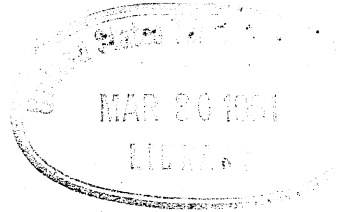


UNITED STATES TARIFF COMMISSION



PLASTIC FILM RAINCOATS

REPORT ON ESCAPE-CLAUSE INVESTIGATION NO. 7-94
UNDER THE PROVISIONS OF SECTION 7
OF THE
TRADE AGREEMENTS EXTENSION ACT OF 1951, AS AMENDED



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UNITED STATES TARIFF COMMISSION

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C O N T E N T S

| | <u>Page</u> |
|--|-------------|
| Introduction----- | 1 |
| Jurisdictional issue presented----- | 2 |
| Finding and conclusion of the Commission----- | 2 |
| Summary of information obtained in the investigation----- | 3 |
| Description----- | 3 |
| U.S. customs treatment----- | 4 |
| U.S. industry----- | 5 |
| Production----- | 6 |
| Sales----- | 7 |
| Producers' inventories----- | 8 |
| Imports----- | 8 |
| Employment and wages----- | 12 |
| Sales outlets----- | 12 |
| Prices----- | 13 |
| Financial experience of domestic producers----- | 14 |
| Statement of the views of Commissioners Talbot, Overton, Jones, and Dowling----- | 16 |
| Findings, recommendation, and statement of views of Commissioners Schreiber and Sutton----- | 23 |
| | (TC29135) |
| Appendix | |
| Decision on motion to dismiss----- | 32 |
| Statistical tables----- | 44 |
| Table 1.--Plants manufacturing plastic film raincoats: Sales 1956-60 | |
| Table 2.--Plastic film raincoats: Production, sales, and closing inventory by U.S. producers, 1956-60 | |
| Table 3.--Plastic film raincoats: Sales by U. S. producers by value brackets, 1958-60 | |
| Table 4.--Plastic film raincoats: Apparent U.S. supply and sales by U.S. producers and importers, 1957-59, and January-June and July-December 1960 | |
| Table 5.--Plastic film raincoats: Sales of leading items by U.S. producers and importers, by gage of film, 1959 | |
| Table 6.--Plastic film raincoats: U.S. imports for consumption, by gage, 1957-59, and January-June and July-December 1960 | |
| Table 7.--Plastic film raincoats: Sales by U.S. importers, by value brackets, 1957-59, and January-June and July-December 1960 | |
| Table 8.--Employment and wages by 8 U.S. plants manufacturing plastic film raincoats, 1956-59, and January-June 1960 | |
| Table 9.--Plastic film raincoats: Sales by U.S. producers and im- porters, by type of sales outlet, 1959 | |
| Table 10.--Plastic film raincoats: Producers' average price at wholesale of leading items grouped by price range, 1956-60 | |
| Table 11.--Plastic film raincoats: Profit-and-loss experience of domestic producers, July 1955-June 1960 | |

Introduction

This report, published pursuant to section 7(d) of the Trade Agreements Extension Act of 1951, as amended (19 U.S.C. 1364(d)), sets forth the finding and conclusion of the United States Tariff Commission in connection with an investigation (No. 7-94) to determine whether RAINCOATS WHOLLY OR IN CHIEF VALUE OF UNSUPPORTED PLASTIC FILM, provided for in paragraph 1537(b) of the Tariff Act of 1930 (by virtue of the similitude provision in paragraph 1559 of that Act), are, as a result, in whole or in part of the treatment reflecting the concession granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

This investigation was instituted on September 29, 1960, by operation of section 3(b)(1) of the Trade Agreements Extension Act of 1951. Public notice of the institution of the investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice at the office of the Tariff Commission in Washington, D.C., and at its New York City office, and by publishing the notice in the Federal Register (25 F.R. 9488), and in the October 6, 1960 issue of Treasury Decisions. A public hearing was duly held on January 24, 1961, and all interested parties were afforded reasonable opportunity to produce evidence and to be heard. In addition to the information obtained at the hearing, data were obtained from the Commission's files, from responses to questionnaires, and by field work.

Jurisdictional Issue Presented

In the course of the investigation a motion to discontinue and dismiss the investigation on jurisdictional grounds was made by importers. The motion was unanimously denied by the Commission and the reasons therefor are set forth in detail in the appendix.

Finding and Conclusion of the Commission

On the basis of the investigation, including the hearing, the Commission finds (Commissioners Schreiber and Sutton dissenting) 1/ that raincoats wholly or in chief value of unsupported plastic film are not being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. Accordingly, in the judgment of the Commission, no sufficient reason exists for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

1/ Statement of the views of Commissioners Talbot, Overton, Jones, and Dowling is set forth commencing on page 16; findings, recommendation, and statement of views of Commissioners Schreiber and Sutton are set forth commencing on page 23.

SUMMARY OF THE INFORMATION OBTAINED IN THE INVESTIGATION

Description

Plastic film raincoats 1/ are light-weight waterproof garments for occasional use. Although they are often made by the same concern, and are marketed through the same outlets, they are different in appearance and use as well as in price and method of manufacture from rainwear of rubber- or plastic-coated fabric, designed for heavy-duty use, and from that of water-resistant fabric, suitable for everyday use.

In its characteristic form, the plastic film raincoat consists of a solid-color knee-length sleeved garment, heat-sealed rather than sewn, with slit-pockets, belt and snap- or button-front. It is usually sold with a separate hood, and plastic container or case. The plastic container or case is separately dutiable when imported and, unlike the raincoat, is classified by similitude under paragraph 923 of the Tariff Act of 1930 as an article not specially provided for, wholly or in chief value of cotton.

1/ Wherever used in this report, the term plastic film raincoats and plastic raincoats refer to raincoats of unsupported plastic film.

There have been growing sales, since 1958, of plastic film raincoats with a fabric lining. Although these coats are in chief value of the fabric lining (usually cotton or rayon) and when imported are dutiable under different tariff provisions, they are made in the same establishments, on much of the same equipment, and are displayed at retail on the same racks and sold within the same price range as those unlined.

U.S. Customs Treatment

Plastic film raincoats were unknown in 1930 and are not enumerated in the Tariff Act of that year. They are dutiable by virtue of the "similitude" provisions of paragraph 1559 of the Tariff Act of 1930, as raincoats in chief value of rubber under the provision in paragraph 1537(b) of the Tariff Act for manufactures wholly or in chief value of india rubber, not specially provided for. The rate was 25 percent ad valorem in 1930. It was reduced to $12\frac{1}{2}$ percent effective September 10, 1955, following negotiations with Japan under the General Agreement on Tariffs and Trade. Under the Trade Agreements Act of 1934, as amended, the President upon recommendation of the Tariff Commission, may increase the duty to a rate not more than 50 percent above that existing on July 1, 1934 (in this instance to $37\frac{1}{2}$ percent ad valorem) or can establish a quota on the imports.

U.S. Industry

Plastic film raincoats are produced in the United States by some 15 concerns. The plants of 5 are in the New York area. Others are located in Massachusetts, Indiana, Georgia, Texas, Wisconsin, Illinois, and Ohio. Over 40 percent of the production is accounted for by Almar Manufacturing Co. of Washington, Georgia.

Other products, including raincoats of rubber-coated fabric, raincoats of water-resistant fabric, and novelties and miscellaneous articles of heat-sealed plastic film are generally manufactured in the same plant as plastic film raincoats. For plants accounting for by far the greater part of the output, plastic film raincoats account for more than two-thirds of total sales. In all plants together plastic film raincoats account for about one-third of sales (see table 1 in the appendix).

Plastic film raincoats are made of poly-vinyl chloride film, which is purchased in large rolls from processors of the crude resin. The thickness of film used is generally 4 to $5\frac{1}{2}$ $\frac{1}{16}$ mils, but it ranges from 2 to 8 mils. Some 3 to 4 square yards of film, weighing 1 to $1\frac{1}{2}$ pounds, is used in making a plastic raincoat. The cost of the film is about 45 cents a pound, and is nearly one-half the total cost of manufacture.

$\frac{1}{16}$.004 to .0055 inch.

Several of the manufacturers distribute imported plastic film raincoats along with those they manufacture. The raincoats so distributed accounted for nearly one-fourth of the total imports in 1959 and for nearly one-third of the total in 1960.

Production

Data on production of plastic film raincoats were submitted to the Commission by 15 companies, believed to account for practically the entire output. Of these companies, 10, which accounted for 95 percent of the total in 1959, were able to furnish detailed information on production and sales over a period of years (see tables 1 and 2).

Production of plastic film raincoats by the 10 companies increased from 305,000 dozen coats in 1956 to 536,000 dozen in 1958, but declined to 453,000 dozen in 1959, the first year that imports were important, and to 312,000 dozen in 1960. Annual variations in the number of plastic film raincoats produced were greater than in the number sold (table 2). The producers made additions to inventory in 1958 and 1959, and made withdrawals from inventory in 1960, when sales were reduced.

Sales

Sales of plastic film raincoats produced in the United States by the 10 concerns reporting to the Commission increased in quantity from 261,000 dozen coats in 1956 to 496,000 dozen in 1958, but declined to 351,000 dozen in 1960. In value, the sales increased from \$8 million in 1956 to \$10 $\frac{1}{2}$ million in 1958, and amounted to \$9 $\frac{1}{2}$ to \$10 million in 1959 and 1960 (table 2).

The unit value of sales by domestic producers declined from 1956 to 1958, and increased from 1958 to 1960. These changes resulted primarily from changes in the composition of sales. The decline in unit value from 1956 to 1958 attended an expansion of sales of low-priced items. The higher unit values in 1959 and 1960 accompanied the dropping of some low-priced items, on which competition from imports was centered.

In 1958, when imports were small, plastic film raincoats priced not over \$7.20 a dozen (designed to retail for about \$1 each) accounted for 8 percent of the total number sold by producers. The proportion declined to 6 percent in 1959 and to slightly less than 5 percent in 1960 (table 3). Over the same period the proportion priced over \$7.20, not over \$14.40 a dozen declined from 21 percent to 18 percent. In the higher price brackets, on the other hand, where competition from imports is slight the proportion, although not the number, of plastic film raincoats sold by the producers increased.

Producers' Inventories

Year-end inventories of plastic raincoats in the hands of producers which amounted to 71,000 dozen coats in 1956 and 59,000 dozen in 1957, increased to 137,000 dozen in 1959, and then declined to 96,000 dozen in 1960. The ratio of inventories to annual sales was 27 percent in 1956, 20 percent in 1958, 33 percent in 1959, and 27 percent in 1960.

Imports

Imports of plastic film raincoats are not separately reported in the official import statistics, but are included in statistical class No. 2098 900 "Other soft rubber manufactures, n.s.p.f." For the purposes of this investigation data on imports were obtained by analysis of customs entry papers and directly from importers through questionnaires.

Imports of plastic film raincoats, nearly all from Japan, rose sharply from 5,200 dozen in 1957 and 26,000 dozen in 1958 to 320,000 dozen in 1959. Imports in the first 6 months of 1960 were at the rate of 350,000 dozen a year, but in the next 6 months they declined to an annual rate of 255,000 dozen. On the basis of quantity, the imports comprised 41 percent of the apparent supply in 1959, and 49 percent of that in 1960 (see table 4). On the basis of value the ratios were less than one-half as great.

Some of the imports have remained as inventory in the hands of primary suppliers. The inventory of imported plastic raincoats held by importers and United States producers together was 77,000 dozen at the end of December 1959, or 24 percent of imports during the year 1959. It was 74,000 dozen at the end of 1960, or 24 percent of imports during that year.

Unlike the domestic coats, most of which are of plastic film 4 to 5½ mils in thickness, most of the imported raincoats are of plastic film not over 3 mils in thickness, and a few are of film not more than 2 mils in thickness (see table 5). Plastic film raincoats of somewhat heavier gage (over 4 mils), although remaining the lesser part of the total, constituted a much greater proportion of imports in January-June 1960 than before (table 6). The increase was largely the result of imports which were sold for distribution as premiums in conjunction with the sale of other merchandise.

The average foreign unit value of imports as shown in table 6 declined from \$10.17 a dozen in 1957 to \$5.16 in 1959, but increased to \$5.78 in the last 6 months of 1960. These changes reflect changes in the composition of imports. Prices for individual items, as reported by importers, were unchanged in 1958 and 1959, and were either unchanged or (in some cases) reduced during 1960.

To the foreign value of the imported raincoats, before comparison with the price of the domestic, must be added freight, insurance, duty and other costs of importing, and the importer's margin, to cover financing, warehousing, and administrative and selling expense.

The foreign value and costs of importing from Japan, for a representative item, are as follows:

| | <u>Per dozen raincoats</u> |
|--------------------------|----------------------------|
| Foreign value | \$4.90 |
| Freight, and other costs | .59 |
| Duty (12½ percent) | <u>.61</u> |
| Landed cost | 6.10 |

The importers' margin varies. Where the importer does not warehouse, and merely transmits orders from a handful of large customers to the manufacturer abroad, the importer's margin may be as little as 6 percent of the landed cost. Where the importer maintains warehouse stocks, on the other hand, and (like a manufacturer) has the sales organization necessary to serve as extensive trade, the importer's margin may be 30 or 40 percent.

In 1959, when plastic raincoats were first imported in large quantity, most of the coats were sold by importers at not over \$7.20 a dozen and many were sold at not over \$6 a dozen. In the first 6 months of 1960, however, sales of imported plastic raincoats priced not over \$7.20 a dozen declined, and those somewhat higher priced became the greater part of the total (see table 7).

Few of the plastic raincoats imported are sold for over \$14.40 a dozen. Three-fourths of the plastic raincoats produced in the United States, on the other hand, are sold for over \$14.40 a dozen and about one-half are sold for over \$21.60 a dozen. The quantity of plastic raincoats sold by importers and domestic producers according to value bracket is shown for 1959 in the following tabulation.

| | <u>Domestic producers</u> | <u>Importers</u> |
|--|-------------------------------|------------------|
| | <u>Dozens</u> | <u>Dozens</u> |
| Price per dozen-- | | |
| Not over \$7.20----- | 25,000 | 158,000 |
| Over \$7.20, not over \$14.40----- | 88,000 | 85,000 |
| Over \$14.40, not over \$21.60----- | 108,000 | 5,000 |
| Over \$21.60, not over \$28.80----- | 107,000 | <u>1/</u> |
| Over \$28.80----- | <u>87,000</u> | <u>-</u> |
| Total----- | 415,000 | 248,000 |

1/ Less than 500 dozen.

The imported coats, unlike the domestic, are offered in limited variety and are frequently sold upon order rather than from stock. The imported coats are sold at lower prices than domestic coats which they resemble. Because of physical differences as well as differences in the conditions of sale, however, a firm conclusion as to the precise spread on like items is impracticable.

Employment and Wages

Data on employment and wages since 1955 (table 8) were furnished by 8 concerns accounting for 86 percent of the production of plastic raincoats in 1959. Average annual employment by these concerns was 2,000 to 2,100 persons with little variation from 1956 through 1959. In the first 6 months of 1960, the employment was 1,671 persons. The reduction attended a reduction in the output of plastic raincoats which occurred both in this period, and in 1960 as a whole.

Based on the man-hours of production workers, the employment which might be attributed separately to plastic film raincoats was some 750 persons in 1956 and 850 in 1957. It became nearly 1,100 persons in 1958 and 1959, but declined to less than 850 the first 6 months of 1960.

Average hourly earnings of workers (nearly all female) on plastic raincoats are about the same as on all products in the plants covered. They have ranged from \$1.37 to \$1.41 an hour and have not changed significantly since 1956.

Sales Outlets

A substantial part of the sales by importers is to domestic producers of plastic film raincoats. Nearly all the remainder is to chain stores, and to wholesalers, distributors, and dealers. Almost two-thirds of the sales by domestic producers on the other hand are to department stores and "other" (independent) retailers. Sales to chain stores account for slightly less than 25 percent, and to wholesalers, distributors, and dealers for less than 15 percent of the total for producers. (Table 9.)

Prices

As shown by quotations for leading sales models (table 10), most producers made no change in their prices for plastic rain-coats from March 1956 through December 1960. Over the same period, however, several of the producers reduced their prices by 10 to 33 percent. The reductions began in March 1958, and applied chiefly to the low- and intermediate-priced models. The reductions made were sufficient to produce at least some slight reduction in the producers' average price on all leading models.

Financial Experience of Domestic Producers

Questionnaires were sent to the 15 concerns that are believed to account for virtually the entire domestic production of plastic raincoats. All 15 returned questionnaires that furnished at least some useful information, but only 6 furnished data that are adequate to indicate their profit-and-loss experience on plastic raincoats. For 4 of the 6 concerns plastic raincoats accounted for a sufficiently large part of their total business so that their profit-and-loss experience on their total operations was indicative of their profit-and-loss experience on plastic raincoats alone. The other two producers were able to show their profit-and-loss experience on plastic raincoats distinct from their profit-and-loss experience on their total operations. The six producers accounted for about 70 percent of the total sales of domestically produced plastic raincoats in 1959.

The three producers accounting for the bulk of the domestic production kept their financial records on the basis of fiscal years which ended, respectively, on June 30, July 31, and August 31. The remaining three kept their financial records on the basis of calendar years.

The profit-and-loss data furnished by the domestic producers are summarized in table 11. The table shows that aggregate net sales of the six producers increased steadily from \$3,660,000 in

1955-56 to \$7,696,000 in 1958-59, and amounted to \$7,670,000 in 1959-60. The average net operating profits (before income taxes) were equal to 2.9 percent of net sales in 1955-56, 4.9 percent in 1956-57, 3.6 percent in 1957-58, 3.8 percent in 1958-59, and 6.3 percent in 1959-60.

STATEMENT OF THE VIEWS OF COMMISSIONERS TALBOT, OVERTON,
JONES, AND DOWLING

Total sales of plastic raincoats in the United States increased from 262,000 dozen in 1956 and 517,000 dozen in 1958 to approximately 660,000 dozen a year in 1959 and 1960 (table 4). In 1956-58, as in earlier years, almost the entire sales consisted of raincoats produced in the United States, but in 1959 and 1960 from 35 to 45 percent consisted of imported raincoats, nearly all from Japan. However, imports in 1960 declined approximately 5 percent from 1959 (table 6).

The imported raincoats are generally of lighter gage film than the domestic, and they are generally sold in the lowest price brackets, and largely to a different trade.

A substantial proportion (approximately 64 percent) of the imported raincoats, as shown in the tabulation on page 10, are sold by the importer for not more than \$7.20 a dozen (to retail for not more than \$1 each) and nearly all (98 percent) of them are sold for not more than \$14.40 a dozen (to retail for not more than \$2 each).

Even in 1958, before imports were of consequence, less than 10 percent of the domestic raincoats (table 3) were sold for as little as \$7.20 a dozen, and in all years from 1958-60, only some 20 to 30 percent were sold for not more than \$14.40 a dozen. Approximately one-half of the number (and a much larger proportion of the value)

of domestic raincoats in all years have been sold by the domestic producers for over \$21.60 a dozen--a price level well removed from that of imports (table 3).

The imports in the first 6 months of 1960 (table 6) were at a slightly higher annual rate and were of somewhat higher average price and gage of plastic film than in 1959. These changes, however, resulted from imports resold solely for distribution as premiums, by filling stations and others, in connection with sales of another product. This channel of distribution has hardly been reached by the domestic producers. Except for the raincoats to be distributed as premiums, imports in the first 6 months of 1960 were at a lower annual rate than in 1959 and were of only about the same average price and gage as in that year.

In the last 6 months of 1960, during the principal season for sales, the imports of all plastic raincoats declined, and were at an annual rate 20 percent less than in 1959.

The domestic producers themselves are among the principal importers and distributors of imported raincoats. The chief domestic manufacturer testified that to the best of his knowledge no domestic manufacturer is now producing a raincoat to retail for \$1 (Transcript of Hearing p. 53), and that he discontinued production of a raincoat to retail for \$1 in 1958 (before imports were a factor). In that year, as stated elsewhere in his testimony (Transcript of Hearing p. 94) his factory was at "all times behind delivery." Distribution

by the domestic producers so engaged accounted for nearly one-fourth of the total imports in 1959 and for nearly one-third of those in 1960.

Except for sales to the domestic producers, nearly all the sales by importers (as shown for 1959 in table 9) are to chainstores and to wholesalers, distributors, and dealers. The ultimate distribution by the wholesalers, distributors, and dealers is through small retailers on a country-wide basis. Almost two-thirds of the sales by domestic producers, on the other hand, are to department stores and direct to "other" (larger) retailers. These are outlets, for the most part, having little or no interest in a \$1 item.

Movement of the imported raincoats into consumption has been slow. The inventory of imported plastic raincoats held by importers and U.S. producers together was 77,000 dozen at the end of December 1959, or 24 percent of imports during the preceding year. At the end of 1960, notwithstanding a reduction in the imports, the inventory of imported raincoats was 74,000 dozen.

The data obtained from the domestic producers do not disclose any such changes in production, sales, employment, prices, and profits--even since the peak sales year of 1958--as to justify a finding of serious injury or threat of serious injury. Although production and sales in 1959 were lower than in 1958, nevertheless, they exceeded production and sales in any earlier year.

A further reduction during 1960 in the number of plastic film raincoats produced (table 2) took place very largely because of inventory reduction, rather than from the decline of sales. Although the number was reduced, the value of plastic raincoats sold by producers was nearly as great in 1959 and in 1960 as in 1958, and was in excess of that in any other year. In 1960, a gain in the value of the domestically produced plastic raincoats sold took place notwithstanding a decline in the number, as the discontinuance of production of low-priced lines was accompanied by a substantial gain in the number of plastic raincoats sold for more than \$28.80 a dozen (table 3).

Expansion of the domestic capacity and output continued at least through 1958, three years after reduction in the import duty on plastic film raincoats, and the level of production in 1959 and 1960, although somewhat reduced, was much greater than in 1956, or in 1955 and earlier years when a higher rate of duty prevailed.

Employment attributable to the manufacture of plastic raincoats increased from 750 persons in 1956 and 850 in 1957 to 1,100 persons in 1958 and 1959, but declined to fewer than 850 in the first 6 months of 1960. The recent reduction in employment is greater than would have been occasioned by the reduction in sales, and has resulted in significant degree from substantial liquidation in 1960 of the unusually large inventory of plastic raincoats carried over from 1959.

Domestic producers' prices for plastic raincoats (table 10) have changed only slightly since March 1956. The principal changes occurring have been in the lowest price bracket (not over \$7.20 a dozen) which has accounted for a small and diminishing proportion of total sales.

Data adequate to indicate their profit and loss experience were furnished by 6 concerns accounting for 70 percent of the domestic production. With the exception of 1 very small producer, which showed a loss in every year, all 6 concerns showed a profit from their sales of plastic raincoats in every year, from July 1, 1956 to June 30, 1960. For the 6 producers as a group, both net sales and net operating profits increased. Net operating profits for the 6 producers together were 6.3 percent of sales in the year ending June 30, 1960, when they were greater than in any other period covered (table 11).

Table 11 includes the transactions in imports by one of the two domestic producers who also import. This fact arose from the difficulty in segregating such transactions in one of the two years during which the producer also imported. From careful examination of the financial statements submitted and of relevant data on the imports involved, it is evident that table 11 fairly reflects the domestic producers' financial results in the manufacture of plastic raincoats. 1/

1/ Net operating profit from the manufacture of plastic raincoats obviously does not include charges and credits relating to financing rather than manufacturing operations, nor does the Commission's questionnaire provide that such charges and credits be treated as operating expenses and operating income, respectively.

The absence of serious injury resulting from imports is not only indicated by increasing net sales and net operating profits but also by the ratios of net profits to owner investment or net worth. Although not shown in table 11 or in the body of the report, the financial statements submitted to the Commission include balance sheets for the 4 concerns whose total business consisted predominantly of plastic raincoats. We have carefully examined these statements. These concerns accounted for 55 percent of the domestic production in 1959. Their combined net worth increased steadily from \$730,000 during the 1956-57 period to \$990,000 during the 1959-60 period. In relation to their combined net worth their combined net operating profit was 22 percent in 1956-57, 17 percent in 1957-58, 20 percent in 1958-59, and 39 percent in 1959-60.

In conclusion, we find that, notwithstanding the increase in imports and the moderate decline in employment, the above financial results preclude a finding of serious injury or threat thereof. In our opinion a considerable part of the imports flow through a distribution system not utilized by domestic producers and most of the imports are sold in a price range much below the price range of the bulk of the domestic production. Since domestic producers have not been seriously injured by such a development, we find no sufficient

reason exists for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

Joseph E. Talbot, Chairman

J. Allen Overton, Vice Chairman

J. Weldon Jones, Commissioner

William E. Dowling, Commissioner

FINDINGS, RECOMMENDATION, AND STATEMENT OF VIEWS OF
COMMISSIONERS SCHREIBER AND SUTTON

We, Commissioners Schreiber and Sutton, find, on the basis of the investigation, including the hearing, that plastic film raincoats are, as a result in part of the customs treatment reflecting the concession granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, both actual and relative, as to cause serious injury to the domestic industry producing the like products. We further find that in order to remedy such serious injury it is necessary that there be applied to imports of such raincoats a duty of 37-1/2 percent ad valorem with an absolute annual quota of 1,000,000 units. We accordingly recommend that the concession be modified to permit the application of such increased duty and of the absolute quota specified above.

In connection with our finding that plastic film raincoats are being imported in such increased quantities as to cause or threaten serious injury to the domestic industry producing like products, we observe further that rarely has a situation been brought to the attention of the Commission which exemplified as spectacularly as does the predicament of this industry how quickly a surging flood of imports can lead to serious difficulties that require alleviation under the escape clause. Highlights of information developed in the instant investigation that bear on these matters and considerations which have led us to our conclusion are set forth below.

The sudden and dramatic rise in imports

The facts regarding the avalanche of imports speak for themselves. Imports of plastic film raincoats, nearly all from Japan, were 5,200 dozen in 1957 and 26,000 dozen in 1958. Then, in 1959, imports (320,000 dozen) suddenly increased more than 1,100 percent over the preceding year. Imports in 1960, when a recession slowed total demand, were only 5 percent smaller than the 1959 imports.

That imports have rapidly become distressingly large is apparent when they are compared with domestic production. Whereas imports in 1958 were equivalent to 5 percent of production, in 1959 they were equivalent to 71 percent of domestic output, and imports in 1960 were equivalent to 97 percent of domestic production. Manifestly, imports could not have risen so suddenly or attained such large magnitude without a concomitant major deterioration in the competitive position of the domestic industry, including all the debilitating economic consequences such a development entails for domestic producers.

Domestic production and employment plummet

With a large proportion of the U.S. market for plastic film raincoats preempted by imports, it is hardly surprising that production and employment should decline at domestic plants--which they have. In 1958, when imports were still moderate, domestic plants turned out 536,000 dozen raincoats. In 1959, with the quick ascent of imports, production dropped to 453,000 dozen. In 1960 domestic output declined sharply to 312,000 dozen--or 41 percent below the 1958 output--as imports continued at a high level.

The decline in production has been accompanied by a large drop in the total quantity of sales by domestic producers, and these sales decreased from 496,000 dozen in 1958 to 351,000 dozen in 1960. On certain categories of domestic sales, furthermore, the impact of imports has been very harsh. Thus 1960 sales by domestic producers of raincoats valued at not over \$7.20 per dozen were only slightly more than one-third the quantity of such sales in 1958. Similarly, 1960 sales of domestic raincoats valued at from \$7.20 to \$14.40 per dozen were more than 40 percent smaller in quantity than sales in 1958.

With markets and production shrinking, employment at domestic plants has skidded. Whereas about 1,100 production workers were employed in the domestic manufacture of plastic film raincoats in 1958, by the first 6 months of 1960 the number of such workers had dwindled to 850, a decline of 23 percent. Since the decrease in the number of workers was also accompanied by a substantial decline in total man hours worked, employees in the domestic industry have been called upon to bear part of the burden of increased imports by taking a substantial reduction in total wage payments.

Inventories increase sharply

The combined unsold inventory of producers and importers has increased sharply over the 3 years 1958-60. At the end of 1958 this inventory stood at 104,000 dozen coats, increased to 214,000 dozen at the end of 1959, and then declined moderately during 1960 to 172,000 dozen, which still represented an inventory 65 percent higher than at the end of 1958. Considered alone, domestic producers' inventories increased

from an average level of 52,000 dozen for the years 1955-57 to 137,000 dozen at the end of 1959, and were only moderately reduced during 1960 to 96,000 dozen at the end of the year.

Available data on financial experience do not adequately reflect recent afflictions of the domestic industry

The Commission obtained usable data on financial experience from six concerns that accounted for about three-fourths of the total domestic production of plastic raincoats in 1959. Plastic raincoats accounted for a sufficiently large part of the total business of four of these concerns so that their profit-and-loss experience on their total operations was indicative of their profit-and-loss experience on plastic raincoats alone. The other two concerns were able to show their profit-and-loss experience on plastic raincoats distinct from their financial experience on their total operations. The information thus compiled reflects almost entirely financial experience on plastic raincoats and for most recent years sales of plastic raincoats represented more than 90 percent of the total net sales shown in the Commission's tabulation of profit-and-loss data.

The available profit-and-loss information shows that annual net operating profit on sales before income taxes ranged from 3.6 percent to 6.3 percent in the three latest fiscal years, the average for all three years being only 4.6 percent. Clearly, this is not an industry with profit margins at a level where it can withstand a long period of adversity. Indeed, unless the serious injury caused by imports is alleviated quickly, it is doubtful whether domestic producers can remain solvent and continue the manufacture of plastic film raincoats.

Unfortunately, the available profit-and-loss data have a major defect from the standpoint of this investigation, namely, they do not adequately reflect the experience of the domestic industry in the light of its most recent afflictions. This results from the fact that the financial information obtained by the Commission was necessarily on a fiscal year basis, and the latest period for which profit-and-loss data are available is the fiscal year July 1, 1959-June 30, 1960. Although figures on financial experience covering the nine months after July 1, 1960 are not available, other indicators throw light on significant developments that have taken place in this period. Domestic production in the last half of 1960, for example, declined to 148,000 dozen coats compared with output of 166,000 dozen in the first six months. The lower output would, of course, be accompanied by a further decline in employment. As previously noted, total inventories remained high at the end of 1960 both in relation to production and sales. Moreover, as we will observe in greater detail later, there has been a rapid intensification of price competition from imports of better quality coats that poses a dangerous threat to the entire structure of the domestic industry. In view of these realistic indicators of added major troubles confronting domestic producers, we conclude that there has been serious deterioration in the overall financial position of the domestic plastic film raincoat industry since June 30, 1960.

Burgeoning imports force domestic producers to reduce prices despite declining output and rising labor and material costs

Between 1958 and 1960 domestic producers have found it necessary to significantly reduce prices even to hold their shrinking markets

against intense price competition from imports. These price decreases are reflected in significantly lower producers' average wholesale prices on leading models that account for over 90 percent of sales by the domestic industry. The following tabulation compares domestic producers' average wholesale prices for these leading models in September 1960 with those in effect in March 1958.

| Price range per dozen | Producers' average wholesale price per dozen | |
|------------------------------------|--|----------------|
| | March 1958 | September 1960 |
| \$7.20 and under----- | \$6.85 | \$5.49 |
| Over \$7.20 not over \$14.40----- | 13.63 | 11.99 |
| Over \$14.40 not over \$21.60----- | 19.71 | 19.08 |
| Over \$21.60 not over \$28.80----- | 27.15 | 27.02 |
| Over \$28.80 not over \$36.00----- | 35.29 | 34.39 |

With the quantity of production 41 percent lower in 1960 than in 1958 when the average net operating profit on sales before income taxes was only 3.6 percent, and with prices trending downward as indicated above,^{1/} it is obvious that the overall earning power of the domestic industry has been seriously impaired. It is also clear that since wage rates have risen since 1958, and raw material and other costs have also

^{1/} The rise in recent years in the average net unit value of domestic sales reflects a change in the composition of domestic output under the pressure of import competition and does not indicate a trend toward higher prices. As imports have increasingly taken over the bulk of the U.S. market for coats in the lower value brackets, the remaining portion of domestic production has been increasingly concentrated in coats that sell in the higher value brackets, which accordingly has operated to increase the average net unit value of domestic sales.

increased, domestic producers are being subjected to a destructive price-cost squeeze.

Other factors bearing on serious injury

It is also apparent on the basis of recent information that the tide of imports, unless restrained, promises to rise further and to engulf those areas of the U.S. market to which domestic producers have retreated in order to survive--namely, the market for higher-quality as well as higher-priced plastic raincoats. This development has, in fact, been in process for some time.

Originally the bulk of the imports consisted of garments made of lightweight film (not over 3 mils thick) and selling in the lowest price bracket (\$7.20 per dozen and under). These are the garments that sell widely in chain stores at about 98 cents each. As early as 1959, however, 20.6 percent of importers' sales consisted of coats made of plastic film between 3 and 4 mils thick and 13.4 percent of importers' sales were coats made of film between 4 and 5 mils thick. These are heavier weight and higher priced coats than the lightweight imports, and 1959 sales of coats in these weights represented 83 percent of total sales by domestic producers.

The growing volume of imports that consists of coats made of plastic film in the heavier weights is confirmed by a rise in the unit value of imports. In 1959 only somewhat more than a third of importers' sales consisted of coats valued at more than \$7.20 per dozen. In the first six months of 1960, the latest period for which information is available, 64 percent of importers' sales consisted of coats valued at

more than \$7.20 per dozen. The evidence is now unmistakable that having largely won the U.S. market for lightweight coats in the lowest value bracket, importers are now making a determined effort to take over the remaining segments of the market where, until now, domestic producers have managed to survive. Since the prices of the imported coats are substantially below those for comparable coats of domestic manufacture, this further invasion of the domestic market will be disastrously successful unless the restrictions on imports we recommend are applied.

The fact that some U.S. concerns have seen fit to import low-priced plastic film raincoats that they can no longer produce economically at home in competition with imports emphasizes the plight of domestic producers. To contend that such action contributes to deterioration of the domestic industry and forecloses the latter from relief under the escape clause simply reflects failure to discern the proper relationship between cause and effect. While some domestic producers have imported plastic raincoats, by far the largest part of the import trade in these coats has been, and continues to be, in the hands of concerns outside the domestic plastic film raincoat industry. These importing concerns, moreover, compete vigorously for sales with the domestic producers, particularly in those segments of the U.S. market where domestic producers are still active.

Significantly, the domestic producers who have imported the lower-priced coats to round out their lines, rather than produce them at home at a financial loss in competition with imports, joined with other

domestic producers in pleading for escape clause relief in proceedings under the instant investigation. This should remove any question regarding the position of those domestic producers who are also modest importers--their primary interest clearly is in their position as domestic producers; their activity as importers is incidental to this major interest and was made necessary by destructive import competition from which they wish to be, and should be, relieved.

Walter R. Schreiber, Commissioner

Glenn W. Sutton, Commissioner

APPENDIX

Decision on Motion to Dismiss

At the opening of the hearing in this investigation, counsel for importers^{1/} moved that the Commission discontinue the investigation because of lack of jurisdiction. The principal ground for this motion is that plastic-film raincoats are not products "upon which a concession has been granted under a trade agreement" within the meaning of section 7(a) of the Trade Agreements Extension Act of 1951. The basis for this contention is that (1) notice of intent to negotiate a trade-agreement concession on plastic-film raincoats has never been given and (2) plastic film raincoats are not mentioned in any of the United States schedules of concessions included in a trade agreement. After hearing arguments on the motion from importers' counsel and from counsel for the domestic producers, the Commission denied the motion (Transcript, p. 41).

If a tariff concession had not been granted on plastic raincoats in the General Agreement on Tariffs and Trade, the Commission concededly would have no jurisdiction to conduct an investigation with respect to this product for the purposes of section 7.

Plastic-film raincoats are dutiable "by similitude" to rubber raincoats, the latter being classifiable under the provision in paragraph 1537(b) of the Tariff Act of 1930 for "Manufactures of india rubber * * *, or of which [india rubber] is the component material of chief value, not specially provided for" (hereinafter referred to, for convenience, as "india rubber manufactures"). In customs parlance, this means that for

^{1/} The motion was made in behalf of Miscellaneous Goods Division of the Japanese Chamber of Commerce of New York and Japan General Merchandise Exporters Association, Tokyo, Japan, herein referred to as "importers".

tariff purposes plastic-film raincoats are assimilated with the article enumerated in the dutiable list of the tariff act which they most resemble in use, namely, rubber raincoats.^{1/} The rule of classification by "similitude" is of early origin (1842) and is stated in paragraph 1559(a) of the current tariff act, as follows:

Each and every imported article, not enumerated in this Act, which is similar in the use to which it may be applied to any article enumerated in this Act as chargeable with duty, shall be subject to the same rate of duty as the enumerated article which it most resembles in the particular before mentioned; and if any nonenumerated article equally resembles in that particular two or more enumerated articles upon which different rates of duty are chargeable, it shall be subject to the rate of duty applicable to that one of such two or more articles which it most resembles in respect of the material of which it is composed.

The concession on rubber raincoats which are dutiable under the provision in paragraph 1537(b) of the Tariff Act of 1930 for india rubber manufactures was included in item 1537(b) in Part I of Schedule XX annexed to the Protocol of Terms of Accession of Japan to the General Agreement on Tariffs and Trade (6 UST 5893), hereinafter referred to as "the Protocol", which item 1537(b) reads, in pertinent part, as follows:

| <u>Tariff Act</u> <u>of 1930,</u> <u>paragraph</u> | <u>Description of Products</u> | <u>Rate of Duty</u> |
|--|--|---------------------|
| 1537(b) | Manufactures of india rubber or gutta-percha, or of which these substances or either of them is the component material of chief value, not specially provided for * * * : * * * | |
| | Other ----- | 12-1/2% ad val. |

^{1/} Importers do not agree with this manner of stating the "similitude" principle, but its correctness will soon become evident.

Under the authority granted to the President by section 350 of the Tariff Act of 1930 to "proclaim such modifications of existing duties * * * as are required or appropriate to carry out any foreign trade agreement that the President has entered into" under section 350, the President, by Proclamation No. 3105 of July 22, 1955 (3 CFR, 1955 Supp., p. 36) proclaimed (Part I, par. (a)), "such modifications of existing duties * * * as are specified or provided for * * * in Schedule XX contained in Annex A" to the Protocol, which modifications he found (twelfth recital) to "be required or appropriate" to carry out the trade agreement (Protocol).

At the end of Schedule XX annexed to the Protocol (6 UST 5898) there appears the following note:

1. The provisions of this supplemental schedule are subject to the pertinent notes appearing at the end of Schedule XX (original), as authenticated at Geneva on October 30, 1947.

General Note 1 of "Schedule XX (original), as authenticated at Geneva on October 30, 1947" (61 Stat. (Pt. 5) A1361) reads as follows:

The provisions of this Schedule shall be construed and given the same effect, and the application of collateral provisions of the customs laws of the United States to the provisions of this schedule shall be determined, insofar as may be practicable, as if each provision of this Schedule appeared respectively in the statutory provision noted in the column at the left of the respective description of articles.

The U. S. Court of Customs and Patent Appeals has construed this General Note 1 to mean that the provisions of a United States schedule of concessions in a trade agreement are to be given the same meaning

as is given to the corresponding provisions of the statutory provisions noted in the column at the left of the respective description of article. (Morganite, Inc. v. United States, 42 C.C.P.A. (Customs) 207 (1955).) Thus, the provision for india rubber manufactures in item 1537(b) in Part I of Schedule XX annexed to the Protocol is identical in scope with the same language of paragraph 1537(b) of the Tariff Act of 1930. The question is, therefore, whether the provision in paragraph 1537(b) of the tariff act for india rubber manufactures includes plastic-film raincoats. If it does, then the corresponding language of item 1537(b) in Part I of Schedule XX annexed to the Protocol also includes them. If they are included, it follows that they have been the subject of a tariff concession granted under the General Agreement on Tariffs and Trade and the Tariff Commission has jurisdiction to conduct an investigation concerning such products under section 7 of the Trade Agreements Extension Act of 1951, as amended.

While importers concede that a trade-agreement tariff concession has been granted on india rubber manufactures (which includes rubber raincoats^{1/}) (Transcript, p. 10), they contend that such concession did not include a concession on plastic-film raincoats. This contention is based on the theory that the similitude provision in paragraph 1559 is a classification provision for nonenumerated articles and that a non-enumerated article is therefore not classifiable, by virtue of the similitude provision, under the tariff provision with which the article is

^{1/} While rubber raincoats are not specifically mentioned in paragraph 1537(b), they are "enumerated" for the purpose of the similitude provision. (Cf. in re Wise, 93 F. 443 (1898).)

assimilated. This theory was expressed by importers' counsel at page 7 of the transcript, as follows:

Now, our point here, gentlemen, is that plastic raincoats are classified under Paragraph 1559. I'm sure the point of our opposition will be that Paragraph 1559 operates to place all similitude items into the paragraph with the articles which they most resemble in use. Now, it has been determined by the Bureau of Customs that plastic raincoats are dutiable by similitude under Paragraph 1559 at the rate applicable under Paragraph 1537(b) to raincoats of rubber or rubberized fabric. Before 1955, rubberized raincoats were dutiable under 1537(b) at 25 percent ad valorem. In the negotiation, in the 1956 negotiation, this rate was reduced to 12.5 percent by concession, but the concession was upon Paragraph 1537(b). (Emphasis added).

Whether plastic-film raincoats "are classified under paragraph 1559" or whether "Paragraph 1559 operates to place all similitude items into the paragraph with the articles which they most resemble in use" was declared by importers' counsel to be "the point at issue" (Transcript, p. 34).

We think importers' theory is contrary to the established law on this subject. In a decision handed down on May 1, 1920 (Rice and Co., et al. v. United States, 10 Ct. Cust. Appls. 165), the United States Court of Customs Appeals (now the Court of Customs and Patent Appeals) described the similitude provision of the Tariff Act of 1913 (which in all essential particulars was similar to the similitude provision of the 1930 tariff act) as follows:

* * * It may fairly be said that in the general language and common understanding of those dealing with the subject, and indeed in the language of many court decisions as well, merchandise which becomes dutiable at a given rate by similitude with enumerated

articles is regarded as being brought thereby within the enumerating paragraph for assessment * * *
 * * * The similitude clause is in effect a part of and must be read in conjunction with every duty-levying provision of the act * * *. * * * In fact, paragraph 386 [the similitude provision of the 1913 tariff act] is not a duty-levying provision. It neither prescribes nor levies a single rate of duty. But it is a legislative rule of interpretation of the scope of every duty-assessing provision of the act. It is a legislative mandate upon all collectors of customs and administrative and judicial interpreters of the act as to the inclusiveness of each and every such paragraph * * *.
 (Emphasis added)

On review, the Supreme Court of the United States approved and affirmed the interpretation of the similitude provision by the Court of Customs Appeals (United States v. Rice & Co., 257 U.S. 536 (1922)). Citing the Supreme Court in a previous case (Stewart v. Maxwell (57 U.S. (16 How.) 150)), decided in 1853, the Court quoted therefrom the statement that an unenumerated article which is dutiable by similitude to an enumerated article "is provided for under the name of the article it most resembles". The Supreme Court went on to say (United States v. Rice & Co., supra) that the similitude provision "prescribes a rule of construction applicable to every paragraph of the tariff imposing duties on specifically described articles. It is a general provision intended to enlarge the scope of each paragraph to include articles not specifically described but resembling articles specified". (Emphasis added). (See also Arthur v. Fox, 108 U.S. 125 (1883).)

The decisions in the above-cited cases are ample authority for holding that articles dutiable by similitude are not dutiable as non-enumerated articles under paragraph 1559 but as the enumerated articles which they resemble under the tariff provisions where the enumerated

articles are provided for. Counsel for importers attempt to explain away the construction of the similitude provision in the Rice case as "dictum". (Transcript, pp. 18 and 39.) We do not perceive it as such. Importers' counsel object to the holding in the Rice case on the ground that "there has been nothing on it since 1921". (Transcript, p. 38.) He concedes, however, that this does not mean that the rule of the Rice case is not well established. (Transcript, p. 39.) But if a recent sign of life in the Rice case is necessary, it will be found in Salentine and Co. v. United States, 178 F. Supp. 801 (1959).

There is no question, therefore, that plastic-film raincoats are classifiable, by virtue of the similitude provision of paragraph 1559 of the Tariff Act of 1930, under the provision in paragraph 1537(b) for india rubber manufactures. Stated differently, the provision in paragraph 1537(b) for india rubber manufactures, as a matter of law, includes (by virtue of the similitude provision in paragraph 1559) plastic-film raincoats. A concession having admittedly been granted on india rubber manufactures, it follows that a concession has also been granted on plastic-film raincoats.

While we think the foregoing disposes of the question of whether or not a concession has been granted under the GATT on plastic-film raincoats, it might be observed that the Bureau of Customs, in assessing a reduced rate of duty on plastic-film raincoats, is doing so as a result of Proclamation No. 3105, supra, by which the President proclaimed modifications of duties under his statutory authority to do so when "required or appropriate to carry out" a trade agreement. It is said,

however, that the reason for the application of the reduced rate of duty on rubber raincoats to plastic-film raincoats is the similitude provision, not the trade agreement. But the operation of the similitude provision in paragraph 1559 is not unavoidable or inevitable when concessions are granted on articles directly provided for in the duty provisions. If it had been intended that the reduction in the duty on rubber raincoats should not carry with it a similar reduction in the duty on articles dutiable by similitude to rubber raincoats, this could have been done by making appropriate provision therefor in the trade agreement. That this is possible is evidenced by the fact that it was done in at least one instance. The agreement that resulted from the negotiations at Torquay, England, in 1951 included the following item in the schedule of United States concessions (3 UST 1131):

Tariff Act
of 1930,
paragraph

Description of Articles

Rate of Duty

31(a)(1)

Cellulose acetate, and compounds, combinations, or mixtures containing cellulose acetate:

In blocks, sheets, rods, tubes, powder, flakes, briquets, or other forms, whether or not colloidized, and waste wholly or in chief value of cellulose acetate, all the foregoing not made into finished or partly finished articles

12-1/2¢ per lb.

NOTE: The above-specified rate of 12-1/2 cents per pound shall not supersede the rate of 25 cents per pound specified in item 31(a)(1) and (2) in Part I of Schedule XX (original) for the purpose of determining the rate of duty applicable to any product wholly or in chief value of acrylic resin. (Emphasis added).

Except for the "NOTE", the descriptive language of the above item 31(a)(1) is precisely the language of paragraph 31(a)(1) of the Tariff Act of 1930. The products provided for in paragraph 31(a)(1) had originally been the subject of a concession in the bilateral agreement with the United Kingdom, pursuant to which the duty had been reduced from 50 to 25 cents per pound (54 Stat. 1955). A concession on the same products was included in the original GATT schedule of United States concessions continuing the rate of 25 cents per pound (61 Stat. (Pt. Stat. (Pt. 5) All62). Certain products wholly or in chief value of acrylic resin were being classified for tariff purposes under paragraph 31(a)(1) by virtue of the similitude provisions in paragraph 1559. The effect of the NOTE to item 31(a)(1) in the Torquay schedule was, therefore, to leave acrylic resin products dutiable at 25 cents per pound under the concession in the original GATT schedule of United States concessions. In other words, the NOTE had the effect of preventing the similitude provision from operating insofar as acrylic resin products were concerned. The schedule of United States concessions included in the agreement resulting from the 1956 negotiations at Geneva contained a further concession on the products provided for in paragraph 31(a)(1) of the Tariff Act of 1930, including a concession on acrylic resin products, by which the rate on acrylic resin products was reduced from 25 cents to 21 cents per pound, and the other products provided for in paragraph 31(a)(1) were reduced from 12-1/2 cents to 10-1/2 cents per pound.^{1/} (7 UST 1335).

See next page for footnote 1/.

Another instance of the stoppage of the operation of a rate-rule analogous to the "similitude" rule might be cited. In the bilateral trade agreement between the United States and the United Kingdom (54 Stat. 1897) a reduction in duty on photographic lenses provided for in paragraph 228(b) of the tariff act was included. Paragraph 1551 of the tariff act provides that cameras of which the lens is the component of chief value "shall be dutiable at the rate applicable to such photographic lens when imported separately". In order to prevent the operation of the rate rule in paragraph 1551 with respect to cameras of which the lens is the component of chief value, there was included a proviso to the concession on lenses under item 228(b) "that cameras shall not be accorded a reduction in duty by virtue of this item".

In an attempt to support their position that no concession has been granted on plastic-film raincoats, importers contend that no notice that consideration would be given to the granting of a concession on plastic raincoats preceded the trade agreement which resulted in the concession on india rubber manufactures. While we believe importers' contention is without merit, the Commission does not deem it necessary to answer this collateral argument, for the reason that the jurisdictional question must be resolved on the basis of whether or not a concession on plastic-

¹/ Importers' brief (p. 3) refers to prenegotiation listing of acrylic resin products in which a reference is made to paragraph 1559. This reference was merely informational and not required for the purpose of adequacy of notice. (See S. Handel & Sons, Inc. v. United States, 30 C.C.P.A. 61 (1942). Item 31(a)(1) of the 1956 schedule specifies acrylic resin products as a subclassification under paragraph 31(a)(1), without reference to paragraph 1559.

film raincoats had in fact been granted. The question of whether or not adequate legal notice of the possibility of granting of such a concession was given might be pertinent if the issue was whether the concession is invalid for want of adequate legal notice. Such issue is not before the Commission, nor would it be proper for the Commission to consider such a question. The Commission could not under any circumstances declare an action of the President to be invalid.

One aspect of the "adequacy of notice" question that is raised by importers does require consideration here. It is urged that because the May 1960 list of products (25 F.R. 4765) did not specifically mention plastic-film raincoats as one of the items to be considered for possible concession in proposed trade-agreement negotiations, there was no need for the Commission to find a "peril point" on that item, and that consequently the investigation under section 7 with respect to plastic-film raincoats "which grew out of section 3 as amended, is unnecessary and unjustified". (Transcript, p. 10.)

It is true that the instant investigation "grew out" of an investigation under section 3 of the Trade Agreements Extension Act of 1951 (25 F.R. 9488). Again, while the Commission considers the claim of inadequacy of the notice relating to the May 1960 list to be without merit, it is not necessary to answer this contention. Whether or not the notice was legally adequate, a concession has in fact been granted on plastic-film raincoats, and, under section 7 of the Trade Agreements Extension Act, the Commission has authority to institute an escape-clause investigation with respect to such raincoats on its own motion. The institution of

the instant investigation was by Commission action, after due notice, and assuming, arguendo, that the institution of the investigation was not required by section 3(b)(1) of the Trade Agreements Extension Act of 1951, the "peril point" investigation under section 3 was in fact made and evidence justifying an escape-clause investigation was produced. Once an escape-clause investigation is instituted, and due notice of hearing given, the considerations that led to the institution of the investigation become of no consequence insofar as the legality of the investigation is concerned.

Table 1.--Plants manufacturing plastic film raincoats: Sales, 1956-60

(In thousands of dollars)

| Product | 1956 | 1957 | 1958 | 1959 | 1960 ^{1/} |
|---------------------------|--------|--------|--------|--------|--------------------|
| Plastic film raincoats--- | 8,003 | 9,479 | 10,490 | 9,615 | 9,829 |
| Other products----- | 14,397 | 14,980 | 14,762 | 16,081 | 16,918 |
| Total, all products-- | 22,400 | 24,459 | 25,252 | 25,696 | 26,747 |

^{1/} One concern included in plastic film raincoats on the basis of its annual rate in January-June 1960, and in other products on the basis of its sales in 1959.

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

Table 2.--Plastic film raincoats: Production, sales, and closing inventory by U.S. producers, 1956-60

| Item | 1956 | 1957 | 1958 | 1959 | 1960 ^{1/} |
|-------------------------------------|--------------|---------|---------|---------|--------------------|
| Production-----1,000 dozen-- | 305 | 410 | 536 | 453 | 312 |
| Sales: | | | | | |
| Quantity-----1,000 dozen-- | 261 | 422 | 496 | 415 | 351 |
| Value-----1,000 dollars-- | 8,003 | 9,479 | 10,490 | 9,615 | 9,829 |
| Average unit value-----per dozen-- | \$30.66 | \$22.46 | \$21.15 | \$23.17 | \$28.00 |
| Closing inventory-----1,000 dozen-- | <u>2/</u> 71 | 59 | 99 | 137 | 96 |
| Ratio to annual sales----percent-- | 27 | 14 | 20 | 33 | 27 |

^{1/} One concern included on the basis of its annual rate of production and sales in January-June 1960.

^{2/} Closing inventory for 1955, only 27 thousand dozen.

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

Table 3.--Plastic film raincoats: Sales by U.S. producers, by value brackets, 1958-60

| Producers' selling price per dozen-- | Quantity ^{1/} | | | Ratio to total | | |
|--------------------------------------|------------------------|---------|--------------------|----------------|---------|--------------------|
| | 1958 | 1959 | 1960 ^{2/} | 1958 | 1959 | 1960 ^{2/} |
| | Dozens | Dozens | Dozens | Percent | Percent | Percent |
| Not over \$7.20----- | 41,168 | 24,482 | 16,279 | 8.3 | 5.9 | 4.6 |
| Over \$7.20, not over \$14.40----- | 105,152 | 87,553 | 64,406 | 21.2 | 21.1 | 18.2 |
| Over \$14.40, not over \$21.60----- | 110,111 | 108,301 | 75,730 | 22.2 | 26.1 | 21.4 |
| Over \$21.60, not over \$28.80----- | 127,967 | 107,056 | 91,301 | 25.8 | 25.8 | 25.8 |
| Over \$28.80----- | 111,600 | 87,553 | 103,323 | 22.5 | 21.1 | 30.0 |
| Total----- | 495,998 | 414,945 | 351,039 | 100.0 | 100.0 | 100.0 |

^{1/} Not precisely comparable with totals given elsewhere because of the inability of one company to furnish the value distribution.

^{2/} Total sales in 1960 distributed on the basis of the January-June experience.

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

Table 4.--Plastic film raincoats: Apparent U.S. supply and sales by U.S. producers and importers, 1957-59 and January-June and July-December 1960

| Item | (In dozens) | | | | | 1960 | | Total, 1960 1/ |
|------------------|-------------|---------|---------|------------------|-------------------|------------------|-------------------|-------------------|
| | 1957 | 1958 | 1959 | January- June | July- December | January- June | July- December | |
| Apparent supply: | | | | | | | | |
| Production----- | 409,885 | 536,105 | 452,670 | 166,310 | 1/ 145,594 | 166,310 | 1/ 145,594 | 311,904 |
| Imports----- | 5,218 | 25,987 | 320,042 | 175,288 | 2/ 127,500 | 175,288 | 2/ 127,500 | 302,788 |
| Total----- | 415,103 | 562,092 | 772,712 | 341,598 | 273,094 | 341,598 | 273,094 | 614,692 |
| Sales: | | | | | | | | |
| Producers'----- | 422,063 | 495,998 | 414,945 | 144,969 | 1/ 206,070 | 144,969 | 1/ 206,070 | 351,039 |
| Importers'----- | 4,881 | 21,239 | 248,204 | 176,736 | 2/ 128,500 | 176,736 | 2/ 128,500 | 305,236 |
| Total----- | 426,944 | 517,237 | 663,149 | 321,705 | 334,570 | 321,705 | 334,570 | 656,275 |

1/ 1 concern included on the basis of its annual rate in January-June 1960.
 2/ Estimated from the amount for concerns accounting for 87 percent of the imports in January-June 1960.

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

Table 5.--Plastic film raincoats: Sales of leading items by U.S. producers and importers, by gage of film, 1959 ^{1/}

| Gage | Value | | Percent of total | |
|-------------------------|---------------------|---------------------|---------------------|---------------------|
| | Producers' sales | Importers' sales | Producers' sales | Importers' sales |
| Not over 2 mils-----: | - | \$64,692 | - | 3.7 |
| Over 2 mils, not over : | | | | |
| 3 mils-----: | \$101,550 | 874,903 | 3.7 | 50.7 |
| Over 3 mils, not over : | | | | |
| 4 mils-----: | 1,432,169 | 355,128 | 51.7 | 20.6 |
| Over 4 mils, not over : | | | | |
| 5 mils-----: | 861,314 | 231,966 | 31.1 | 13.4 |
| Over 5 mils, not over : | | | | |
| 6 mils-----: | 312,613 | 679 | 11.3 | ^{2/} |
| Over 6 mils-----: | 62,145 | 200,305 | 2.2 | 11.6 |
| Total-----: | 2,769,791 | 1,727,673 | 100.0 | 100.0 |

^{1/} Items included represent 30 percent of sales of plastic raincoats by producers and nearly all of the estimated sales by importers.

^{2/} Less than .05 percent.

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

Table 6.--Plastic film raincoats: U.S. imports for consumption, by gage, 1957-59 and January-June and July-December 1960

| Gage | 1957 | 1958 | 1959 | 1960 | |
|--------------------------------------|----------|-----------|-----------|--------------|-------------------------|
| | | | | January-June | July-December <u>1/</u> |
| Quantity (in dozens) | | | | | |
| Not over 2 mils---- | - | - | 40,098 | 11,248 | <u>2/</u> |
| Over 2 mils, not over 4 mils----- | 5,218 | 23,487 | 219,430 | 95,430 | <u>2/</u> |
| Over 4 mils----- | - | 2,500 | 60,514 | 68,610 | <u>2/</u> |
| Total----- | 5,218 | 25,987 | 320,042 | 175,288 | 127,500 |
| Foreign value | | | | | |
| Not over 2 mils---- | - | - | \$167,200 | \$37,700 | <u>2/</u> |
| Over 2 mils, not over 4 mils----- | \$53,084 | \$151,653 | 1,031,073 | 509,961 | <u>2/</u> |
| Over 4 mils----- | - | 38,000 | 452,540 | 439,137 | <u>2/</u> |
| Total----- | 53,084 | 189,653 | 1,650,813 | 986,798 | \$737,500 |
| Unit value (per dozen) | | | | | |
| Not over 2 mils---- | - | - | \$4.17 | \$3.35 | <u>2/</u> |
| Over 2 mils, not over 4 mils----- | \$10.17 | \$6.46 | 4.70 | 5.34 | <u>2/</u> |
| Over 4 mils----- | - | 15.20 | 7.48 | 6.40 | <u>2/</u> |
| Average----- | 10.17 | 7.30 | 5.16 | 5.63 | 5.78 |

1/ Estimated from the amount for concerns accounting for 87 percent of the quantity and 94 percent of the value of imports in Jan.-June 1960.

2/ Not available.

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

Table 7.--Plastic film raincoats: Sales by U.S. importers, by value brackets, 1957-59 and January-June and July-December 1960

| (In dozens) | | | | | | |
|------------------------------------|-------|--------|---------|--------------|-------------------|--|
| Importers' selling price per dozen | 1957 | 1958 | 1959 | 1960 | | |
| | | | | January-June | July-December | |
| Not over \$2.00----- | - | - | 602 | 1,000 | <u>1/</u> | |
| Over \$2.00, not over \$6.00----- | - | 900 | 89,792 | 28,131 | <u>1/</u> | |
| Over \$6.00, not over \$7.20----- | - | 2,604 | 67,381 | 33,517 | <u>1/</u> | |
| Over \$7.20----- | 4,881 | 17,735 | 90,429 | 114,088 | <u>1/</u> | |
| Total----- | 4,881 | 21,239 | 248,204 | 176,736 | <u>2/</u> 128,500 | |

1/ Not available.

2/ Estimated from the amount for concerns accounting for 87 percent of the quantity imported in January-June.

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

Table 8.--Employment and wages by 8 U.S. plants manufacturing plastic film raincoats, 1956-59 and January-June 1960

| Year or period | Production and related workers | | | | | | | | | |
|------------------|--------------------------------|----------------|-----------|-----------------------|---|--------------------------|---|-------------------------------|--------------|---|
| | Total Employees | Average number | | Man-hours worked on-- | | Wages paid for work on-- | | Hourly earnings for work on-- | | Raincoats of unsupported plastic film 1/2 |
| | | all products | products | All products | Raincoats of unsupported plastic film 1/2 | All products | Raincoats of unsupported plastic film 1/2 | All products | All products | |
| 1956 | 2,070 | 1,877 | 3,324,443 | 1,214,776 | \$5,047,282 | \$1,695,780 | \$1.33 | | | \$1.37 |
| 1957 | 1,977 | 1,769 | 3,241,954 | 1,378,958 | 4,772,527 | 1,836,309 | 1.37 | | | 1.38 |
| 1958 | 2,136 | 1,930 | 3,379,468 | 1,692,152 | 5,201,665 | 2,316,822 | 1.38 | | | 1.38 |
| 1959 | 2,097 | 1,891 | 2,968,260 | 1,539,365 | 4,638,018 | 2,136,145 | 1.43 | | | 1.37 |
| 1960 (Jan.-June) | 1,671 | 1,520 | 1,338,948 | 665,092 | 2,124,604 | 974,982 | 1.48 | | | 1.41 |

1/ 2 producers, engaged predominantly in making plastic raincoats, included on the basis of the total for all products.

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

Table 9.--Plastic film raincoats: Sales by U.S. producers and importers, by type of sales outlet, 1959

(In thousands of dozens)

| Type of sales outlet | Producers | Importers |
|--------------------------------------|------------|------------------|
| Wholesalers, distributors, dealers-- | 62 | 66 |
| Retailers: | | |
| Chain stores----- ^{1/} | 101 | 64 |
| Department stores----- ^{1/} | 152 | 23 |
| Other----- | 96 | 14 |
| All other----- | 4 | ^{2/} 81 |
| Total----- | 415 | 248 |

^{1/} Some chain stores included as department stores.

^{2/} Includes U.S. manufacturers of plastic film raincoats.

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

Table 10.--Plastic film raincoats: Producers' average price at wholesale of leading items grouped by price range, 1956-60 ^{1/}

| Price range | Items included | Average price per dozen | | | | | | | | | | | |
|------------------------------------|----------------|-------------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|-----------|--|--|
| | | 1956 | | 1957 | | 1958 | | 1959 | | 1960 | | | |
| | | March | September | March | September | March | September | March | September | March | September | | |
| Not over \$7.20----- | 4 | \$7.25 | \$7.12 | \$7.12 | \$6.98 | \$6.85 | \$6.49 | \$6.24 | \$6.06 | \$5.49 | | | |
| Over \$7.20 not over \$11.40----- | 8 | 13.63 | 13.63 | 13.63 | 13.63 | 13.63 | 13.44 | 12.44 | 11.99 | 11.99 | | | |
| Over \$11.40 not over \$21.60----- | 11 | 20.17 | 20.17 | 20.17 | 20.17 | 19.71 | 19.71 | 19.08 | 19.08 | 19.08 | | | |
| Over \$21.60 not over \$28.80----- | 11 | 27.79 | 27.79 | 27.79 | 27.79 | 27.15 | 26.93 | 26.93 | 26.93 | 27.02 | | | |
| Over \$28.80 not over \$36.00----- | 11 | 35.07 | 35.07 | 35.29 | 35.29 | 35.29 | 35.09 | 35.09 | 34.88 | 34.39 | | | |
| Over \$36.00----- | 5 | 48.36 | 48.36 | 48.36 | 48.36 | 48.36 | 48.36 | 48.36 | 48.36 | 48.36 | | | |
| Total or average----- | 50 | 25.38 | 25.36 | 25.39 | 25.37 | 25.16 | 25.07 | 24.69 | 24.55 | 24.22 | | | |

^{1/} Grouping based on price, September 1, 1959.

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

Table 11.---Raincoats of unsupported plastic film: Profit-and-loss experience of 6 domestic producers, July 1, 1955 to June 30, 1960

| Year | Net sales | Cost of goods sold | Gross profit | Administrative, selling, and general expenses | Net operating profit or loss (-) before income taxes | Ratio of net operating profit or loss (-) to net sales |
|-------------------|----------------------|----------------------|----------------------|---|--|--|
| | <u>1,000 dollars</u> | <u>1,000 dollars</u> | <u>1,000 dollars</u> | <u>1,000 dollars</u> | <u>1,000 dollars</u> | Percent |
| 1955-56 <u>1/</u> | 3,660 | 2,782 | 878 | 771 | 107 | 2.9 |
| 1956-57 | 5,339 | 3,886 | 1,453 | 1,194 | 259 | 4.9 |
| 1957-58 | 6,682 | 4,964 | 1,718 | 1,478 | 240 | 3.6 |
| 1958-59 | 7,696 | 5,744 | 1,952 | 1,656 | 296 | 3.8 |
| 1959-60 <u>2/</u> | 7,670 | 5,479 | 2,191 | 1,711 | 480 | 6.3 |

1/ Includes data for only 5 producers; one producer operated only part of 1956, and was unable to furnish adequate information.

2/ Includes data for only 5 producers; one producer did not furnish information for 1960.

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

Note.--Fiscal years were as follows: 1 producer, year ended June 30; 1 ended July 31; 1 ended Aug. 31; and 3 producers, years ended Dec. 31.