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UNITED STATES TARIFF COMMISSION

STAINLESS-STEEL TABLE FLATWARE

**Report to the President on Investigation No.
TEA-W-30 Under Section 301(c)(2)
of the Trade Expansion Act of 1962**



**TC Publication 347
Washington, D. C.
December 1970**

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Note.--The whole of the Commission's report to the President, including the statistical appendix, 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
December 11, 1970

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made under section 301(c)(2) of the act in response to a petition filed by a group of workers.

On October 13, 1970, the United Steel Workers of America, Washington, D.C., filed a petition for a determination of eligibility to apply for adjustment assistance on behalf of the workers of Factories C, H, and L, International Silver Company, located in the Meriden-Wallingford area of Connecticut. The Commission instituted the investigation (TEA-W-30) on November 2, 1970, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the stainless-steel flatware of the type produced in Factories C, H, and L of the International Silver Company are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of the said factories.

Public notice of this investigation was given in the Federal Register (35 F.R. 17158) on November 6, 1970. No public hearing was requested by the petitioners or other interested parties, and none was held.

The information herein was obtained from officials of Local Union 7770 of the United Steel Workers of America, from domestic producers and importers of stainless-steel table flatware, and from the Commission's files.

FINDING OF THE COMMISSION

On the basis of its investigation, the Commission unanimously finds that articles like or directly competitive with the stainless-steel table flatware produced at Factories C, H, and L of the International Silver Company are, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers at the said factories.

Views of the Commissioners

Our determination is in the affirmative because the conditions established by section 301(c)(2) of the Trade Expansion Act of 1962 have been satisfied. These conditions are:

- (1) Articles like or directly competitive with stainless-steel table flatware produced at the factories concerned are being imported in increased quantities.
- (2) The increased imports are in major part the result of concessions granted under trade agreements.
- (3) A significant number or proportion of the petitioning workers are unemployed or underemployed or are threatened with unemployment or underemployment.
- (4) The increased imports (resulting in major part from trade-agreement concessions) have been the major factor causing or threatening to cause the unemployment or underemployment.

The petitioning workers at factories C, H, and L of the International Silver Company were engaged primarily in the manufacture of stainless-steel table flatware. Besides stainless-steel table flatware, the factories also produced silver-plated and sterling-silver table flatware. Factory C, which was established in 1968, produced the bulk of the stainless-steel table flatware; some stainless-steel table flatware was processed at factory H. Factory H produced chiefly silver-plated flatware and factory L, sterling-silver flatware; both factories, however, used stainless-steel knife blades produced in factory C for their sterling and silver-plated flatware. Recently, the company has begun a consolidation of the three factories at factory C.

(1) Increasing imports

U.S. imports of stainless-steel table flatware have increased sharply in recent years. The annual quantity of such flatware imported into the United States rose 190 percent in the 5 years 1965-69. Whereas, in both 1965 and 1966, imports supplied only about one-fourth of U.S. apparent consumption, they supplied about one-half in 1969 and about three-fifths during January-September 1970. The first condition then has been met--stainless-steel table flatware is being imported in increased quantities.

(2) In major part

In November 1959, pursuant to escape-clause action, the United States imposed increased import restrictions on certain stainless-steel table flatware. An annual tariff quota of 5.75 million dozen (later enlarged to 7.0 million dozen) was established; the duties imposed on the over-quota imports were made higher than those established by statute (the Tariff Act of 1930). While the quota restrictions were in effect, the bulk of the imports entered within the tariff quota--the over-quota rates severely limiting imports in excess of the quota. Under the provisions of the Trade Expansion Act of 1962, 1/ the quota restrictions on stainless-steel table flatware were scheduled to terminate automatically at the close of October 11, 1967, unless extended by the President. The President allowed the restrictions to terminate, and the rates of duty on stainless-steel table

1/ Section 351(c)(1).

flatware reverted to the lower trade-agreement rates, which reflected concessions that had been granted by the United States in the General Agreement on Tariffs and Trade. Immediately following the lowering of the rates, U.S. imports of stainless-steel table flatware increased. Imports in 1968 were nearly double, and those in 1969 nearly triple, those in the final years that the tariff quota applied. As noted above, current imports of such flatware constitute nearly three-fifths of U.S. apparent consumption of stainless-steel table flatware, while annual imports generally supplied no more than one-fourth of U.S. consumption in the years that the tariff quota was in effect. In our view, the increased imports resulted directly from the reestablishment of the trade-agreement rates of duty on stainless-steel table flatware in 1967; imports of flatware could not have increased to their present level had the tariff quota remained in effect. In this case, therefore, the second condition is satisfied--the increased imports are in major part the result of concessions granted under trade agreements.

(3) Unemployment

Employment of the petitioning workers is down. . . . Employment at the 3 factories of concern in this investigation fell sharply. . . . Consequently, the third condition is met--a significant number or proportion of the petitioning workers are unemployed.

(4) The major factor causing or threatening to cause unemployment

The greatly increased imports of stainless-steel table flatware have in recent months had a direct impact on employment at the 3 factories concerned. During 1970, the apparent U.S. consumption of stainless-steel table flatware in the first three quarters of the year was some 10 percent higher than in the corresponding period of 1969. Nevertheless, because of the encroachment of imported flatware, domestic sales declined. Production of stainless-steel table flatware at the International Silver Company was materially affected, and employment at factory C declined. The greatly increased imports of stainless-steel table flatware, which compete directly with domestic silver-plated ware, also adversely affected the production of such ware, and the employment of production workers, at factory H. Layoffs at the two factories, which were the direct result of the competition of imported stainless-steel table flatware, accounted for the very great bulk of the layoffs of the petitioning workers in 1970; the remaining part of the layoffs occurred at factory L. As a result of its seriously affected business, the International Silver Company has decided that it must consolidate nearly all of its remaining domestic production of flatware in factory C, the newest of the 3 factories, in an attempt to be as efficient as possible. The company has announced that such consolidation will result in further layoffs. Thus, not only have the petitioning workers incurred unemployment, but they are also threatened with further job layoffs. In light of the above, we have concluded that the fourth criterion--that increased imports resulting

in major part from trade-agreement concessions have been the major factor causing or threatening to cause the unemployment--is satisfied. 1/

Since the criteria established by section 301(c)(2) of the Trade Expansion Act have each been met, we have made an affirmative determination in the case at hand.

1/ The Insilco Corporation, the parent company of International Silver Company, has imported itself through its wholly owned subsidiary, Stanley Roberts Company, and has opened manufacturing facilities in Taiwan through its subsidiary, World Tableware Corporation. The imports by Insilco are part of the imports that have been the major factor in causing unemployment among the petitioning workers--a circumstance that does not contravene an affirmative determination in this case.

Information Obtained in the Investigation ^{1/}Description and uses

Stainless-steel table flatware ^{2/} consists of knives (TSUS items 650.08-.12), forks (items 650.38-.42), spoons and ladles (items 650.54 and 650.55), and sets of these articles (TSUSA item 651.7510), all the foregoing having stainless-steel handles. Stainless steel is defined for tariff purposes as any alloy steel which contains by weight less than 1 percent of carbon and over 11.5 percent of chromium. Nickel is frequently added to stainless steel to enhance the quality. Stainless steel containing nickel used in making the better grades of stainless-steel table flatware in the United States, generally contains about 18 percent chromium and 8 percent nickel. Such steel is usually more expensive than stainless steel containing chromium only. It has a finer grain structure and is somewhat easier to work if properly annealed. Flatware made of stainless steel containing nickel has a less bluish appearance than that made of steel containing no nickel; however, by

^{1/} The results of the Commission's most recent investigation on stainless-steel table flatware are reported in Stainless-Steel Table Flatware, Report on Investigation No. 332-63 under Section 332 of the Tariff Act of 1930, TC Publication 305, Washington, D.C., December 1969.

^{2/} Most table flatware is 10 inches or less in overall length.

special polishing and buffing, flatware made from chrome steel can be made to resemble nickel-containing stainless-steel flatware.

The raw material used in the manufacture of stainless-steel table flatware consists of stainless-steel sheet, strip, or rod. The manufacture of table flatware consists of some or all of the following processes: stamping out blanks, forging the knife blade or the whole knife (if one piece), grading (rolling of blanks to vary the thickness at certain places), trimming, deburring, grinding, and polishing, and in the case of knives, joining of the blade to the knife handle (if two-piece or three-piece knife).

The design, quality, and price of stainless-steel table flatware, whether produced in the United States or imported, vary widely. The quality of stainless-steel flatware is determined by its design or pattern, by the weight and type of stainless steel of which it is made, by grading, by the amount of finishing, and by the type of knife.

U.S. tariff treatment

A tariff-rate quota imposing increased rates of duty on imports entered in excess of 5.75 million dozen pieces was instituted in 1959. In January 1966 the United States enlarged the tariff quota to 7.0 million dozen pieces and reduced the rates of duty applicable to flatware entered in excess of the enlarged quota. ^{1/} All restrictions were allowed to terminate in October 1967.

^{1/} This action was made retroactive to November 1, 1965.

On September 30, 1969, the United States reserved its right under Article XXVIII of the General Agreement on Tariffs and Trade (GATT) to modify or withdraw the tariff concessions on the stainless-steel table flatware provided for in items 650.08, 650.10, 650.38, 650.40, 650.54, and 651.75 in the Tariff Schedules of the United States (TSUS). In August 1970, the United States communicated to the contracting parties to the GATT its intention to commence the renegotiation of concessions. As of December 1, 1970, no agreement had been announced in the negotiations.

The statutory, the initial TSUS, the current, and the January 1, 1972, rates of duty applicable to stainless-steel tableware are shown in the tabulation below (cents each; percent ad valorem):

TSUS item	Commodity	Rates			
		Statu- tory <u>1/</u>	Effective : Aug. 31, : 1963	Current, : effective : Jan. 1, 1970:	Effective : Jan. 1, : 1972
	Knives, forks, spoons, and ladles with stainless-steel handles:				
	Knives:				
	With chrome steel handles:				
650.08 <u>2/</u>	Valued under 25 cents each, not over 10.2 inches in over- all length.	:2¢ + 45%	: 1¢ + : 12.5%	: 1¢ + 12.5%	: 1¢ + : 12.5%
650.09	Other-----	:2¢ + 45%	: 1¢ + : 12.5%	: 0.7¢ + : 8.5%	: 0.5¢ + : 6%

See footnotes at end of tabulation.

U.S. tariff treatment--Continued

TSUS item	Commodity	Rates			
		Statu- tory <u>1/</u>	Effective : Aug. 31, : 1963	Current, : effective : Jan. 1, 1970:	Effective : Jan. 1, : 1972
	:Knives, forks, spoons, : and ladles with : stainless-steel : handles--Continued: : Knives--Continued: : With handles of : nickel steel or : containing over : 10 percent by : weight of man- : ganese:				
650.10 <u>2/</u>	Valued under 25 cents each, not over 10.2 inches in over- all length.	:2¢ + 45%	: 1¢ + : 17.5%	: 1¢ + : 17.5%	: 1¢ + : 17.5%
650.12	Other----- Forks: With chrome steel handles:	:2¢ + 45%	: 1¢ + : 17.5%	: 0.7¢ + : 12%	: 0.5¢ + : 8.5%
650.38 <u>2/</u>	Valued under 25 cents each, not over 10.2 inches in over- all length.	:2¢ + 45%	: 1¢ + : 12.5%	: 1¢ + : 12.5%	: 1¢ + : 12.5%
650.39	Other----- With handles of nickel steel or containing over 10 percent by weight of man- ganese:	:2¢ + 45%	: 1¢ + : 12.5%	: 0.7¢ + : 8.5%	: 0.5¢ + : 6%
650.40 <u>2/</u>	Valued under 25 cents each, not over 10.2 inches in over- all length.	:2¢ + 45%	: 1¢ + : 17.5%	: 1¢ + : 17.5%	: 1¢ + : 17.5%
650.42	Other-----	:2¢ + 45%	: 1¢ + : 17.5%	: 0.7¢ + : 12%	: 0.5¢ + : 8.5%

See footnotes at end of tabulation.

TSUS item	Commodity	Rates			
		Statu- tory <u>1/</u>	Effective : Aug. 31, : 1963	Current, : effective : Jan. 1, 1970:	Effective : Jan. 1, : 1972
	:Knives, forks, spoons, : and ladles with : stainless-steel : handles--Continued:				
650.54 <u>2/</u>	:Spoons and ladles: : With stainless- : steel handles: : Spoons valued : under 25 cents : each, not over : 10.2 inches in : overall length.:	:40%	: 17%	: 17%	: 17%
650.55	: Other----- : Sets wholly of knives, : forks, or spoons:	:40%	: 17%	: 11.5%	: 8.5%
651.75	: With stainless-steel : handles.	:The rate : applica- : ble to : that : article : in the : set sub- : ject to : the : highest : rate of : duty.	: The rate : applica- : ble to : that : article : in the : set sub- : ject to : the : highest : rate of : duty.	: The rate : applica- : ble to : that : article : in the : set sub- : ject to : the : highest : rate of : duty.	: The rate : applica- : ble to : that : article : in the : set sub- : ject to : the : highest : rate of : duty.

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

2/ Knives, forks, and spoons, valued under 25 cents each, not over 10.2 inches in overall length, and having stainless-steel handles were subject to quotas from Nov. 1, 1959 through Oct. 11, 1967.

The annual tariff-rate quota from Nov. 1, 1959, through the end of October 1965 was 5.75 million dozen pieces, and thereafter through Oct. 11, 1967, 7 million dozen pieces. Presidential Proclamation No. 3697, which enlarged the quota, also reduced the rates of duty on imports of quota-type flatware entered in excess of the quota. Quota-type imports not exceeding the quota were allowed entry at the trade-agreement rates. From Nov. 1, 1959, through Oct. 31, 1965, quota-type imports exceeding the quota were dutiable at the rate of 3 cents each plus 67.5 percent ad valorem on knives and forks and at a rate of 60 percent ad valorem on spoons. The duty on overquota imports

Footnotes continued on following page.

Footnotes--Continued

was reduced, effective Nov. 1, 1965, to 3 cents each plus 20 percent ad valorem on knives and forks with handles of nickel steel, to 3 cents each plus 15 percent ad valorem on knives and forks with chrome steel handles, and to 40 percent ad valorem on spoons. The reduced rates, however, were still higher than the trade-agreement rates. The tariff-rate quota with the higher than trade-agreement rates applicable to imports entered in excess of the quota was terminated effective Oct. 12, 1967, since the President took no action to continue the quota provisions for a further period.

The rates of duty with respect to nonquota-type stainless-steel table flatware (items 650.09, 650.12, 650.39, 650.42, and 650.55) remained unchanged from August 31, 1963 through December 31, 1967, but were reduced pursuant to the Kennedy Round of trade negotiations. Such reductions are shown in table 1.

Trade-agreement modifications of the statutory rates with respect to stainless-steel table flatware dating from the Tariff Act of 1930 to the inception of the TSUS on August 31, 1963, are shown in table 2.

The average ad valorem equivalent (AVE) of the compound rates of duty applicable to stainless-steel table flatware in 1930 and in 1970 based on imports in January-September 1970 are shown in the following tabulation:

<u>TSUS item</u>	<u>Average ad valorem equivalent of--</u>	
	<u>1930 rate</u>	<u>1970 rate (January-September)</u>
650.08	59.5	19.8
650.09	50.9	10.6
650.10	58.7	24.4
650.12	47.8	13.0
650.38	70.0	25.0
650.39	50.4	10.4
650.40	60.8	25.5
650.42	49.1	13.4

Duties paid as a percent of the value of imports on stainless-steel table flatware averaged about 20 percent lower in 1969 than they did in 1966.

U.S. consumption

The United States is probably the world's largest consumer, producer, and importer of stainless-steel table flatware. U.S. apparent consumption of stainless-steel table flatware increased from an estimated 36 million dozen pieces in 1965 to 49 million dozen pieces in 1969, or by 36 percent (table 3). The upward trend in domestic consumption accelerated after the termination of the tariff-rate quota on stainless-steel table flatware in October 1967. This reflects not only the increasing popularity of stainless-steel flatware among consumers, but to a large degree the use of stainless-steel flatware as premiums in the promotion of other products, i.e., gasoline, cereals, etc.

U.S. producers

Currently there are 16 domestic producers of stainless-steel table flatware. Since 1967, four other companies ceased production, two during the first half of 1970. International Silver Company plans to consolidate three separate facilities into one plant in 1971. In spite of declining sales for the industry as a whole, the two largest U.S. producers continued to make capital expenditures related to their stainless-steel table flatware production facilities. Capital expenditures were two to three times larger in 1968 (the last year for which information is available) than they were in 1966.

U.S. production, sales, inventories, and exports ^{1/}

Annual U.S. production of stainless-steel table flatware increased from about 27.4 million dozen pieces in 1965 to a record high of about 30.4 million dozen pieces in 1967--years during which the import quota was in effect for all or part of the year (table 3). Production declined noticeably in 1968 to 26.5 million dozen pieces; although output increased slightly in 1969 to an estimated 27.3 million dozen pieces, it was still about 10 percent less than it was in 1967. During the period January-September 1970, production declined (17.8 million dozen pieces) compared with the similar period in 1969 (18.1 million dozen pieces).

U.S. producers' annual sales of domestic output reached a peak of about 30.0 million dozen pieces, valued at \$69.2 million in 1966 in terms of quantity they were lower by about 10 percent in 1969. Such sales amounted to 29.3 million dozen pieces, valued at \$72.8 million, in 1967, to 26.9 million dozen pieces, valued at \$70.0 million, in 1968, and to an estimated 26.9 million dozen pieces, valued at \$69.0 million, in 1969. During January-September 1970, U.S. producers' sales amounted to 17.0 million dozen pieces valued at \$42.7 million as compared with 18.5 million dozen pieces valued at \$45.7 million during the similar period of 1969. Due to an apparent increase in the average value per dozen pieces of U.S. producers' sales, the value of sales was approximately the same in 1969 as in 1966 (table 4).

^{1/} Data in this section do not include data on the operation of four firms in 1967 and 1968 and one firm in 1969 and 1970. The production of stainless-steel flatware by these firms is believed to be small.

During 1967-69, U.S. inventories ranged between 4.0 and 4.3 million dozen pieces, or considerably higher than the 2.0-3.6 million dozen pieces which are recorded during the period that quotas were in effect. 1/

* * * * *

U.S. exports of stainless-steel table flatware have been insignificant during the last five years, averaging less than 2 percent of annual domestic production (table 3).

U.S. imports

Imports of flatware amounted to about 9.2 million dozen pieces in 1966, the first full year during which liberalized tariff quotas were in operation and the last full year prior to the termination of the quotas on flatware. 2/ In 1968 imports amounted to 14.9 million dozen pieces, an increase of 62 percent over the quantities imported in 1966. In 1969 imports amounted to 25.9 million dozen pieces and were almost three times larger than they were in 1966 (table 3). During January-September 1970, imports amounted to 24.3 million dozen pieces; (17.9 million dozen pieces were imported during the first nine months of 1969). In both 1965 and 1966 imports supplied about one-fourth of U.S. apparent consumption; they supplied more than one-third of such consumption in 1968, almost one-half in 1969, and about six-tenths during January-September 1970. The marked increase in imports in recent years has occurred principally in imports of the type formerly under quotas.

1/ Nov. 1, 1959 through Oct. 11, 1967.

2. Data for 1967 are believed to be inaccurate and therefore are not discussed. See footnote 2 in table 6.

Japan has been the principal source of imports followed by Taiwan and the Republic of Korea. Imports from Japan increased from 7.1 million dozen pieces in 1966 to 10.2 million dozen pieces in 1968 and to 17.0 million dozen pieces in 1969, even though the share of total U.S. imports supplied by Japan decreased from about three-fourths in 1966 to about two-thirds in 1969 (tables 6 and 7). The principal reason for Japan's declining share of U.S. imports has been the increasing prominence in recent years of Taiwan, Korea, and Hong Kong as suppliers of stainless-steel table flatware. In 1969 combined imports from these three countries were more than twice what they were in 1968. During the period January-September 1970, imports from these same sources combined were equal to the amount supplied for the entire year of 1969.

The average value per dozen pieces of imported stainless-steel flatware from all sources was the same in 1968 (\$1.22) as it was in 1966; in 1969 it declined to \$1.19, but increased to \$1.29 during the first 9 months of 1970. In contrast, the average unit value of imports from Japan increased from \$1.19 in 1966 to \$1.24 in 1969, and to \$1.33 during the first 9 months of 1970 (table 6).

In 1969, 11 U.S. producers (including Oneida and International Silver Company, the two largest U.S. manufacturers)--imported stainless steel flatware--4 more than 1967. Imports by the U.S. producers accounted for about a third of the total quantity imported in 1968 and 1969 (table 8).

* * * * *

Insilco Corporation

General.--Insilco (International Silver) Corporation, with general offices in Meriden, Connecticut, is one of the oldest and largest domestic manufacturers of table flatware and holloware. In 1969, the corporation reported net sales of \$247.2 million and net earnings of \$12.7 million. Before the corporation adopted its present name in 1969, it was known as the International Silver Company, the name now reserved for the largest subsidiary of the Insilco Corporation, manufacturing table flatware and holloware.

Insilco Corporation diversified its product line during the last decade; it now manufactures a large variety of consumer, industrial and electronic products. In 1969, the sales of consumer products accounted for 57 percent of total sales; industrial products, 31 percent; and electronic goods, 12 percent. Among the products manufactured by Insilco subsidiaries are: table flatware and holloware (stainless steel, silverplated, sterling, and pewter), disposable plastic flatware, printed matter, paints, plastic and metal containers for cosmetics, metal stampings for automobiles (i.e., bumpers, door hinges and parts of suspension systems), bottle caps, various electronic products, and nonferrous metal mill products.

In June 1969 the Insilco Corporation acquired the Stanley Roberts Company of New York City, an importer of Japanese stainless flatware. Stanley Roberts, in turn became an affiliate of the International Silver Company. * * *

In early 1967 International Tableware Industrial Corporation (I.T.I.C.), purchased a factory in Taiwan that makes stainless-steel flatware. * * *

International Silver Company

As stated above, the International Silver Company is the largest subsidiary of the Insilco Corporation. The company is located in the Meriden-Wallingford area in Connecticut and produces flatware and holloware of stainless steel, silverplate, sterling silver, and pewter.

* * * * *

The workers' petition requesting adjustment assistance covered factories C, H, and L, all located in the Meriden-Wallingford area of Connecticut. A brief discription of these factories follows.

Factory C.--This factory is the largest and newest of plants belonging to International Silver Company. It was completed in 1968, and covers an area of over 300,000 square feet. According to the company this facility is "the most modern and effective operation in the industry". * * *

In an effort to increase efficiency and lower production costs, the company recently announced a consolidation of all of the operations from Factory L and most of the operations from Factory H into Factory C. Although the exact number of employees to be affected has not yet been determined, it is anticipated that substantial layoffs will result from this consolidation.

Factory H.--At present Factory H manufactures only silverplated flatware. However, until a year ago the factory was doing a very small amount of finishing of stainless-steel table flatware due to the inability of the other two plants to meet their production schedules.

* * * * *

Factory L.--Factory L makes sterling flatware in a craftsman-styled manufacturing process. Both Factory L and Factory H use stainless-steel knife blades produced in Factory C for their sterling and silver-plated flatware.

Employment

There was a substantial reduction in employment at C, H, and L factories of International Silver Company during the year ended September 30, 1970. The bulk of the reduction can be identified as layoffs; however, some of the reduction came about by not replacing losses through normal attrition.

* * * * *

The following tabulation based on official Department of Labor statistics shows the unemployment rate for the United States as compared with Connecticut for the years 1966-69 (in percent).

<u>Year</u>	<u>United States</u>	<u>Connecticut</u>
1966	3.8	3.2
1967	3.8	3.3
1968	3.6	3.7
1969	3.5	3.8

While the average nation-wide unemployment rate in November 1970 amounted to 5.6 percent, the unemployment rate for the State of Connecticut as a whole during the same period was 5.8 percent, a level

described by the U.S. Department of Labor as an area of "moderate" unemployment. However, the unemployment rate for the Meriden-Wallingford area was 8 percent, a rate described by the Department of Labor as one of "substantial" unemployment.

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APPENDIX

Table 1.--Changes in rates of duty under the Tariff Schedules of the United States (TSUS) on stainless-steel table flatware pursuant to the Kennedy Round of Trade Negotiations (cents each; percent ad valorem)

TSUS item	Trade-agreement rates in effect on Dec. 31, 1967	Rate changes pursuant to the Kennedy Round effective on January 1--				
		1968	1969	1970	1971	1972
650.09	1¢ + 12.5%	:0.9¢ + : 11%	:0.8¢ + : 10%	:0.7¢ + : 8.5%	:0.6¢ + : 7%	:0.5¢ + : 6%
650.12	1¢ + 17.5%	:0.9¢ + : 15.5%	:0.8¢ + : 14%	:0.7¢ + : 12%	:0.6¢ + : 10%	:0.5¢ + : 8.5%
650.39	1¢ + 12.5%	:0.9¢ + : 11%	:0.8¢ + : 10%	:0.7¢ + : 8.5%	:0.6¢ + : 7%	:0.5¢ + : 6%
650.42	1¢ + 17.5%	:0.9¢ + : 15.5%	:0.8¢ + : 14%	:0.7¢ + : 12%	:0.6¢ + : 10%	:0.5¢ + : 8.5%
650.55	17%	:15%	:13.5%	:11.5%	:10%	:8.5%

Table 2.--Stainless-steel table flatware: U.S. rates of duty under the Tariff Act of 1930
(old schedule, superceded Aug. 31, 1963)

(Cents each; percent ad valorem)			
Tariff paragraph and description	Tariff Act of 1930		
	Statutory rate <u>1/</u>	Trade-agreement modification	
		Rate	Effective date and trade agreement <u>2/</u>
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 pro- vided 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% 19% 18% 17% <u>3/</u> 60% <u>3/</u>	Jan. 1, 1948. June 30, 1956. June 30, 1957. June 30, 1958. Nov. 1, 1959. <u>3/</u>
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 house- hold, 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% 2¢ + 17-1/2% 1¢ + 17-1/2% <u>3/</u> 3¢ + 67-1/2% <u>3/</u>	Jan. 1, 1939; United Kingdom. Jan. 1, 1948. July 7, 1951. Nov. 1, 1959. <u>3/</u>
4 inches in length or over, exclusive of handle.	8¢ + 45%	8¢ + 35% 8¢ + 35% <u>4/</u> 4¢ + 17-1/2% <u>3/</u> 12¢ + 67-1/2% <u>3/</u>	Jan. 1, 1939; United Kingdom. Jan. 1, 1948. Oct. 1, 1951. Nov. 1, 1959. <u>3/</u>
Steel, other than austenitic:			
Less than 4 inches in length, exclusive of handle.	2¢ + 45%	2¢ + 25% 2¢ + 25% <u>4/</u> 2¢ + 12-1/2% 1¢ + 12-1/2% <u>3/</u> 3¢ + 67-1/2% <u>3/</u>	Jan. 1, 1939; United Kingdom. Jan. 1, 1948. May 30, 1950. Oct. 1, 1951. Nov. 1, 1959. <u>3/</u>
4 inches in length or over, exclusive of handle.	8¢ + 45%	4¢ + 25% 4¢ + 25% <u>4/</u> 4¢ + 17-1/2% <u>3/</u> 12¢ + 67-1/2% <u>3/</u>	Jan. 1, 1939; United Kingdom. Jan. 1, 1948. Oct. 1, 1951. Nov. 1, 1959. <u>3/</u>

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 3.--Stainless-steel table flatware: Production and sales by U.S. manufacturers, U.S. imports for consumption, and apparent consumption 1965-69, January-September 1969 and January-September 1970

Period	U.S. production			Sales by U.S. manufacturers			Imports for consumption			Ratio of imports to--		
	1,000 dozen pieces	Total	Exports	1,000 dozen pieces	Apparent consumption	U.S. consumption	1,000 dozen pieces	Apparent consumption	U.S. consumption	Percent	Percent	Percent
1965	27,409	27,210	334	2/ 8,880	2/ 35,756	2/ 24.8	2/ 32.4					
1966	30,262	30,043	449	2/ 9,185	2/ 38,779	2/ 23.7	2/ 30.3					
1967 3/	30,403	29,350	384	4/	5/	5/	5/					
1968 3/	26,516	26,865	499	14,872	41,238	36.1	56.1					
1969 6/	27,271	26,947	454	7/ 25,885	52,378	49.4	94.9					
Jan.-Sept. 1969 6/	18,152	18,493	363	7/ 17,903	36,033	49.7	98.6					
Jan.-Sept. 1970 6/	17,818	16,995	363	7/ 24,266	40,898	59.3	136.2					

1/ Sales of domestically produced flatware plus imports less exports.

2/ Data do not include imports in sets of nonquota-type stainless-steel table flatware, because they were not reported separately under the TSUS. Such imports are known to be negligible.

3/ U.S. production and sales exclude data for 4 manufacturers who did not submit questionnaires. These manufacturers accounted for 7.5 percent of the quantity and 6.7 percent of the value of sales in 1966.

4/ Available data are known to be inaccurate. It is estimated that imports in 1967 were at least as large as they were in 1966.

5/ Not available.

6/ U.S. production and sales exclude data for 1 manufacturer who did not submit a questionnaire. Production and sales for this producer are thought to be small.

7/ Based on data available for the first 9 months of 1969 as compared with similar period for 1968. Exports for January-September 1970 were estimated to have been about the same as that for January-September 1969.

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

Table 4.--Stainless-steel table flatware: U.S. manufacturers' inventories of finished flatware and net sales, 1965-1969, January-September 1969, and January-September 1970

Period	Inventories at end of period		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>	Percent	<u>1,000</u> <u>dozen</u> <u>pieces</u>	<u>1,000</u> <u>dollars</u>	
1965-----	3,602	13.2	27,210	62,668	\$2.30
1966-----	3,610	12.0	30,043	69,159	2.30
1967 <u>1/</u> -----	4,286	14.6	29,350	72,807	2.48
1968 <u>1/</u> -----	4,038	15.0	26,865	70,034	2.60
1969 <u>2/</u> -----	4,842	18.0	26,947	68,976	2.56
Jan.-Sept.: .					
1969 <u>2/</u> -----	3,985	<u>3/</u>	18,493	45,653	2.47
1970 <u>2/</u> -----	6,087	<u>3/</u>	16,995	42,690	2.51

1/ Excludes data for 4 producers who did not submit questionnaires. These manufacturers accounted for 7.5 percent of the quantity and 6.7 percent of the value of sales in 1966.

2/ Excludes data for 1 producer who did not submit a questionnaire. Inventories and sales for this producer are thought to be small.

3/ Ratios based on data for 9 months are not meaningful because of the seasonality of the industry.

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

Table 5.--Stainless-steel table flatware: U.S. exports of domestic merchandise, 1965-1969, January-September 1969, and January-September 1970.

Year	Quantity	Value	Average value per dozen pieces
	Dozen pieces		
1965-----	333,881	\$842,047	\$2.52
1966-----	449,466	1,244,406	2.77
1967 <u>1</u> /-----	383,724	1,090,875	2.84
1968 <u>1</u> /-----	498,743	1,572,105	3.15
1969 <u>2</u> /-----	454,000	<u>4</u> /	<u>4</u> /
Jan.-Sept.:			
1969 <u>2</u> /-----	362,712	1,109,221	3.06
1970 <u>2</u> /-----	<u>3</u> / 363,000	<u>4</u> /	<u>4</u> /

1/ Excludes data for 4 producers who did not submit questionnaires. These manufacturers accounted for 7.5 percent of the quantity and 6.7 percent of the value of sales in 1966.

2/ Exports exclude data for 1 manufacturer who did not submit a questionnaire. Exports for this producer are thought to be small.

3/ Estimated.

4/ Not available.

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

Table 6.--Stainless-steel table flatware: U.S. imports for consumption, by countries, 1965-69, and January-September 1969 and January-September 1970

Source	1965	1966	1967	1968	1969	January-September	
	1/	1/	1/			1969	1970
	Quantity (1,000 dozen pieces)						
Japan-----	6,834	7,068	2/	10,150	17,563	12,139	15,657
Taiwan-----	621	1,029	2/	2,022	3,206	2,268	3,166
Republic of Korea--	84	569	2/	1,275	2,532	1,659	2,846
Hong Kong-----	849	128	2/	94	1,064	635	1,111
Netherlands-----	169	84	2/	547	473	382	907
West Germany-----	140	73	2/	127	160	106	105
Italy-----	43	66	2/	109	75	41	47
United Kingdom-----	31	36	2/	149	277	248	100
Austria-----	24	31	2/	13	6	4	3
Sweden-----	21	12	2/	20	12	10	11
Denmark-----	7	8	2/	13	21	14	17
Nansei and Nanpo Islands-----	-	-	2/	-	-	-	124
All other-----	57	81	2/	353	496	397	172
Total-----	8,880	9,185	2/ 7,807	14,872	25,885	17,903	24,266
	Entered value (1,000 dollars)						
Japan-----	8,069	8,434	2/	12,305	21,826	14,965	20,815
Taiwan-----	478	745	2/	1,421	2,271	1,531	2,437
Republic of Korea--	54	424	2/	984	1,934	1,273	2,617
Hong Kong-----	682	98	2/	100	1,196	708	1,225
Netherlands-----	307	212	2/	1,068	1,037	834	2,034
West Germany-----	604	370	2/	731	801	595	729
Italy-----	151	218	2/	371	234	145	188
United Kingdom-----	135	171	2/	300	582	497	307
Austria-----	106	106	2/	58	30	21	15
Sweden-----	95	65	2/	117	75	61	81
Denmark-----	55	71	2/	134	172	114	144
Nansei and Nanpo Islands-----	-	-	2/	-	-	-	170
All other-----	204	327	2/	552	663	506	463
Total-----	10,940	11,241	2/ 9,121	18,141	30,821	21,250	31,226

See footnotes at end of table.

Table 6.--Stainless-steel table flatware: U.S. imports for consumption, by countries, 1965-69, and January-September 1969 and January-September 1970--Continued

Source	1965	1966	1967	1968	1969	January-September	
	<u>1/</u>	<u>1/</u>	<u>1/</u>			1969	1970
	Average value per dozen pieces <u>3/</u>						
Japan-----	\$1.18	\$1.19	<u>2/</u>	\$1.21	\$1.24	\$1.23	\$1.33
Taiwan-----	.77	.72	<u>2/</u>	.70	.71	.67	.77
Republic of Korea-----	.64	.75	<u>2/</u>	.77	.76	.77	.92
Hong Kong-----	.80	.77	<u>2/</u>	1.06	1.12	1.11	1.10
Netherlands-----	1.82	2.51	<u>2/</u>	1.95	2.19	2.18	2.24
West Germany-----	4.32	5.10	<u>2/</u>	5.76	4.99	5.61	6.96
Italy-----	3.54	3.31	<u>2/</u>	3.40	3.11	3.54	4.05
United Kingdom-----	4.34	4.82	<u>2/</u>	2.01	2.10	2.00	3.07
Austria-----	4.33	3.42	<u>2/</u>	4.46	5.28	5.25	5.14
Sweden-----	4.48	5.45	<u>2/</u>	5.85	6.17	6.10	7.51
Denmark-----	8.05	8.89	<u>2/</u>	10.31	8.12	8.14	8.31
Nansei and Nanpo Islands-----	-	-	<u>2/</u>	-	-	-	1.37
All other-----	3.60	3.98	<u>2/</u>	1.56	1.34	1.27	2.67
Average-----	1.23	1.22	<u>2/</u> 1.17	1.22	1.19	1.18	1.29

1/ 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.

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/ U.S. Department of Commerce data for 1967 on general imports (i.e., imports entered for immediate consumption plus entries into bonded warehouses) show imports of 9.5 million dozen pieces, whereas imports for consumption (i.e., imports for immediate consumption plus withdrawals from warehouses) amounted to (as shown in this table) 7.8 million dozen. Analysis of available data indicated that virtually all of the difference between general imports and imports for consumption--1.7 million dozen pieces--was withdrawn from warehouses during the period October-December 1967, but was not so recorded in official statistics. Data by the indicated detail of this table are not shown for 1967 because of this discrepancy; the total quantity imported for consumption in 1967 probably amounted to close to 9.5 million dozen pieces, valued at approximately \$11 million.

3/ Based on the unrounded figures.

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

Table 7.--Stainless-steel table flatware: U.S. imports for consumption, total and from Japan, by types, 1965-66, 1968-69, January-September 1969 and January-September 1970 1/

Item	1965 2/		1966 2/		1968		1969		January-September 1969		January-September 1970	
	Quan- tity	Entered value	Quan- tity	Entered value	Quan- tity	Entered value	Quan- tity	Entered value	Quan- tity	Entered value	Quan- tity	Entered value
(Quantity in thousands of dozen pieces; entered value in thousands of dollars)												
Total imports from all countries												
Quota-type-----	8,318	8,685	8,494	8,840	3/ 13,932	3/ 14,670	24,987	27,150	17,271	18,610	23,556	27,940
Nonquota-type-----	562	2,256	691	2,401	5/ 940	3,471	898	3,671	632	2,640	710	3,286
Total, quota- and nonquota-types---	8,880	10,940	9,185	11,241	14,872	18,141	25,885	30,821	17,903	21,250	24,266	31,226
Imports from Japan												
Quota-type-----	6,521	7,123	6,643	7,336	3/ 9,651	3/ 10,916	17,033	27,150	11,761	13,668	15,201	19,224
Nonquota-type-----	313	946	425	1,098	4/ 499	4/ 1,388	530	3,671	378	1,297	456	1,591
Total, quota- and nonquota-types---	6,834	8,069	7,068	8,434	10,150	12,304	17,563	30,821	12,139	14,965	15,657	20,815
Ratio (percent) of imports from Japan to total imports 5/												
Quota-type-----	78.4	82.0	78.2	83.0	3/ 69.3	3/ 74.4	68.2	73.6	68.1	73.4	64.5	68.8
Nonquota-type-----	55.7	41.9	61.5	45.7	4/ 53.1	4/ 40.0	59.0	49.9	59.8	49.1	64.3	48.4
Average, quota- and nonquota-types---	77.0	73.8	76.9	75.0	68.2	67.8	67.8	70.8	67.8	70.4	64.5	66.7

1/ Data for 1967 are not shown. (See footnote 2 in table 6.)

2/ 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.

3/ Includes sets valued at less than \$3 per dozen pieces.

4/ Includes sets valued at \$3 and over; the average unit value of sets imported from Japan was less than \$3 per dozen pieces.

5/ Based on unrounded figures.

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

Table 8.--Stainless-steel table flatware: Imports for consumption by U.S. producers, 1965-1969, January-September 1969, and January-September 1970

Year	U.S. producer-importers		Ratio to total imports based on--		
	Number	Imports		Quantity	Value
		Quantity	Value		
		<u>1,000</u> dozen pieces	<u>1,000</u> dollars	Percent	Percent
1965-----	6	1,548	1/	17	1/
1966-----	6	1,884	2,165	20	18
1967-----	7	2,936	3,143	2/ 32	1/
1968-----	10	4,786	5,058	32	17
1969-----	11	<u>3/</u> 7,875	1/	30	1/
Jan.-Sept. 1969-----	11	5,921	6,227	33	29
Jan.-Sept. 1970-----	10	1/	1/	1/	1/

1/ Not available.
 2/ Approximate percentage.
 3/ Estimated.

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

* * * * *

UNITED STATES TARIFF COMMISSION

SILVER-PLATED AND STAINLESS-STEEL TABLE HOLLOWARE:
CERTAIN WORKERS OF THE FACTORY E PLANT,
INTERNATIONAL SILVER COMPANY, MERIDEN, CONNECTICUT

Report to the President on Investigation No. TEA-W-29
Under Section 301(c)(2) of the Trade Expansion Act of 1962



TC Publication 348
Washington, D. C.
December 1970

UNITED STATES TARIFF COMMISSION

Glenn W. Sutton

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Kenneth R. Mason, *Secretary*

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REPORT TO THE PRESIDENT

U.S. Tariff Commission
December 11, 1970

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made under section 301(c)(2) of the act in response to a petition filed by a group of workers.

On October 13, 1970, the United Steelworkers of America, Washington, D.C., filed a petition for a determination of eligibility to apply for adjustment assistance on behalf of the workers of Factory E, International Silver Company, Meriden, Connecticut. The Commission instituted the investigation (TEA-W-29) on November 2, 1970, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the silver-plated and stainless-steel table holloware produced in Factory E of the International Silver Company are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of the said plant.

Public notice of this investigation was given in the Federal Register (35 F.R. 17158) on November 6, 1970. No public hearing was requested by the petitioners or other interested parties, and none was held.

The information herein was obtained from officials of Local Union 7770 of the United Steelworkers of America, from domestic producers and importers of silver-plated and stainless-steel table holloware, and from the Commission's files.

FINDING OF THE COMMISSION

On the basis of its investigation, the Commission finds (Presiding Commissioner Sutton dissenting) that articles like or directly competitive with the silver-plated and stainless-steel table holloware produced at Factory E of the International Silver Company are, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers at the said plant.

Considerations Supporting the Commission's Findings

This investigation was instituted upon receipt, on October 13, 1970, of a petition for adjustment assistance under section 301(c) (2) of the Trade Expansion Act of 1962, filed by the United Steelworkers of America, AFL-CIO, on behalf of production and maintenance workers formerly employed by the International Silver Company at its Factory E in Meriden, Connecticut. Petitioner contends that the requirements of section 301(c) (2) have been met in this case, and that therefore the Commission must determine that the workers involved are eligible to apply for adjustment assistance. The Commission majority agrees.

In the past the Commission has ruled that workers are eligible to apply for adjustment assistance under the Trade Expansion Act when the following four requirements are met:

- (1) Imports of an article like or directly competitive with the article produced by the petitioning workers must be increasing;
- (2) The imports must be a result in major part of concessions granted under trade agreements;
- (3) Workers producing the like or directly competitive article must be unemployed or underemployed, or threatened with unemployment or underemployment; and
- (4) The increased imports (resulting in major part from trade-agreement concessions) must be the major factor in causing or threatening

to cause the unemployment or under-employment.

Each of these requirements is discussed below.

Increased imports

The workers on whose behalf this petition was filed were engaged in the production of stainless-steel and silver-plated table holloware. It is apparent that imports of like or directly competitive stainless-steel and silver-plated table holloware have increased. Imports of silver-plated articles more than doubled during 1965-69, and imports of stainless-steel articles more than tripled during the same years. The available evidence indicates that imports of table holloware have increased proportionately. Imports of both continued to increase in 1970.

In major part

Since 1930, the import duty on silver-plated table holloware has been reduced from 50 percent ad valorem to 11.5 percent -- a reduction of 77 percent -- and the duty on stainless-steel table holloware from 40 percent ad valorem to 11.5 percent, a reduction of 71 percent. A further reduction to 8.5 percent -- is scheduled for both. Computations made by the Commission indicate that if the 1930 rate were still being applied, the price of imported table holloware in 1970 would have been equal to or higher than that of domestically produced table holloware. The duty reductions have made it possible for foreign-made holloware to undersell the

domestically produced product.

Moreover, it is clear that increases in imports of holloware have followed close on the heels of each recent duty reduction. The Kennedy Round rate concessions to take effect in five stages from 1968 through 1972 amount to a 50 percent reduction. From 1968 through 1970, the duties have been cut by a third and imports of silver-plated table holloware this year will be higher by 56 percent than imports in 1967 (the last year prior to the beginning of the Kennedy Round reductions), and imports of stainless-steel table holloware will be higher in 1970 by 83 percent than they were in 1967. In the first year of the reduced Kennedy Round rates, 1968, imports of silver-plated holloware are estimated to have increased by 30%, and imports of stainless steel holloware estimated to have increased by almost 50%. This lends credence to the conclusion that it was trade agreement concessions that caused imports to increase.

Unemployment or Underemployment

There is no doubt that employment has declined at Factory E of the International Silver Company, both in terms of the number of persons employed and in terms of the man-hours worked per individual. During 1970 the employment of production and related workers has declined steadily; * * *

Total man-hours worked also declined during these months. It is evident that a significant number of workers at Factory E have become unemployed within the meaning of the Trade Expansion Act.

Unemployment as a result of increased imports

The final requirement of the statute is that the concession-generated increased imports must be the major factor in causing the unemployment or underemployment of the workers involved. * * * U.S. production of stainless-steel and U.S. production of silver-plated holloware both declined in 1970, while imports of both increased, as they have in every year since 1965. Thus, it is clear that domestic production as a whole lost ground to imports during 1970.

With respect to International Silver Company's Factory E, the plant here under consideration, it seems clear that the workers have been particularly affected by the increased imports. In 1965, International Silver Company began importing stainless-steel holloware * * *. In 1969 International Silver Company also began to import silver-plated holloware * * *. Thus, it appears that International Silver Company is beginning to substitute imported silver-plated holloware for its own domestic production. Accordingly, it seems clear to the Commission majority that concession-generated increased imports have been the major factor in causing the unemployment of a significant number of workers at International Silver Company's Factory E.

Conclusion

Since all requirements of the statute have been met, the Commission majority concludes that the workers on whose behalf the petition was filed are eligible to apply for adjustment assistance.

Dissenting Views of Presiding Commissioner Sutton

In my view, the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 pertaining to petitions by groups of workers for determination of eligibility to apply for adjustment assistance have not all been met in the case at hand. A significant number of the petitioning workers are unemployed, and articles like or directly competitive with those produced by the workers are being imported in increased quantities. I cannot conclude, however, that the increased imports have been the major factor causing the unemployment of the workers. I have, therefore, had to make a negative determination.

Plant E of the International Silver Company, where the petitioning workers were employed, produced table holloware, largely silver plated. The employment of production and related workers at the factory increased from an annual average of about * * * production and related workers in 1965 to * * * workers in 1969. During 1970, however, the employment of production and related workers has declined steadily; * * *. It seems clear, then, that a significant number or portion of the petitioning workers are unemployed.

U.S. imports of silver-plated and stainless-steel table holloware--the complained of imported products--have increased in recent years. Data on imports of those articles are not separately shown in U.S. statistics, but entries of them are known to account for the bulk of the entries in the categories where they are classified. Imports in those categories increased substantially in 1965-69; entries of silver-plated

articles rose from less than \$5 million in 1965 to about \$9 million in 1969, while entries of stainless-steel articles increased from \$3 million in 1965 to nearly \$10 million in 1969. In 1970, however, the growth in imports of articles classified in those categories has been small; imports of silver-plated articles in the first 3 quarters of 1970 were only 4 percent larger than in the corresponding period of 1969, and imports of stainless-steel articles, about 3 percent.

Although, as just indicated, the imports of silver-plated and stainless-steel table holloware have increased in recent years, I am unable to conclude that those increased imports are the major factor causing unemployment or underemployment at Plant E of the International Silver Company. I find little in the trends of imports of the holloware concerned and employment at Plant E to indicate that increased imports have adversely affected employment. On the one hand, imports of silver-plated and stainless-steel holloware increased substantially in the 5 years 1965-69, but so did employment at Plant E. On the other hand, employment at Plant E declined in the first 3 quarters of 1970, but imports of silver-plated and stainless-steel holloware increased little during that period. The International Silver Company itself has been importing an increasing volume of silver-plated and stainless-steel holloware. * * *. Clearly, some factor other than imports has been the major cause of the declining production and employment at Plant E of the International Silver Company. In 1970, in fact, both U.S. imports and domestic production of the articles concerned (including that at Plant E) were affected by the slowdown in the U.S. economy.

Domestic production and sales of holloware appear to have been affected more than have imports of holloware; domestic sales, for example, appear to have declined in value by perhaps 10 percent, while imports probably increased about 3 percent. Consequently, in view of these circumstances, I have concluded that it was the softness in the economy in 1970, and not the effect of imports, that was the predominant factor adversely affecting employment at Plant E. * * *.

In light of factors set forth above, I have determined that articles like or directly competitive with the silver-plated and stainless-steel flatware produced at the plant of the International Silver Company are not, as a result in major part of trade-agreement concessions, being imported in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of the petitioning workers.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of the articles under investigation

The term holloware generally refers to household, table, or kitchen articles of china, glass, or metal which are more or less hollow. Table holloware includes bowls, dishes, goblets, gravy sets, pitchers, platters, punch sets, salt and pepper sets, sugar and cream sets, tea and coffee services, trays, trivets, and wine coolers. This investigation covers only table holloware of base metal coated or plated with silver (TSUSA item 653.8000) and table holloware of stainless steel (item 653.9530).

Various metal alloys are used in making holloware. Nickel silver, brass, and copper are the metals most commonly used in making holloware that is to be silver-plated. Metal holloware blanks are usually formed by spinning, stamping, or casting or a combination of these processes. Handles, spouts, and similar parts are generally cast or stamped and fastened to the blank by soldering. The final finishing operations of both the stainless steel and silver-plated articles require careful deburring and buffing, operations that often must be done by hand. Some types of silver-plated ware require more than one plating process. The quality of the finished product depends largely on the chemical composition and thickness of the metal used and on the workmanship, especially in the die-cutting and finishing processes. The preparation of the blank for plating and the uniformity and thickness of the plating

are extremely important in determining the quality of silver-plated ware. Because of these factors there are wide variations in the quality of the articles produced both in the United States and abroad and in the prices of the finished product. Institutional silver-plated ware (the type used in hotels) is generally made from a base metal of nickel silver and is very heavy; silver-plated ware of the type sold through most retail outlets is usually made from a base metal of brass or copper, is much lighter in weight, and is plated through a different process.

U.S. tariff treatment

Holloware is not specifically named in the Tariff Schedules of the United States (TSUS) but is provided for, along with a variety of other articles, in items 653.60 through 654.20. Table holloware coated or plated with silver was originally classifiable under the provisions of paragraph 339 of the Tariff Act of 1930 at the rate of 50 percent ad valorem. Pursuant to successive concessions granted by the United States in a bilateral trade agreement and trade negotiations under the General Agreement on Tariffs and Trade (GATT), the applicable rate of duty has been reduced to the current rate of 11.5 percent ad valorem (item 653.80 of the TSUS) and is scheduled for further reduction--to 8.5 percent ad valorem--by January 1, 1972 (table 1).

Similarly, stainless-steel table holloware was initially classifiable under the provisions of paragraph 339 of the Tariff Act of 1930 at 40 percent ad valorem. Pursuant to a number of concessions granted by the United States in trade agreements under the GATT, the 40-percent

rate has been reduced to the present rate of 11.5 percent ad valorem (item 653.95 of the TSUS) and is scheduled for further reduction--to 8.5 percent ad valorem--by January 1, 1972.

U.S. producers

According to the 1967 Census of Manufactures, each of 23 concerns reported shipments of silver-plated holloware valued in excess of \$100,000; * * *. The shipments of these companies were not limited to table holloware but included other types of silver-plated ware such as toilet ware, ecclesiastical ware, novelties, trophies, and baby goods.

The bulk of the silver-plated table holloware manufactured in the United States is produced by about 12 concerns. Although a number of additional companies produce table holloware, their output is relatively small. There are essentially two markets for this type of holloware, (1) the institutional market consisting principally of hotels and restaurants and (2) the general retail market. Some producers serve one or the other of these markets, while others, including the International Silver Company, produce for both markets.

Stainless-steel holloware, including table ware, toilet ware, ecclesiastical ware, novelties, trophies, and baby goods, is produced by only a few U.S. concerns. In the 1967 Census of Manufactures only 6 companies reported shipments valued in excess of \$100,000; * * *. Probably none of these producers restricted their output to table holloware and some probably produced no table holloware.

U.S. consumption, production and sales

The value of U.S. consumption of all types of silver-plated holloware and stainless-steel holloware in 1969 is estimated to have been about \$80 million and \$18 million, respectively. Data covering only table holloware are not reported separately in official statistics; therefore, the following data for consumption, production, and sales are estimates based on information obtained from industry sources through questionnaires and interviews. It is estimated that consumption of silver-plated table holloware in 1969 amounted to about \$70 million of which about 10 percent was supplied by imports; consumption of stainless-steel table holloware is estimated to have been about \$10 million, over four-fifths of which was supplied by imports.

U.S. production of silver-plated table holloware is estimated to have increased from about 9 million pieces in 1965 to 11 million pieces in 1966. Production declined to about 10 million pieces in 1967, then increased to about 12 million pieces in 1968 and to 13 million pieces in 1969. During the first 9 months of 1970 production was about 12 percent below that of the comparable period in 1969.

Domestic producers supply a very small part of the stainless-steel table holloware consumed in the United States. U.S. production apparently remained almost constant during 1965-69. However, production appears to have declined in the January-September period of 1970 when compared to the same period in 1969.

Questionnaires reporting sales and inventories of domestically produced silver-plated table holloware were returned to the Tariff

Commission by 11 major U.S. producers. The data received are shown in the following tabulation:

<u>Year or period</u>	<u>Sales</u>		<u>Inventory at</u>
	<u>Quantity</u> ^{1/} (pieces)	<u>Value</u>	<u>end of year</u> <u>or period</u> ^{1/} (pieces)
1965-----	6,463,182	\$35,260,788	1,323,315
1966-----	8,794,906	49,144,404	1,852,919
1967-----	8,376,949	48,657,844	1,781,077
1968-----	9,254,763	53,864,756	1,821,471
1969-----	10,037,593	56,989,780	2,234,601
Jan.-Sept.:			
1969-----	7,102,200	40,055,007	3,145,208
1970-----	6,002,578	36,401,185	3,636,701

^{1/} Data are partially estimated because two producers reported value of sales only.

The 11 producers that returned questionnaires are believed to account for about nine-tenths of the estimated value of annual U.S. producers' sales. The International Silver Company, which produces a complete line of silver-plated table holloware, and is the largest U.S. producer of such ware, * * *

* * * * *

Only three of the producers returning questionnaires reported sales of domestically produced stainless-steel table holloware. These sales were negligible when compared with sales by domestic producers of the silver-plated articles.

* * * * *

Stainless steel table holloware has not always been competitive with silver-plated table holloware in the retail market; however, it is reportedly becoming more popular, at the expense of silver-plated holloware, with both consumers and with restaurant and hotel operators.

U.S. imports

U.S. imports of the holloware covered by this investigation are not reported separately in official statistics. Silver-plated table holloware is reported under TSUSA item 653.8000 with other household, table, and kitchen articles such as silver-plated jewel boxes, money banks and glassware. Similarly, stainless-steel table holloware is reported under item 653.9530 with other household, table, and kitchen articles such as stainless-steel sink strainers, sinks, and basins. The value of imports for these classes as a whole for the years 1965-1969 and for January-September 1969 and 1970 are shown in the following tabulation: ^{1/}

<u>Year or period</u>	<u>Silver-plated articles</u>	<u>Stainless-steel articles</u>
1965	\$4,470,546	\$3,123,091
1966	5,608,519	4,276,133
1967	6,032,366	5,280,425
1968	7,999,931	7,894,129
1969	9,138,890	9,629,056
Jan.-Sept.:		
1969	6,772,692	7,058,615
1970	7,049,897	7,250,587

As shown above the value of imports in each category increased in each year 1965-69. Stainless-steel articles registered the largest increase during this period--208 percent; silver-plated articles increased 104 percent. The rate of increase in the value of imports slowed during the first 9 months (January-September) of 1970, exceeding the comparable period in 1969 by about 3.5 percent.

^{1/} Italy, Japan, West Germany, and the United Kingdom have been the principal sources of imports of silver-plated articles (table 2); Japan has been the principal source of imports of stainless-steel articles (table 3).

To obtain some measure of the value of imports of silver-plated and stainless-steel table holloware questionnaires were sent to about 50 importers, discussions were held with Customs officials, and an invoice analysis of Bureau of Customs entries was made. Relatively few of the questionnaires were returned by importers and the descriptions on the entry forms were not always specific enough to determine whether the entry actually consisted of holloware. Nevertheless, based on the limited data obtained through these efforts it is estimated that about three-fourths of the silver-plated articles imported under item 653.8000 are table holloware and about nine-tenths of the stainless-steel articles imported under item 653.9530 are table holloware. The available evidence indicates that these percentages have not varied appreciably from year to year since 1965.

* * * * *

In the course of its investigation the Commission, because of the heterogeneous nature of the products involved, was not successful in its attempt to obtain meaningful data on prices of imported and domestically produced table holloware for comparison purposes. In order to obtain some measure of the difference between prices for the imported product and those for the domestic product, estimated freight and insurance charges and a calculated import duty were added to the average foreign value of all imports of table holloware (as reported to the Commission by importers); this was compared with the average f.o.b. plant value of all domestically produced table holloware (as reported by major producers). Since holloware is priced by the

piece, this analysis assumes that the product mix of imports is similar to the product mix of the domestically produced articles. The following tabulation shows the above described comparisons with duty calculated at the 1930 rate and at the 1970 rate using the average value of the domestic product and of imports during January-September 1970 (in dollars per piece):

	<u>Silver-Plated Table</u>		<u>Stainless-Steel Table</u>	
	<u>Holloware</u>		<u>Holloware</u>	
	<u>1970 rate</u>	<u>1930 rate</u>	<u>1970 rate</u>	<u>1930 rate</u>
	(11.5%)	(50%)	(11.5%)	(40%)
Value of imported product:				
Foreign value	3.92	3.92	2.07	2.07
U.S. duty	.45	1.96	.24	.83
Insurance and freight	.47	.47	.25	.25
Delivered value	4.84	6.35	2.56	3.15
Value of U.S. product	6.06	6.06	4.22	4.22
	*	*	*	
	*	*	*	

U.S. exports

U.S. exports of table holloware are not reported separately in official statistics. Of the producers that returned questionnaires to the Tariff Commission 6 reported export sales of silver-plated table holloware; none reported export sales of stainless-steel table holloware. * * *

Insilco Corporation

General.--Insilco (International Silver) Corporation, with general offices in Meriden, Connecticut, is one of the oldest and largest domestic manufacturers of table flatware and holloware. In 1969, the corporation reported net sales of \$247.2 million and net earnings of \$12.7 million. Before the corporation adopted its present name in 1969, it was known as the International Silver Company, the name now reserved for the largest subsidiary of the Insilco Corporation, manufacturing table flatware and holloware.

Insilco Corporation diversified its product line during the last decade; it now manufactures a large variety of consumer, industrial and electronic products. In 1969, the sales of consumer products accounted for 57 percent of total sales; industrial products, 31 percent; and electronic goods, 12 percent. Among the products manufactured by Insilco subsidiaries are: table flatware and holloware (stainless-steel, silver-plated, sterling, and pewter), disposable plastic flatware, printed matter, paints, plastic and metal containers for cosmetics, metal stampings for automobiles (i.e., bumpers, door hinges and parts of suspension systems), bottle caps, various electronic products, and nonferrous metal mill products. Insilco Corporation also has subsidiaries manufacturing stainless-steel flatware in Taiwan and both flatware and ceramic products in Canada.

International Silver Company

As stated above, the International Silver Company is the largest subsidiary of the Insilco Corporation. The company is located in the Meriden-Wallingford area in Connecticut and produces flatware and holloware of stainless steel, silverplate, sterling silver and pewter.

* * * * *

The workers' petition requesting adjustment assistance covered Factory E located at Meriden, Connecticut. A brief description of this factory follows.

Factory E.--Factory E is the International Silver Company's production facility for the manufacture of table holloware. This plant produces sterling-silver and pewter holloware in addition to the silver-plated and stainless-steel holloware which are the subject of this investigation. * * *

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Employment

* * * * *

While the average nation-wide unemployment rate in November 1970 amounted to 5.6 percent, the unemployment rate for the State of Connecticut as a whole during the same month was 5.8 percent, a level described by the U.S. Department of Labor as an area "of moderate" unemployment. However, the unemployment rate for the Meriden area was 8 percent, a rate described by the Department of Labor as one of "substantial" unemployment.

STATISTICAL TABLES

Table 1.--U.S. rates of duty applicable to imports of silver-plated and stainless-steel table holloware, 1930-1972

(Percent ad valorem)			
Effective date of change in rate	Silver-plated or coated (TSUS 653.80)		Stainless-steel (TSUS 653.95)
	On nickel silver or copper	On other metals	
June 18, 1930-----	50	50	40
January 1, 1939-----	35	50	40
January 1, 1948-----	25	35	20
May 30, 1950-----	25	25	25
June 30, 1956-----	23.5	23.5	19
June 30, 1957-----	22.5	22.5	18
June 30, 1958-----	21	21	17
July 1, 1962-----	19	19	17
July 1, 1963-----	17	17	17
January 1, 1968-----	15	15	15
January 1, 1969-----	13.5	13.5	13.5
January 1, 1970-----	11.5	11.5	11.5
January 1, 1971-----	10	10	10
January 1, 1972-----	8.5	8.5	8.5

Table 2.--Articles not specially provided for of a type used for household, table or kitchen use; toilet and sanitary wares; of base metal coated or plated with silver (TSUSA 653.8000): U.S. imports for consumption, by principal sources, 1965-69, January-September 1969 and 1970

(Value in thousands of dollars)

Country	: 1965	: 1966	: 1967	: 1968	: 1969	: Jan.-Sept. : 1969	: Jan.-Sept. : 1970
Italy-----	: 658:	: 734:	: 1,068:	: 1,692:	: 2,175:	: 1,614 :	: 1,691
Japan-----	: 855:	: 1,129:	: 1,201:	: 1,928:	: 2,151:	: 1,673 :	: 1,850
West Germany--	: 1,141:	: 1,362:	: 1,563:	: 1,969:	: 1,965:	: 1,455 :	: 1,465
United King- dom-----	: 1,265:	: 1,722:	: 1,439:	: 1,527:	: 1,613:	: 1,145 :	: 1,111
Spain-----	: 92:	: 179:	: 223:	: 390:	: 572:	: 413 :	: 385
Denmark-----	: 185:	: 143:	: 131:	: 108:	: 140:	: 96 :	: 152
India-----	: 31:	: 53:	: 58:	: 78:	: 123:	: 80 :	: 138
France-----	: 126:	: 119:	: 159:	: 80:	: 118:	: 95 :	: 37
Sweden-----	: 66:	: 98:	: 114:	: 126:	: 106:	: 82 :	: 92
All other-----	: 51:	: 69:	: 76:	: 102:	: 176:	: 120 :	: 129
Total-----	: 4,470:	: 5,608:	: 6,032:	: 8,000:	: 9,139:	: 6,773 :	: 7,050
	:	:	:	:	:	:	:

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

Table 3.--Articles not specially provided for of a type used for household or table use; of stainless-steel not coated or plated with precious metal (TSUSA 653.9530): U.S. imports for consumption, by principal sources, 1965-69, January-September 1969 and 1970

(Value in thousands of dollars)

Country	1965	1966	1967	1968	1969	Jan.-Sept. 1969	Jan.-Sept. 1970
Japan-----	1,236	2,202	2,783	3,931	5,533	3,940	4,563
Denmark-----	510	518	738	1,169	1,279	940	796
Sweden-----	670	761	671	855	792	631	593
West Germany--	318	364	487	940	767	626	517
Italy-----	137	146	260	470	397	277	317
Switzerland---	69	95	113	161	240	206	37
Canada-----	69	51	28	128	228	174	178
Hong Kong-----	4	5	35	45	176	111	95
All other-----	110	134	165	195	217	154	154
Total-----	3,123	4,276	5,280	7,894	9,629	7,059	7,250

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

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