
Taiwan-----	-	-	-	-	-	-	.69	.77	.72	.70	.67
Republic of Korea-----	-	-	-	-	-	-	-	.64	.75	.65	.78
Hong Kong-----	.43	.68	.78	.71	.70	.65	.76	.80	.77	.78	1.31
Netherlands-----	3.48	2.19	1.66	2.38	1.68	1.67	1.49	1.82	2.51	2.52	4.00
West Germany-----	3.35	2.85	3.08	3.82	4.22	4.26	4.24	4.32	5.10	5.54	6.10
Italy-----	2.76	2.43	1.30	2.95	2.83	3.73	3.90	3.54	3.31	4.25	4.05
United Kingdom-----	5.61	4.64	5.49	5.99	7.69	5.20	4.25	4.34	4.82	4.43	5.33
Austria-----	4.30	3.21	2.41	3.12	4.29	2.64	4.01	4.33	3.42	3.44	4.86
Sweden-----	4.54	5.05	5.47	6.36	5.11	4.99	5.04	4.48	5.45	5.02	6.36
Denmark-----	5.55	5.37	5.99	6.73	7.68	8.23	9.12	8.05	8.89	10.26	8.73
Nansei and Nanpo	-	-	-	-	-	-	-	-	-	-	-
Islands-----	-	-	.95	-	.76	.70	.63	-	-	-	-
All other-----	3.88	2.14	4.20	4.57	3.98	4.30	3.68	3.60	3.98	5.14	4.87
Average-----	.98	1.15	1.14	1.31	1.30	1.30	1.32	1.23	1.22	1.47	1.40

^{1/} Includes estimates for small amounts of imports for which values only were reported.

^{2/} The value of imports includes estimates for the value of quota-type stainless-steel table flatware imported in sets. The value of such sets is not separately reported in official statistics. Preliminary for 1965, 1966, and January-June, 1967.

Data exclude the quantity and value of nonquota-type stainless-steel flatware imported in sets because they are not separately reported in official statistics. Such imports are known to be negligible.

^{3/} Includes relatively small amounts of imports which were entered free of duty for U.S. Government use.

^{4/} Data on total quantity shown in this table for 1963 and 1964, do not agree with those shown in table 4 because data in this table do not include imports of 526,000 dozen pieces in 1963, and 544,000 dozen pieces in 1964, for which data on value and in the indicated detail of this table are not available from official statistics.

^{5/} Based on the unrounded figures.

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

Table 15.--Stainless-steel table flatware: U.S. imports for consumption, quota- and nonquota-type by source, 1966

Country	Quota-type				Nonquota-type				Total, all imports			
	Quantity	Value $\frac{1}{}$	Average value	Quantity	Value	Average value	Quantity	Value	Average value	Quantity	Value	Average value
	Dozen pieces		Per dozen pieces	Dozen pieces		Per dozen pieces	Dozen pieces		Per dozen pieces	Dozen pieces		Per dozen pieces
Japan	6,643,453	7,336,345	1.10	424,698	1,097,613	2.58	7,068,151	8,433,958	1.19			
Taiwan	1,015,908	734,795	.72	2/12,958	2/10,374	2/.80	1,028,866	745,169	.72			
Korea	563,171	412,732	.73	2/6,125	2/11,555	2/1.89	569,296	424,287	.75			
Hong Kong	124,111	94,082	.76	2/3,750	2/3,764	2/1.00	127,861	97,846	.77			
The Netherlands	67,335	135,927	2.02	17,016	75,790	4.45	84,351	211,717	2.51			
West Germany	16,067	34,753	2.16	56,449	335,219	5.94	72,516	369,972	5.10			
Italy	16,347	27,751	1.70	49,512	190,314	3.84	65,859	218,065	3.31			
United Kingdom	10,545	19,174	1.82	25,040	152,304	6.08	35,585	171,478	4.82			
Austria	6,064	10,608	1.75	24,930	95,257	3.82	30,994	105,865	3.42			
Norway	-	-	-	23,920	135,459	5.66	23,920	135,459	5.66			
Finland	-	-	-	21,180	131,466	6.21	21,180	131,466	6.21			
Chile	15,625	13,015	.83	-	-	-	15,625	13,015	.83			
Poland	15,000	19,500	1.30	-	-	-	15,000	19,500	1.30			
Sweden	-	-	-	11,857	64,653	5.45	11,857	64,653	5.45			
Denmark	-	-	-	7,956	70,702	8.89	7,956	70,702	8.89			
France	870	1,308	1.50	1,350	6,397	4.74	2,220	7,705	3.47			
Belgium	-	-	-	1,792	7,222	4.03	1,792	7,222	4.03			
Brazil	-	-	-	1,400	5,179	3.70	1,400	5,179	3.70			
All other	-	-	-	1,066	7,619	7.15	1,066	7,619	7.15			
Total	8,494,496	8,839,990	1.04	690,999	2,400,887	3.47	9,185,495	11,240,877	1.22			

$\frac{1}{}$ Includes estimates for the value of quota-type flatware imported in sets. The value of such sets is not separately reported in official statistics.

$\frac{2}{}$ Data are in the process of being reviewed by the Bureau of the Census.

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

Table 16.--Stainless-steel and other table flatware of nonprecious metals: Japanese export quotas and Japanese exports to the United States, 1958-67

Year	(In thousands of dozen pieces)				Total	
	Flatware of stainless steel, with metal handles, not over 26 centimeters	Other flatware	Valued less than \$3 per dozen	Other		
	Quota	Exports	Quota	Exports	Quota	Exports
1958	1/ 5,500	2/	1/	2/	5,500	4,599
1959	1/ 5,500	3/ 4,577	1/	3/	5,500	5,971
1960	1/ 5,500	3/ 6,306	1/	3/	5,500	9,302
1961	1/ 3,500	3/ 3,072	1/	3/	3,500	5,429
1962	1/ 4,950	3,241	1/	332	4,950	6,405
1963	5,500	5,745	800	316	6,300	9,068
1964	5,500	6,212	800	450	6,600	10,956
1965	5,725	3/ 6,650	1,000	3/	6,725	5/ 10,691
1966	7,046	3/ 6,187	1,000	3/	13,046	5/ 10,219
1967	6/ 2,535	7/	1,000	7/	7/	7/

1/ Quota not broken down by value; total shown in the first column.
 2/ Exports not reported in indicated detail.
 3/ Exports not broken down by value; total shown in the second column.
 4/ Exceptional 1-time quota for flatware with part plastic handles in effect during January-April 1964.
 5/ Excludes butter knives, ladles, handles, and parts for knives, forks, and spoons. In 1966, exports of quota-type butter knives to the United States totaled 72 thousand dozen (29,708 kilograms); of "butter knives, ladies, and similar kitchen or tableware and parts thereof, n.e.s.," 988,848 kilograms (not reported in dozens).
 6/ January-April only; additional 70 thousand dozen allowed for new exporters January-December. 7/ Not available.

Source: Quotas as announced by Japan Ministry of International Trade and Industry; exports as reported in official trade statistics of Japan.

Note.--Data for 1958-61 have been revised to include exports to Alaska and Hawaii.

Table 17.--Stainless-steel table flatware: U.S. importers' sales of patterns arrayed by average value of sales per dozen pieces, 1964-66 ^{1/}

Year and average sales value per dozen pieces per pattern	Number reporting in value range	Ratio of the	Ratio of sales in	
		number of patterns in value range to total number of patterns	value range to total sales, based on <u>2/</u> --	Quantity Value
		Percent	Percent	Percent
1964:				
Less than \$2.00-----	9	25	50	27
\$2.00-\$2.99-----	11	24	28	24
\$3.00-\$4.99-----	11	21	11	13
\$5.00-\$6.99-----	6	15	8	19
\$7.00 and over-----	6	15	3	17
Total-----	23	100	100	100
1965:				
Less than \$2.00-----	12	27	51	27
\$2.00-\$2.99-----	13	33	31	28
\$3.00-\$4.99-----	9	13	6	8
\$5.00-\$6.99-----	8	13	9	22
\$7.00 and over-----	6	14	3	15
Total-----	26	100	100	100
1966:				
Less than \$2.00-----	12	26	53	28
\$2.00-\$2.99-----	13	27	26	22
\$3.00-\$4.99-----	10	19	8	12
\$5.00-\$6.99-----	7	15	10	23
\$7.00 and over-----	7	13	3	15
Total-----	26	100	100	100

^{1/} The importers were instructed to calculate the average value of sales per dozen pieces for each pattern in each year and then group the patterns in the value ranges shown. Data contain some estimates for a few of the importers.

^{2/} The reporting firms for which data are included in this table accounted for 51 percent of the total quantity imported in 1964, and for 59 percent in both 1965 and 1966. Analysis of the data shows that the imports for which no reports were received consisted predominantly of flatware with a unit value much lower than that of the flatware imported by the reporting firms. It is believed, therefore, that the ratios shown for the less-than-\$2.00 value range would be much higher, and for others much lower, if reports had been received from all importers. Sales by the importers that submitted reports amounted to 3.7 million dozen, valued at \$10.1 million, in 1964; 4.5 million dozen, valued at \$12.1 million, in 1965; and 4.9 million dozen, valued at \$13.0 million, in 1966.

Source: Compiled from reports submitted to the Tariff Commission by the importers.

Note.--Any comparison of data in this table with those in table 7 should be made with the understanding that the qualities of flatware reflected roughly by the value ranges in this table do not necessarily correspond to those in table 7. See also note 2 above.

Table 18.--Stainless-steel table flatware: Cost of U.S. imports for representative patterns by principal sources, 1966

Item of cost	All sources					Average cost per dozen pieces				
	Japan	Hong Kong	Taiwan	Korea	Other	Japan	Hong Kong	Taiwan	Korea	Other
Net foreign value ^{1/}	\$1.17	\$1.07	\$0.87	\$0.71	\$0.70	\$3.15				
Cost of delivery ^{2/}	.05	.04	.05	.04	.04	.16				
Duty paid	.28	.27	.17	.17	.17	.65				
Other charges ^{3/}	.03	.02	.02	.02	.01	.09				
Total, landed duty-paid cost	1.53	1.40	1.11	.94	.92	4.05				
Costs as a percent of net foreign value										
Net foreign value ^{1/}	100.0	100.0	100.0	100.0	100.0	100.0				
Cost of delivery ^{2/}	4.5	3.6	6.0	5.7	6.6	4.9				
Duty paid	23.7	25.8	20.0	23.3	24.2	20.8				
Other charges ^{3/}	2.4	2.1	2.0	2.6	1.0	3.0				
Total, landed duty-paid cost	130.6	131.5	128.0	131.6	131.8	128.7				

^{1/} Net value, f.o.b. country of origin, i.e. gross value less any allowances, discounts, rebates, etc., credited or paid to the U.S. importer by the foreign supplier.

^{2/} Foreign handling charges, consular fees, commissions, and so forth, incident to placing the shipment on board the vessel in the foreign port, and freight and other transportation costs to the U.S. port of entry.

^{3/} Includes all domestic direct expenses--wharfage, cartage, customs brokerage, and so forth--incident to delivery of the stainless-steel table flatware to the point from which shipment to the customer was made.

Source: Compiled from data submitted to the U.S. Tariff Commission by 30 importers.

Note.--Data in this table are for patterns which accounted for the largest quantity imported from each source in 1966. The quantity in the sample was equal to about 26 percent of total imports by the importers.

Table 19.--Stainless-steel table flatware: Indexes of U.S. importers' prices of their best selling patterns in 1964, 1964-67

(1964=100)				
Unit of sale, and number of patterns for which prices were reported	1964	1965	1966	1967
50-piece sets <u>1</u> / ¹ -----	100	99	98	98
Open stock:				
Teaspoons <u>2</u> / ² -----	100	104	110	111
Dinner forks <u>3</u> / ³ -----	100	104	109	111
Dinner knives <u>4</u> / ⁴ -----	100	107	114	118
Total (sets and open stock)-----	100	103	106	107
<u>1</u> / ¹ 32 patterns.				
<u>2</u> / ² 16 patterns.				
<u>3</u> / ³ 16 patterns.				
<u>4</u> / ⁴ 17 patterns.				

Source: Compiled from reports submitted to the U.S. Tariff Commission by the importers.

Note.--The indexes calculated from the importers' prices were derived from unweighted data. When the price data were weighted by the quantity of sales virtually similar results were obtained.

Table 20.--Stainless-steel table flatware: Indexes of U.S. importers' prices of their best-selling patterns in 1964, arrayed in groups on the basis of the average value of 1964 sales per dozen pieces, 1964-67

		(1964=100)					
Unit of sale and year	Average value of sales per dozen pieces in 1964					All patterns combined ^{4/}	
	Less than \$2.00 ^{1/}	\$2.00- \$2.99 ^{2/}	\$3.00- \$4.99 ^{2/}	\$5.00- \$6.99 ^{2/}	\$7.00 and over ^{3/}		
50-piece sets:	:	:	:	:	:	:	
1964-----	100	100	100	100	100	100	
1965-----	98	100	97	97	112	99	
1966-----	94	100	94	98	118	98	
1967-----	95	100	95	97	118	98	
Open-stock:	:	:	:	:	:	:	
Teaspoons:	:	:	:	:	:	:	
1964-----	100	100	100	100	100	100	
1965-----	107	100	100	102	109	104	
1966-----	115	97	106	119	114	110	
1967-----	115	97	106	119	117	111	
Dinner forks:	:	:	:	:	:	:	
1964-----	100	100	100	100	100	100	
1965-----	105	100	103	102	107	104	
1966-----	111	99	124	108	111	109	
1967-----	124	98	125	108	114	111	
Dinner knives:	:	:	:	:	:	:	
1964-----	100	100	100	100	100	100	
1965-----	138	99	102	103	107	107	
1966-----	170	99	103	117	110	114	
1967-----	190	99	112	117	110	118	
Total (sets and open stock):	:	:	:	:	:	:	
1964-----	100	100	100	100	100	100	
1965-----	105	100	99	101	108	103	
1966-----	109	99	101	109	113	106	
1967-----	114	99	103	109	115	107	

^{1/} 9 patterns.

^{2/} 6 patterns.

^{3/} 5 patterns.

^{4/} 38 patterns.

Source: Compiled from reports submitted to the U.S. Tariff Commission by the importers.

Note.--Any comparison of data in this table with those in table 24 should be made with the understanding that the qualities of flatware reflected roughly by the value ranges in this table do not necessarily correspond to those in table 24.

Table 21.--Stainless-steel table flatware: Indexes of U.S. importers' prices of their best-selling patterns in 1964, by source of imports, 1964-67

Unit of sale, and total number of patterns for which prices were reported	(1964=100)			
	Indexes of importers' prices			
	importing from--			
	Japan only	Japan and other Far Eastern sources	Europe	Total, all sources
50-piece sets, 32 patterns: ^{1/}				
1964-----	100	100	100	100
1965-----	96	99	112	99
1966-----	93	98	118	98
1967-----	96	96	118	98
Open-stock:				
Teaspoons, 16 patterns: ^{2/}				
1964-----	100	100	100	100
1965-----	103	100	106	104
1966-----	111	96	116	110
1967-----	111	96	118	111
Dinner forks, 16 patterns: ^{2/}				
1964-----	100	100	100	100
1965-----	104	100	105	104
1966-----	118	98	110	109
1967-----	125	97	111	111
Dinner knives, 17 patterns: ^{3/}				
1964-----	100	100	100	100
1965-----	120	99	106	107
1966-----	139	97	113	114
1967-----	154	97	113	118
Total, 38 patterns: ^{4/}				
1964-----	100	100	100	100
1965-----	103	99	106	103
1966-----	109	97	113	106
1967-----	115	97	115	107

^{1/} Japan only, 10 patterns; Japan and other Far East sources, 19 patterns.

^{2/} Japan only, 4 patterns; Japan and other Far East sources, 4 patterns; Europe, 8 patterns.

^{3/} Japan only, 4 patterns; Japan and other Far East sources, 5 patterns; Europe, 8 patterns.

^{4/} Japan only, 10 patterns; Japan and other Far East sources, 20 patterns; Europe, 8 patterns.

Source: Compiled from reports submitted to the U.S. Tariff Commission by the importers.

Table 22.--Stainless-steel table flatware: Percentage distribution of U.S. producers' and importers' sales, by type of sales outlets, 1956 and 1966

Sales outlet	Producers' sales		Importers' sales	
	1956	1966	1956	1966 ^{1/}
Wholesalers and jobbers-----	33.8	30.9	20.4	12.2
Department stores, chain stores, and similar outlets-----	27.4	21.2	53.3	54.9
Jewelry stores, hardware stores, independent drug stores and similar outlets-----	8.3	3.5	8.2	8.6
Premium ware sales-----	12.0	20.7	8.1	12.5
Commercial users (hotels, restaurants, etc.)-----	10.7	13.7	1.0	2.1
Manufacturers of flatware-----	3.6	2.2	.2	-
Federal, state and local governments-----	2.7	6.9	.2	.1
Retail sales-----	-	.1	6.9	9.6
Other-----	1.5	.8	1.7	^{2/}
Total-----	100.0	100.0	100.0	100.0

^{1/} Based on data from importers that accounted for 63 percent of total imports in 1966.

^{2/} Less than 0.05 percent.

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

Table 23.--Stainless-steel table flatware: Indexes of U.S. producers' prices of their best-selling patterns in 1964, 1963-67

		(1964=100)				
Unit of sale, for which prices were reported		1963	1964	1965	1966	1967
50-piece sets ^{1/} -----	:	99	100	100	100	102
Open-stock:	:					
Teaspoons ^{2/} -----	:	100	100	100	101	103
Dinner forks ^{3/} -----	:	100	100	101	101	103
Dinner knives ^{4/} -----	:	99	100	101	102	104
Total (sets and open-stock)-----	:	100	100	100	101	103
	:					
^{1/} 28 patterns.						
^{2/} 36 patterns.						
^{3/} 36 patterns.						
^{4/} 34 patterns.						

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

Note.--The indexes calculated from the producers' prices were derived from unweighted data. When the price data were weighted by the quantity of sales virtually similar results were obtained.

Table 24.--Stainless-steel table flatware: Indexes of U.S. producers' prices of their best-selling patterns in 1964, arrayed in groups on the basis of the average value of 1964 sales per dozen pieces, 1963-67

Unit of sale and year	(1964=100)					All patterns combined ^{6/}
	Average value of sales per dozen pieces in 1964					
	Less than \$2.00 ^{1/}	\$2.00- \$2.99 ^{2/}	\$3.00- \$4.99 ^{3/}	\$5.00- \$6.99 ^{4/}	\$7.00 and over ^{5/}	
50-piece sets:						
1963-----	100	100	99	100	96	99
1964-----	100	100	100	100	100	100
1965-----	101	100	97	100	100	100
1966-----	101	100	98	100	102	100
1967-----	104	100	98	105	107	102
Open-stock:						
Teaspoons:						
1963-----	100	100	100	100	95	100
1964-----	100	100	100	100	100	100
1965-----	100	100	100	100	100	100
1966-----	101	100	101	100	102	101
1967-----	104	101	101	104	102	103
Dinner forks:						
1963-----	100	100	100	100	98	100
1964-----	100	100	100	100	100	100
1965-----	102	100	100	100	100	101
1966-----	103	100	101	100	102	101
1967-----	105	100	101	104	105	103
Dinner knives:						
1963-----	100	100	98	100	98	99
1964-----	100	100	100	100	100	100
1965-----	101	100	100	100	100	101
1966-----	103	101	102	100	102	102
1967-----	107	103	102	102	107	104
Total (sets and open stock):						
1963-----	100	100	99	100	97	100
1964-----	100	100	100	100	100	100
1965-----	101	100	99	100	100	100
1966-----	102	100	101	100	102	101
1967-----	105	101	101	104	105	103

^{1/} 14 patterns.

^{2/} 8 patterns.

^{3/} 7 patterns.

^{4/} 5 patterns.

^{5/} 3 patterns.

^{6/} 37 patterns.

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

Note.--Any comparison of data in this table with those in table 20 should be made with the understanding that the qualities of flatware reflected roughly by the value ranges in this table do not necessarily correspond to those in table 20.

Table 25.--Net profit-and-loss data on stainless-steel table flatware for U.S. manufacturers, 1955-66

Item	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Number of reporting manufacturers included-----	15	15	15	15	14	14	14	14	14	13	13	13
Percent of U.S. producers' total sales of stainless-steel table flatware accounted for by the reporting manufacturers-----	93	93	94	96	97	96	96	97	97	90	94	92
Ratio of the reporting producers' sales of stainless-steel table flatware to their sales of all products made in the same establishments-----Percent----	1/	1/	1/	1/	27	27	29	30	33	38	35	35
Net sales of stainless-steel table flatware-----1,000 dollars----	26,547	29,153	27,844	30,498	37,866	37,155	39,676	42,548	47,430	54,717	59,709	64,777
Net operating profit or (loss) before income taxes 1,000 dollars----	(644)	27	(539)	(264)	1,281	1,241	1,094	1,844	2,179	5,059	5,409	5,463
Ratio of net operating profit or (loss) to net sales-----Percent----	(2.4)	0.1	(1.9)	(0.9)	3.4	3.3	2.8	4.3	4.6	9.2	9.1	8.4
Number of manufacturers reporting loss-----	6	4	6	7	2	3	5	5	5	3	4	2

1/ Not available.

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

Table 27.--Stainless-steel table flatware: Aggregate profit-and-loss data for eight U.S. manufacturers ^{1/}
(expressed in percentages) for their stainless-steel table flatware operations

Item	1959	1960	1961	1962	1963	1964	1965	1966
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Net sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of goods sold:								
Raw materials	28.5	28.2	27.8	26.2	26.0	20.8	21.5	21.2
Other materials	6.2	5.5	4.5	4.6	4.6	4.3	4.5	4.7
Direct labor	15.3	15.1	14.9	15.8	15.2	14.5	14.7	15.0
Indirect labor	15.3	15.6	14.9	12.8	13.3	12.6	12.6	12.9
Depreciation	2.5	2.3	2.3	2.3	2.0	2.0	1.8	1.9
Payments to contractors	-	-	-	-	-	-	-	0.1
Other factory costs	13.1	15.3	13.7	14.9	16.3	19.7	18.7	19.7
Inventory changes ^{2/}	-	(1.5)	(0.2)	(1.0)	(1.0)	(1.1)	(0.9)	(1.9)
Goods purchased for resale	1.4	1.5	1.8	1.9	2.2	2.1	1.9	1.5
Cost of goods sold	82.3	82.0	79.7	77.5	78.6	74.9	74.8	75.1
Gross profit	17.7	18.0	20.3	22.5	21.4	25.1	25.2	24.9
Administrative and selling expenses:								
Officers' salaries	0.8	0.7	0.7	0.7	0.7	0.6	0.5	0.5
Other administrative expenses	4.0	3.7	4.0	4.1	3.6	3.1	2.8	2.9
Selling expenses	9.6	10.5	12.3	12.4	11.9	11.5	12.1	12.2
Research and development	-	-	0.1	0.1	-	0.1	0.1	0.1
Total selling and administrative expenses	14.4	14.9	17.1	17.3	16.2	15.3	15.5	15.7
Net operating profit	3.3	3.1	3.2	5.2	5.2	9.8	9.7	9.2

^{1/} In 1966 these 8 concerns accounted for 84.5 percent of the total sales of domestically produced stainless-steel table flatware.

^{2/} Goods in process and finished goods inventories.

Source: Compiled from reports of individual producers.

Appendix B

Far East Producers, Production, and Exports

Far East producers, production, and exports ^{1/}

Japan.--Stainless-steel flatware is produced in Japan almost exclusively in Tsubame and Seki--cities approximately 200 miles north and west of Tokyo, respectively. In 1966 about 260 plants were operative in Tsubame and some 60 in Seki. Most of these plants were privately held, independent, family corporations. Approximately 220 of the plants employed less than 30 workers each, with a third of these having less than 10 employees. Only about 15 employed more than 100 workers each, and none employed as many as 300 workers. Polishing was done in about 1,500 small subcontractor shops, mostly family enterprises, employing 30 workers at most. In total, about 12,000 workers engaged in the manufacturing of stainless-steel flatware and related processes.

Approximately 60 percent of those employed in the Japanese stainless-steel flatware industry in 1966 were males. They earned about \$83.00 a month. In addition to the monthly cash wages, employees received fringe benefits equal to about 35 percent of the monthly cash wages.

In 1966, approximately four times as much stainless-steel flatware was produced for export as for the domestic market. Flatware to be exported was generally sold by the manufacturers directly to exporters. Flatware for the domestic market was sold to wholesalers and thence to retailers.

^{1/} Information presented below is based principally on foreign service reports and on newspaper articles and other sources.

Stainless steel for use in flatware was purchased in 1966 from Japanese sources at relatively low prices, ranging from 17.5 cents to 18.8 cents per pound.

With the imposition of U.S. import restrictions on stainless-steel table flatware in 1959, the following associations were formed in Japan: the quasi-governmental Japan Export Metal Flatware Industry Association (JEMFIA), with many of the characteristics of a cartel, by exporting manufacturers; the Tsubame Tableware Trade Association by dealers in flatware for domestic consumption; and the Japan Metal Tableware Exporters' Association by trading companies and exporters handling flatware. A manufacturer applied to the JEMFIA for an export license, while an exporter applied to the JMTEA. Nonmembers were required to use the same channels. Export licenses were valid for 3 months and were ordinarily granted on the basis of a firm's record of past shipments, so that sales were allocated through customary channels. A small subquota was set up for which licenses could be issued to new exporters, but the system tended to assure major export firms in Japan, and major import firms in the United States, their customary proportions of the business.

Total Japanese exports of stainless-steel and similar flatware ^{1/} increased irregularly from 15.9 million dozen pieces in 1959 to 37.5 million dozen in 1966, while such exports to the United States increased irregularly from 6.0 million dozen in 1959 to 10.3

^{1/} Includes flatware not wholly of stainless steel.

million dozen in 1966 (table B-2). The proportion of total exports shipped to the United States declined irregularly, however, from 38 percent in 1959 to 27 percent in 1966; the decline in exports of types of flatware subject to export quotas was proportionally greater than the decline in exports of other types.

Countries other than the United States to which Japan exported 1 million dozen pieces or more of stainless and similar flatware in 1966 were West Germany (4.3 million dozen pieces), Netherlands (2.3), Australia (1.5), Iran, United Kingdom, Sweden (1.4 each), Canada (1.3), and Peru (1.0). Numerous other countries together accounted for 12.6 million dozen pieces, or 34 percent of the total exports (table B-3).

Through its "check price" system, Japan maintained minimum dollar prices for stainless-steel flatware exported to the United States. In conjunction with the quantitative limitation of exports, this system generally operated to upgrade the quality of the flatware exported, since the exporters wished to gain the largest possible dollar return for the permitted quantity of exports.

The flatware supplied to U.S. importers by Japanese manufacturers is frequently made to the importers' specifications. Patterns are registered to avoid plagiarism. U.S. regulations require each piece to be stamped "Japan." The Japan Metal Flatware Industry Association in the fall of 1966 introduced a Tsubame (swallow) hallmark for flatware valued at \$3 or more per dozen pieces; however, this hallmark has not yet gained widespread

acceptance because the imported flatware is sold by U.S. firms that have their own trade marks.

Taiwan.--Seven plants produced stainless-steel flatware in Taiwan in 1966; an eighth discontinued production in late 1966. All of these plants were less than 4 years old.

The total number of workers in these 7 plants in 1966 was 1,400, ranging from a minimum of 100 workers in one plant to a maximum of 300 in another. Four of the seven plants employed less than 200 persons.

The total monthly capacity of the Taiwan stainless-steel flatware industry in 1966 was estimated at 223,000 dozen pieces and was expected to increase to 270,000 dozen in the near future. The capacity of each plant in 1966 ranged from 8,000 to 50,000 dozen pieces a month. The capitalization of these plants totaled \$700,000, ranging from approximately \$22,400 to about \$247,000.

The ownership of these companies was as follows:

- (a) Wholly owned by local businessmen----- 4
- (b) Wholly owned by overseas Chinese----- 1
- (c) Joint venture between foreign
nationals and Chinese businessmen----- 2

The foreign investors involved in the above joint ventures were Ekco Products Company of the United States and an English national. The International Silver Company in 1966 entered into a joint venture with one of the existing plants, which was expected to result in the largest stainless-steel flatware plant in Taiwan.

Approximately 80 percent of those employed in the Taiwan stainless-steel flatware industry were males. The average age of

workers ranged from 18 to 23 years. The employees, in addition to their monthly pay (\$11.00-\$22.00), were also entitled to several fringe benefits. No labor union has thus far been formed for flatware workers and working conditions in the industry are comparable with those in similar industries in Taiwan.

Stainless-steel flatware, thus far limited to flatware of low-end quality, was exported either directly by the manufacturers or through local or Japanese trading companies. The prices charged were usually based on, or influenced by, the net prices prevailing for Japanese flatware. Only 2 or 3 percent of the output, consisting of substandard items, was sold in Taiwan.

Stainless steel used for the manufacture of flatware in Taiwan was imported from Japan. The following were the f.o.b. prices in 1966:

- (a) Thickness over 2mm : \$0.15-\$0.16 per pound
- (b) Thickness 1.2-1.6mm : \$0.17-\$0.18 per pound

The import duties and other taxes and fees on raw material are usually refunded after the finished products are exported. A 5-year tax exemption is also granted to each manufacturer who exports a minimum of 50 percent of his production. Other incentives, recently granted to the manufacturers of flatware, include:

- (a) Deduction from taxable income of two percent of the manufacturers' annual total export earning derived from export sales.
- (b) Exemption of business tax for all export business transactions.

In 1966 the Republic of China (Taiwan) became the second most important source of U.S. imports of stainless-steel table flatware. ^{1/} Imports from this source, nil in 1963, totaled more than 1 million dozen in 1966, valued at \$.7 million, or 11 percent of the quantity and 7 percent of the value of U.S. imports of such flatware. Neither quotas nor other types of export controls were in effect in these years.

Hong Kong.--The stainless-steel flatware industry began in Hong Kong in 1959, with only one firm, grew to 10 firms employing 1,600 workers in 1965, and decreased to 6 producers, employing slightly more than 1,400 workers, by late 1966. The total capacity of the industry in 1966 is estimated to have been 350,000 dozen pieces. The approximate capacity of each individual plant ranged from 19,950 to 140,000 dozen pieces per month. The actual production, however, is estimated to have been 253,000 dozen pieces per month, with individual plants producing between 15,700 and 140,000 dozen pieces monthly.

All but one of the firms were entirely Chinese-owned, and all were independent Hong Kong entities. The capitalization of these six firms was approximately \$703,000, ranging from \$44,000 to \$257,000.

Approximately 80 percent of the laborers in the Hong Kong stainless-steel flatware industry were males. The working month in the industry averaged 28 days; a majority of the firms reported

^{1/} U.S. import data are shown in lieu of Taiwan export statistics because the latter give data in kilograms (table B-4).

either 8- or 9-hour working days. It is estimated that wage rates in the stainless-steel flatware industry increased about 15-20 percent from 1964 to 1966. In 1964, the monthly rate for general workers, male, was \$31.52, and for females, \$23.75. In addition to the monthly cash income, some factories gave one month's pay at the Chinese New Year to monthly rated workers. Food was provided free to some types of workers in this industry.

Only two of the manufacturers had unionized labor, and the union workers comprised only a small portion of their total work force. In general, Hong Kong unions did not comprise a significant force for improving wages, hours, or working conditions.

Stainless-steel flatware made in Hong Kong is generally light in weight, of poor quality, and low in unit price. Chrome stainless steel is widely used in Hong Kong flatware both because it is less expensive than nickel stainless steel and because U.S. duties are lower on flatware not containing nickel or manganese.

Total exports of stainless-steel flatware from Hong Kong increased from 929,000 dozen pieces in 1963 to 2.5 million dozen in 1965 but declined to 2.3 million dozen pieces in 1966; the United Kingdom was the principal customer in each year (table B-5). Hong Kong traders also imported flatware from Japan and mainland China (table B-6). Exports and reexports went to a great many countries and territories. Most producers exported both directly and through export firms.

Korea.--In July 1967 about 20 enterprises were manufacturing stainless-steel flatware in the Republic of Korea. The smaller companies, with from 5 to 10 employees each, produced flatware and kitchen utensils for the domestic market. Several larger enterprises--the first one established in 1963, all the others in late 1965--had a monthly production capacity of 40,000 dozen pieces or more. Together they employed about 1,200 persons.

The labor cost of producing stainless-steel flatware in Korea was estimated to be about 30 percent, and the raw materials about 50 percent, of the cost of production. Most plants operated an average of 6 months of the year; they employed chiefly young persons, about 70 percent males and 30 percent females.

Exports increased significantly from \$52,000 in 1964 to \$734,000 in 1966. In the latter year the major markets were: United States, \$466,000; Canada, \$143,000; Netherlands, \$43,000; and Hong Kong, \$39,000.

Stainless-steel flatware from the Republic of Korea first entered the U.S. market in 1965 (84,000 dozen pieces). In 1966 Korea was the third most important foreign supplier of stainless flatware to the U.S. market, with entries totaling 569,000 dozen pieces valued at \$424,000. The flatware was of low unit value; it averaged 75 cents per dozen pieces.

Table B-1.--Table flatware of nonprecious metals: Japanese exports of sets and of knives, forks, and spoons to the United States, 1958-66

(In thousands of dozen pieces)						
Year	Sets	Knives	Forks	Spoons	Total	
Flatware of stainless steel, with metal handles, not over 26 centimeters						
1958 ^{1/}	2/	902	312	3,345	4,559	
1959	2/	685	443	3,449	4,577	
1960	2/	1,478	1,339	3,489	6,306	
1961	2/	816	670	1,586	3,072	
1962	2,004	627	341	601	3,573	
1963	4,059	706	508	788	6,061	
1964	2,124	1,176	1,278	2,084	6,662	
1965	2,266	1,073	1,282	2,029	6,650	
1966	1,724	1,091	1,263	2,110	^{3/} 6,187	
Other flatware						
1959	2/	608	198	588	1,394	
1960	2/	977	560	1,459	2,996	
1961	2/	770	355	1,232	2,357	
1962	2/	622	506	1,704	2,832	
1963	2/	836	639	1,532	3,007	
1964	1,197	830	815	1,452	4,294	
1965	697	960	947	1,437	4,041	
1966	527	1,080	929	1,496	4,032	

^{1/} Data for this year include all flatware, since no distinction was made in export statistics for 1958 between quota-type and other flatware.

^{2/} Reported separately as knives, forks, and spoons.

^{3/} Excludes 72 thousand dozen "butter knives."

Source: Official trade statistics of Japan.

Note.--Data for 1958-61 have been revised to include exports to Alaska and Hawaii.

Table B-2.--Flatware of stainless steel subject to export quota and of other types: Exports of Japan to all countries and to the United States, 1959-66

Year	Exports to	Exports to the United	
	all countries	States	Percent of
	Quantity	Quantity	total
	(1,000 dozen)	(1,000 dozen)	
Flatware of stainless steel subject to export quota			
1959	10,628	4,577	43
1960	12,056	6,306	52
1961	8,912	3,072	34
1962	10,295	3,573	35
1963	15,320	6,061	40
1964	18,916	6,662	35
1965	17,867	6,650	37
1966	19,943	<u>1/</u> 6,187	31
Other types of flatware			
1959	5,258	1,394	27
1960	8,712	2,996	34
1961	9,763	2,357	24
1962	10,578	2,832	27
1963	11,282	3,007	27
1964	15,455	4,294	28
1965	15,519	4,041	26
1966	17,542	4,032	23
All types of flatware			
1959	15,886	5,971	38
1960	20,768	9,302	45
1961	18,675	5,429	29
1962	20,873	6,405	31
1963	26,602	9,068	34
1964	34,371	10,956	32
1965	33,386	10,691	32
1966	37,485	<u>1/</u> 10,219	27

1/ Excludes 72 thousand dozen butter knives.

Source: Compiled from official statistics of Japan Foreign Trade Bureau.

Table B-3.--Table flatware: Exports of Japan, by kind and by principal destinations, 1966

Country	Stainless-	Other table	Total
	steel table flatware ^{1/}	flatware	
Quantity (1,000 dozen)			
United States-----	6,259	4,033	10,292
West Germany-----	2,548	1,754	4,302
Netherlands-----	1,468	881	2,349
Australia-----	1,083	403	1,486
Canada-----	911	342	1,253
United Kingdom-----	856	552	1,408
Iran-----	787	625	1,412
Peru-----	672	292	964
Guatemala-----	504	153	657
Sweden-----	501	907	1,408
All other-----	4,354	7,600	11,954
All countries-----	19,943	17,542	37,485
Percent of total			
United States-----	31.4	23.0	27.5
West Germany-----	12.8	10.0	11.5
Netherlands-----	7.4	5.0	6.3
Australia-----	5.4	2.3	4.0
Canada-----	4.6	1.9	3.3
United Kingdom-----	4.3	3.1	3.8
Iran-----	3.9	3.6	3.8
Peru-----	3.4	1.7	2.6
Guatemala-----	2.5	.9	1.8
Sweden-----	2.5	5.2	3.8
All other-----	21.8	43.3	31.6
All countries-----	100.0	100.0	100.0

^{1/} Of stainless steel, not over 26 centimeters in length, with metal handles.

Source: Compiled from Japanese official export statistics.

Table B-4.--Knives, forks, and the like, for kitchen and table use, of base metals: Exports and imports of the Republic of China (Taiwan), by principal destinations and sources, 1963-66

(In kilograms)

Item	1963	1964	1965	1966
Exports to--				
United States-----	88	45,153	332,474	1/
Canada-----	-	-	30,927	1/
United Kingdom-----	-	-	1,399	1/
Thailand-----	-	-	971	1/
Hong Kong-----	1,920	11,929	-	1/
All other-----	5	112	1,810	1/
Total exports-----	2,013	57,194	367,581	586,176
Imports from--				
West Germany-----	5	98	1,008	1/
Hong Kong-----	-	12	55	1/
Japan-----	3,754	129	6	1/
Italy-----	-	805	-	1/
United States-----	360	-	-	1/
All other-----	61	-	-	1/
Total imports-----	4,180	1,044	1,069	.46

1/ Not available.

Source: Official statistics of the Republic of China (Taiwan).

Table B-5.--Stainless-steel table flatware: Exports and imports of Hong Kong, by principal destinations and sources, 1963-66

(In thousands of dozens)

Item	1963	1964	1965	1966
Exports to--				
United Kingdom-----	502	1,153	1,604	1,791
Netherlands-----	-	-	136	188
United States-----	96	444	631	98
Canada-----	49	14	21	53
All other-----	282	300	132	195
Total exports-----	929	1,911	2,524	2,325
Imports from--				
Japan-----	158	223	148	206
China-----	1	5	91	156
United Kingdom-----	2	2	4	4
Taiwan-----	-	-	-	1
All other-----	5	12	9	2
Total imports-----	166	242	252	369

Source: Hong Kong Commerce and Industry Department.

Table B-6.--Knives, forks, and spoons of stainless-steel:
Exports, imports, and reexports of Hong Kong, by
principal destinations and sources, 1966

(In thousands of dozens)			
Item	Spoons and forks	Knives	Total
Exports to--			
United Kingdom-----	1,480	311	1,791
Netherlands-----	158	30	188
United States-----	82	16	98
Canada-----	43	10	53
All other-----	152	43	195
Total exports-----	1,915	410	2,325
Imports from--			
Japan-----	171	35	206
China-----	143	13	156
United Kingdom-----	2	2	4
Taiwan-----	<u>1/</u>	<u>1/</u>	1
All other-----	2	<u>1/</u>	2
Total imports-----	318	51	369
Reexports to--			
Indonesia-----	26	1	27
United Kingdom-----	19	4	23
United States-----	-	4	4
Papua, New Guinea-----	2	<u>1/</u>	2
All other-----	6	3	9
Total reexports-----	53	12	65

1/ Less than 500 dozen.

Source: Hong Kong Commerce and Industry Department.

