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UNITED STATES TARIFF COMMISSION

BARBERS' CHAIRS AND PARTS THEREOF

**Report to the President on Investigation No. TEA-I-16 Under
Section 301(b)(1) of the Trade Expansion Act of 1962**



**TC Publication 319
Washington, D. C.
April 1970**

UNITED STATES TARIFF COMMISSION

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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
April 21, 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(b) of that act, relating to barbers' chairs with mechanical elevating, rotating, or reclining movements and parts thereof.

INTRODUCTION

The investigation to which this report relates was undertaken to determine whether--

barbers' chairs with mechanical elevating, rotating, or reclining movements and parts thereof, provided for in item 727.02 of the Tariff Schedules of the United States are, as a result in major part of concessions granted thereon under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing like or directly competitive products.

The investigation was instituted by the Commission on December 31, 1969, upon petition filed under section 301(a)(1) of the Trade Expansion Act of 1962 by the Emil J. Paidar Company, Chicago, Illinois-- one of two principal domestic producers--and certain labor unions.

Public notice of the institution of the investigation and of a public hearing to be held in connection therewith was given in the Federal Register of January 6, 1970 (35 F.R. 212). The hearing was

held February 3-4, 1970, and all interested parties were afforded opportunity to be present, to produce evidence, and to be heard. A transcript of the hearing and copies of briefs submitted by interested parties in connection with the investigation are attached. 1/

Also, upon the petition of the Emil J. Paidar Company, the Tariff Commission on December 31, 1969, instituted a firm investigation under section 301(c)(1) of the Trade Expansion Act. 2/ This investigation was consolidated with the investigation of the barber chair industry, pursuant to section 403(a) of the act.

Previous to these investigations, the Commission conducted three joint investigations concerning barbers' chairs and submitted reports thereon to the President on January 22, 1968. 3/

1/ The transcript and briefs were transmitted with the original report sent to the President.

2/ The Koken Companies, Inc., of St. Louis, Mo., the other major producer of barber chairs and parts was not a petitioner for these current investigations. On Sept. 15, 1969 the Koken Companies, Inc. sold its manufacturing facilities to Riverview Manufacturing Co., Missouri, Inc., St. Louis, Mo., a subsidiary of the Takara Company, New York, Inc., the principal importer of barber chairs from Japan. Riverview Manufacturing Co. was not a petitioner for these investigations.

3/ These reports were: 1. Barbers' Chairs, Report to the President on Investigation No. TEA-I-11 Under Section 301(b)(1) of the Trade Expansion Act of 1962 (TC Publication 228). 2. Barbers' Chairs; Emil J. Paidar Company, Report to the President on Investigation No. TEA-F-7 Under Section 301(c)(1) of the Trade Expansion Act of 1962 (TC Publication 229). 3. Barbers' Chairs; Koken Companies, Inc., Report to the President on Investigation No. TEA-F-8 Under Section 301(c)(1) of the Trade Expansion Act of 1962 (TC Publication 230).

FINDINGS OF THE COMMISSION

On the basis of its investigation, the Commission is divided into two equal groups with respect to whether barbers' chairs with mechanical elevating, rotating, or reclining movements and parts thereof, provided for in item 727.02 of the Tariff Schedules of the United States (TSUS), 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, serious injury to the domestic industry producing like or directly competitive articles.

Chairman Sutton and Commissioners Leonard and Newsom find that such chairs and parts are not, 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, serious injury to the domestic industry producing like or directly competitive articles.

Commissioners Thunberg, Clubb and Moore find that such chairs and parts 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 serious injury to the domestic industry producing like or directly competitive articles. Section 301(e) of the Trade Expansion Act of 1962 requires that if the Commission finds serious injury to an industry "it shall find the amount of the increase in, or imposition of, any duty or other import restriction

on such article which is necessary to prevent or remedy such injury and shall include such finding in its report to the President." In accordance with this requirement, Commissioners Thunberg, Clubb and Moore find that should the President elect to remedy the serious injury to the domestic industry by means of an increase in import restrictions, an increase in the TSUS Column numbered 1 rate of duty for such chairs and parts to a rate of 27.5 percent ad valorem would be necessary.

In a situation of this kind, section 330 of the Tariff Act of 1930, as amended by section 201 of the Trade Agreements Extension Act of 1953, requires that the findings of each group of Commissioners be transmitted to the President, and provides that those of either group may be considered by the President as the findings of the Commission.

VIEWS OF THE COMMISSIONERS

Views of Chairman Sutton and
Commissioners Leonard and Newsom

Our determination is in the negative for the reason that the conditions imposed by section 301(b) of the Trade Expansion Act of 1962 (TEA) have not been satisfied. In this investigation, an affirmative determination is dependent upon each of the following conditions being satisfied:

1. that the articles under consideration are being imported into the United States in increased quantities;
2. that such increased imports are in major part the result of concessions granted under trade agreements;
3. that the domestic barber chair industry is being caused, or is being threatened with, serious injury; and
4. that the increased imports (resulting in major part from the trade-agreement concessions) are the major factor causing or threatening to cause the serious injury to the domestic industry.

The facts regarding conditions (1) and (3) speak for themselves. In the period from 1956 to date, imports have dramatically increased from negligible quantities to almost * * * of U.S. annual consumption. As to serious injury, we share with our colleagues concern for the domestic barber chair industry--it is not only suffering serious injury, it is indeed threatened with extinction by increased imports. However, we are not able to conclude that condition (2) is satisfied: viz., that the increased imports are "in major part" the result of the trade-agreement concessions applicable thereto. It

follows that condition (4) cannot be satisfied because the requisite kind of increased imports are not present.

As is usually the situation with respect to increased imports, trade-agreement concessions have not been the only factor causing increased imports of barber chairs. The increased imports have also been caused by a variety of other interrelated factors. As we remarked in our recent determination with respect to ceramic tile, 1/ the difficulties inherent in sorting out these causal factors and arriving at some judgment as to their respective weights does not permit us to ignore them or give them short shrift in carrying out our statutory responsibility.

Barber chair imports are virtually all from Japan. The conditions which eased and accelerated the Japanese penetration of the U.S. barber chair market include, in addition to a permissive U.S. duty level on barber chairs, a number of other factors which enable the Japanese to produce barber chairs at relatively low cost, transport them to the United States, and sell them at substantially lower prices than their domestic counterparts.

Almost all Japanese barber chair imports are from Takara, 2/ a Japanese producer in a dominant position with monopoly power in the Japanese barber chair market. According to testimony received in our recent hearings, Takara supplies about 80 percent of the large

1/ Ceramic Floor and Wall Tile, Inv. No. TEA-W-11, at 3, (1970).

2/ Takara Chukosho Company, Ltd. of Osaka, Japan, represented in the United States by Takara Company, New York, Inc., a wholly-owned subsidiary.

volume of sales in its home market. Beginning in 1956, Takara entered the U.S. market and by 1969 its exports accounted for just under * * * percent of U.S. annual consumption of barber chairs. With its acquisition of the Koken producing facilities in the United States in 1969, Takara accounts for about * * * percent of U.S. annual consumption. Thus, Takara is vested with monopoly power in both the Japanese and U.S. barber chair markets.

The U.S. duty on barber chairs was 13.75 percent ad valorem on January 1, 1956, but was reduced in three stages--becoming 11.5 percent effective June 30, 1958. In the early years (1956-60), the dutiable value per chair averaged somewhat over * * *. The average unit value of U.S. producers' sales was about * * * per chair more than Takara's average landed duty-paid cost. Had the statutory duty (27.5 percent ad valorem) been applicable to the imported chairs, the spread between Takara's landed duty-paid cost and the domestic producers' unit value of sales would have been somewhat less but would have still provided Takara with quite a competitive edge over the domestic producers. Takara's dominance in the U.S. barber chair market was achieved well ahead of the duty concession granted by the United States on barber chairs in the Kennedy Round pursuant to which the 11.5 percent rate is being reduced in annual stages to 5.5 percent ad valorem by January 1, 1972. The 1970 rate is 8.0 percent ad valorem.

An additional advantage gained by Takara shortly after its successful entry into the U.S. market was a reduction in its ocean

freight costs from Japan by approximately 25 percent. Moreover, by * * *, Takara achieved additional savings in freight costs. The resulting lower freight costs increased the already large cost differential between the Japanese and domestic chairs and contributed to Takara's overall ability to market its chairs advantageously in the United States, particularly in coastal areas to which domestic producers had to ship their product from points centrally located in the United States.

Still another factor favorable to Takara's easy entry into the U.S. market was the sales and marketing methods employed by U.S. producers. Of the over 1,500 dealers that were in the business of supplying barber shops and beauty parlors in 1956, only a relatively small number were selected to sell U.S. chairs--many on an exclusive franchise basis. Takara exploited the vulnerability of this sales system to the fullest extent by inducing many of the other dealers to take on Japanese chairs. Initially, Takara's sales through these dealers--because of Takara's low prices--penetrated the large used-chair market, as barbers preferred to buy new Japanese chairs instead of used American chairs. Such penetration did not have an immediately observable effect on the level of sales of new U.S. chairs. On the dealer level, however, it cut into the lucrative used-chair sales of dealers franchised by the U.S. producers. With the passage of time, the quality of Takara's chairs improved, new models were introduced, and Takara's dealers' sales came into more direct competition with the sales of new chairs by the U.S. producers' dealers. Price

competition was intensified by Takara's practice of having several dealers in one area competing in terms of price, a practice which promoted the sales of more Japanese chairs than U.S. chairs. Again, the direct impact was borne by dealers handling U.S. chairs; previously their profitable used chair sales had declined; then they experienced less profits as a result of their declining sales of new U.S. chairs. To meet the competition many took on Takara dealerships, either supplementing their line of American chairs with the imported one, or completely abandoning the former.

By 1963, in a slowly growing U.S. market for barber chairs, U.S. producers were more directly affected by the competition from Takara. Throughout the period 1962-67, Takara maintained an average unit wholesale price which was about * * * below that of U.S. producers. It also developed new models which were not copies of U.S. chairs and capitalized on the new trend in U.S. barber shops. As a result, sales of U.S. chairs rapidly declined.

Firmly established in the U.S. market, Takara began to change its dealership policy by becoming more selective--changing from small dealers to large ones that by now were willing to accept a line of imported barber chairs (and were less likely to engage in cut-throat competition at a lower margin of profit).

As noted above, Takara's sales efforts were first concentrated on the populous East and West Coast markets of the United States. By 1966, the first year for which data respecting sales in various regions are available, Takara's position in these areas was dominant. From

these firmly established bases, Takara next directed its attention to the interior markets of the United States. By 1969, sales of Takara's chairs exceeded sales by U.S. producers in all areas except * * *. * * * in the East North Central States (the backyard of one of the major U.S. producers) Takara's sales of barber chairs made substantial gains in the period 1966-69.

Finally, Takara began acquiring new U.S. facilities for assembling, storing, and selling chairs and ancillary equipment. With over * * * percent of the U.S. market supplied by Takara in 1968, the company acquired a new modern facility in New Jersey to replace its largest and oldest one. In 1969, supplying almost * * * percent of the U.S. market, Takara purchased the manufacturing plant of one of the two U.S. producers centrally located in the United States. With it, Takara acquired the ability to produce wood work for barber shops and--on a contract basis--obtained the well-established sales organization of Koken. With this acquisition, Takara gained more of the U.S. customers, supplying about * * * percent of U.S. consumption and, in due course, may well capture virtually the whole U.S. market. That Takara is intent on doing so is evidenced by the fact that it has established an assembly and sales depot in Chicago, Illinois * * *.

In achieving a dominant or monopolistic position in the U.S. market, Takara in 1968 and 1969 implemented substantial price increases for its imported chairs. * * *. The price increases thus implemented have narrowed the average price spread between Takara's

barber chairs and U.S. producers' chairs from about * * * in the period 1962-67 to * * * in 1969.

The present economic system of Japan includes other factors favorable to its exporters in their quest for sales in the U.S. market. These factors include relatively low labor costs and tax burden, a fixed-rate exchange system with evidence of the undervaluation of the Japanese yen, and very close cooperation between industry, banking, and government which leads to advantages not enjoyed by U.S. producers. We do not believe it is necessary to probe deeply into these other factors at this time.

In summary, it is our view that economic factors other than tariff concessions far outweigh in importance and effect the impact of the aggregate of duty concessions on the imports in question. Accordingly, we conclude that the increased imports of barber chairs are not the result "in major part" of trade-agreement concessions.

We now turn to a most important matter raised by this investigation. In our opinion, the aggressive, penetration-pricing techniques employed by Takara, a Japanese monopoly, to capture a dominant (if not monopolistic), and ultimately--through the acquisition of the U.S. production facilities of Koken--clearly a monopolistic, position in the U.S. barber chair market raise serious questions under the U.S. antitrust and other laws directed against unfair competition.

Perhaps nowhere is the inherent fallacy or illogic of the "but for" principle--as applied by our colleagues--more clearly demonstrated than in a situation where its short-circuit approach to import causation

under section 301(b) of the TEA by-passes and ignores relevant, injurious, unfair or restrictive trade practices. If we were to ignore the clear causation intendment of the statute and substitute therefor our own conceptions of doing equity for the domestic industry, for the firms comprising it, and for its workers, we would thereby force the statute to fit the circumstances and, in so doing, carry its remedies into situations for which they were not designed or intended.

Section 301(b) and its related provisions were not designed as an omnibus measure--a panacea for all import ills and difficulties. These provisions of the TEA are domestic measures under which, in appropriate cases, the basis is laid for invoking the escape clause of trade agreements--notably Article XIX of the GATT. The escape-clause remedy applies against the imports into the United States from all contracting parties who, depending upon their status as initial negotiators of the relevant concessions or as suppliers of the articles, have a right to retaliate against U.S. exports to their countries. The escape-clause remedy is one which necessarily presupposes that the injurious import trade is nonetheless a legitimate trade--a trade not characterized by nor cloaked in unfair or restrictive practices.

The GATT and other international agreements contain provisions under which a contracting party is entitled to take corrective action to divest its import trade of dumping, subsidies, and other anti-competitive practices which violate its laws. Such corrective action is perforce directed only to the violators and their goods. Moreover,

under the applicable international rules, the contracting party whose exports are in violation of such laws has no entitlement to take retaliatory action.

In our opinion, neither the tariff remedy found by our colleagues to be necessary to remedy the serious injury, nor the adjustment assistance to Paidar suggested by them as being most appropriate, nor a combination of the two, offers any realistic solution for the survival of the domestic barber chair industry.

Views of Commissioners Thunberg,
Clubb*, and Moore

Until September 1969, the domestic barber chair industry in the United States was comprised of two firms, the Paidar Company and the Koken Companies, which together accounted for virtually the entire output of barber chairs produced in the continental United States. 1/ Before 1969, Paidar accounted for more than *** percent of domestic output, the Koken Companies less than *** percent. In 1969, however, the position of these two was * * *. The volume of Paidar's sales declined by about *** percent below its 1968 level while Koken succeeded in expanding its sales by nearly *** percent; consequently Paidar accounted for only *** percent of 1969 U.S. output while Koken's share rose to *** percent.

As we suggested in the 1968 decision, 2/ Koken's average cost per unit has consistently been significantly below that of Paidar.

* I note with regret that the opinion of Chairman Sutton, Commissioner Leonard, and Commissioner Newsom was not circulated to other members of the Commission prior to publication. This is an unfortunate departure from a worthwhile Commission custom--which has existed at least as long as I have been a member--of circulating draft opinions among the Commission.

Failure to circulate such drafts, of course, makes it impossible for other Commissioners to make timely comment on them. It prevents issues from being joined, information from being exchanged, and ideas from being refined. It defeats the deliberative process. In the end it may permit absurdly superficial and inadequate arguments to be published without apparent challenge.

I regret that my colleagues have found it necessary to adopt such a practice in this case.

1/ A third company, which produces beauty-parlor chairs and related articles, has manufactured a few barber chairs annually in recent years.

2/ Barbers' Chairs, Investigation No. TEA-I-11, TC Publication 228, January 1968, p. 22.

In 1968 and especially 1969 by dint of drastic surgery on its administrative and selling expenses, Paidar succeeded in reducing its average unit costs, but at the expense of a severe reduction in its marketing efforts and sales volume.

In September 1969 Koken was for all practical purposes absorbed by the Japanese importer-distributor, the Takara Company of New York. The latter, a subsidiary of the Takara Company of Osaka, Japan, the Japanese producer of barber chairs, set up a wholly owned subsidiary, the Riverview Company which purchased Koken's production facilities. Whether this new producer of barber chairs in the United States is viewed as part of the domestic industry or not is not basic to a decision in this case. In either event the domestic barber chair industry has been seriously injured within the meaning of the act.

If Riverview is viewed as preponderantly a foreign industry, employing foreign capital and foreign labor ^{1/} but operating in the United States and thus not a part of the U.S. domestic barber chair industry, it is clear that the domestic industry has been seriously injured. Paidar would then account for virtually all of the domestic industry. The Paidar Company, as we indicated earlier, is suffering serious and perhaps fatal injury. We therefore must conclude that the domestic barber chair industry in the United States is similarly being so injured by increasing imports caused by tariff concessions.

1/ * * * .

Even were we to treat any productive resource physically located in this country as part of the domestic industry, our conclusion would be the same. Both Paidar and Riverview would then comprise virtually the entire domestic industry of which nearly half would be suffering serious, perhaps mortal, injury, and threatened with nearly certain extinction in the future.

Takara-Japan has significantly lower costs than the domestic producers. In part this is the result of economies of scale realized by its larger production facilities whose capacity is sevenfold that of either Paidar or Koken. Accordingly, in recent years Takara's average unit cost (landed and duty paid) of imported barber chairs has been significantly (* * * percent) below that of either Paidar or Koken. Thus, with no change in the existing level of import restrictions, profit maximization for the Takara Company would imply continued production in Japan for sale in the U.S. market. Koken/Riverview would probably be used as a producer of barber shop-related woodwork, and as a sales organization for imported barber chairs. Paidar soon would be forced out of the barber chair industry under this more intense form of competition from Takara, and virtually the entire U.S. market for barber chairs would be supplied by Takara-produced imports from Japan.

The future for the U.S. barber chair industry (regardless of the definition) appears to us to be essentially the same--monopoly by Takara ^{1/}--whether or not imports are further restricted. Even

^{1/} The Antitrust Division of the Department of Justice decided against bringing a suit to enjoin the acquisition of Koken by Riverview, despite its anti-competitive aspects, for reasons stated in a letter to the Tariff Commission reproduced in the Appendix.

if imports were prohibited, Riverview could clearly out-compete Paidar. If under these conditions Paidar initiated a price increase and Riverview refused to follow suit, Paidar's current low level of sales would diminish still further. With its working capital already exhausted, within a matter of months Paidar would be forced out of barber chair production. Thus, although imports would be stopped, U.S. output would be produced by a foreign-owned and partly foreign-staffed U.S. subsidiary of Takara. It is therefore clear that the U.S. market in the future will in all likelihood be supplied either by Takara-Japan, Takara-Riverview, or by a combination of the two.

If it is believed to be desirable to retain a domestic barber chair producing industry in the United States, a rate of duty could be applied which would be sufficiently high to insure that Takara would continue to produce chairs at its Riverview facility but not so high as to inhibit all imports. A rate of duty which would make it a matter of indifference to Takara whether their average chair sold in the United States were produced at Riverview or imported from Japan would ensure the continued use of Riverview for the production of barber chairs to be marketed in the interior sections of the country and would insure a continued flow of imports to the markets in coastal areas. Such a rate might also hold out some hope--albeit it a small one--that Paidar could continue at least small barber chair production in the future and thus preserve a modicum of competition in the U.S. market. Such a rate of duty

would, we believe, be approximated by a return to the statutory rate of 27-1/2 percent from the present level of 8 percent.

To summarize, we believe three alternative courses of action in regard to the tariff level on barber chair imports are available, all satisfying the requirements of the statute. (1) The duty could be raised to a prohibitive level (52-1/2 percent). Such a level would result in virtual monopoly of barber chair output in the United States by Riverview and would deny consumers the benefit of competition from imports. (2) The duty could be left unchanged. In this event the U.S. barber chair industry would be confined to assembling and distributing imported chairs by Takara, but the possibility of competition from imports would remain. (3) The duty could be raised by the minimum amount (to 27-1/2 percent) necessary to retain some domestic production while permitting imports to continue. The advantage of this course lies in the fact that it may in addition preserve a minimum amount of competition in the domestic production of barber chairs and for purposes of Section 301(c) of the Trade Expansion Act, it is this rate which we find necessary to remedy the serious injury to the industry.

We wish to stress that Paidar's continued existence as a firm at this or any level of duty is dependent on receipt of adjustment assistance. Paidar has made a successful start at adjustment. * * * To expand its production and marketing of the lucrative medical, dental, and ophthalmic chairs, however, it requires working capital.

If it is able to survive in the barber chair industry at all, it will be able to do so only by supporting its corporate being through its activities in this new industry.

Supplemental Views of Commissioners Clubb and Moore

One additional aspect of this case merits comment. Two petitions for relief were received involving domestic barber chair producers. One was filed by a firm on behalf of itself, and one was filed by the same firm on behalf of the entire industry. The Commission vote in each case was the same--a 3 to 3 tie--but because of an anomaly in the law it appears that a tie vote in a firm case may be negative, while a tie vote in an industry case is positive.

In the Trade Agreements Extension Act of 1953 Congress attempted to deal with the possibility that a tie vote in the six member Tariff Commission might prevent a decision in crucial cases. The House bill attempted to solve this problem by adding a seventh Commissioner. The Senate provided instead that, where the Commission was equally divided "in any case calling for findings of the Commission in connection with any authority conferred upon the President to make changes in import restrictions," ^{1/} the President may adopt the findings of either group. In effect this meant that in case of a tie vote the President could increase import restrictions if he deemed it appropriate. This provision was agreed to by the House and became law.

In 1962 Congress enacted the Trade Expansion Act providing for the first time that individual firms and groups of workers could petition for relief from import injury. The relief to be given in such cases was not an increase in import restrictions, but rather adjustment assistance. Accordingly, it may be contended that since the tie

^{1/} 19 U.S.C. 1330(d).

vote rule of the 1953 Act applies only to cases where import restrictions can be increased, a majority of the Commissioners voting is required to grant adjustment assistance in firm and worker cases, although a tie can do it in industry cases (where the President can also increase import restrictions).

Presumably it is up to the Executive Branch--not the Commission--to interpret the tie vote provision of the 1953 Act, but if it is determined that a tie vote in firm and worker cases is negative, it is possible that Congress may wish to review the matter to insure that this is the result it desires.



Information Obtained in the Investigation

Description and uses

Barber chairs, the subject of these investigations, are specially designed chairs that are used in barber shops and in men's hair-styling shops. There are two basic types of barber chairs--conventional barber chairs and men's hair-styling chairs.

Conventional barber chairs may be classified into two subcategories--compact chairs and traditional chairs. Although both have the same general configuration and the same mechanical features, the compact chair is lighter in construction and is considered a dual purpose chair which can be used for both hair styling and hair cutting. The men's hair-styling chair, a recent innovation in barber chairs, is a modified chair for use in men's hair-styling shops--specialty shops rendering such services as the shaping, shampooing, styling, tinting, and waving of men's hair. Men's hair-styling chairs are lighter in construction than conventional barber chairs, but they have essentially the same mechanical features as the latter. Hair-styling chairs are lower in height than conventional barber chairs and the hydraulic pumps used in these chairs are lighter and have shorter pistons. 1/ Ordinarily the hydraulic pump is foot-operated on a hair-styling chair rather than hand-operated as on a conventional barber chair. As used in the remainder of this report the term "barber chair", denotes both conventional barber chairs (including compact chairs) and men's hair-styling chairs.

1/ Identical hydraulic pumps are often used in beauty-parlor chairs.

A barber chair consists of a base or pedestal on which rests a seat to which a back, arms, and a footrest are attached. To facilitate the work of the barber and to provide for the comfort of the seated patron, barber chairs incorporate mechanical devices that--when activated by hand, foot, or electric motor 1/--raise, lower, recline, revolve, or lock the seat, back, and footrest in a desired position. The principal mechanical device in a barber chair is a hydraulic pump, which is incorporated into the base or pedestal; when activated, it raises and lowers the seat, back, and footrest as a unit.

Barber chairs vary in physical dimensions according to make and model. The producers, both domestic and foreign, make several models of barber chairs; the various models differ in both construction and styling.

The production of barber chairs involves primarily the fabrication of the various metal and upholstered components (usually on a wooden base) and the subsequent assembly of these parts into complete chairs. The manufacture of the metal frame (pedestal, seat, back, and footrest) of barber chairs entails the casting, machining, chroming, stamping (or otherwise forming) of metal parts and the subassembling and assembling of such components. The upholstered part of the backrest and seat are made by constructing wooden frames, mounting springs on the

1/ Barber chairs that are powered by an electric motor are known in the trade as "motorized chairs". Their installation requires an electrical service connection (in the floor in many states) where they are to be located; because of this feature their sales have been limited largely to newly established shops. Their prices, which are considerably higher than those of nonmotorized chairs, have also limited their sale.

frames, padding the springs, and covering the whole piece with upholstery (usually vinyl) material. The upholstered parts are mounted on the metal frame after the frame has been assembled. Part of the footrest of most barber chairs is also upholstered. On some models, sheet metal parts are laminated with vinyl; on others, certain parts are made of plastic.

Barber chairs differ from beauty-parlor chairs in several features. Unlike the footrest of most beauty-parlor chairs, that of a barber chair may be raised and the back reclined to bring the entire chair into a reclining position. Moreover, the seat of a barber chair, when adjusted to its lowest position, is positioned higher from the floor than that of a beauty-parlor chair. The hydraulic pumps used in barber chairs are designed to permit a longer range of elevation than those used in beauty-parlor chairs. 1/ Barber chairs are also larger and heavier than beauty-parlor chairs.

The average life of a conventional barber chair is about 20 years and very little servicing is required during its lifetime. 2/ Consequently, parts for barber chairs are not significant articles of trade. Dealers do not maintain inventories of replacement or repair parts; they must be ordered from the manufacturer or importer.

1/ The seat height of most barber chairs can be raised about 8 to 11 inches--of most beauty-parlor chairs about 7 to 8-1/2 inches.

2/ Many chairs continue to be used as barber chairs after they are retired by the first owner.

U.S. tariff treatment

The imported products covered by these investigations are barbers' chairs with mechanical elevating, rotating or reclining movements and parts thereof, as provided for in item 727.02 of the Tariff Schedules of the United States (TSUS). The current trade-agreement rate of duty applicable to such articles is 8 percent ad valorem. This rate became effective on January 1, 1970, and reflects the third stage of a five-stage concession granted during the Kennedy Round of trade negotiations. Imports of such articles from designated Communist countries are dutiable at 35 percent ad valorem.

Before the effective date of the TSUS (August 31, 1963), barber chairs and parts were dutiable as machines and parts under paragraph 372 of the Tariff Act of 1930. The rate of duty originally applicable to such articles under the Tariff Act of 1930 was 27.5 percent ad valorem. The rate has been reduced on several occasions as a result of concessions granted under the trade agreements program. Changes in the rate applicable to barber chairs and parts since 1930 (including those

pending pursuant to a Kennedy Round concession) and the effective dates of each, are shown in the following schedule:

<u>Effective date</u>	<u>Rate of duty established</u> <u>(Percent ad valorem)</u>
June 18, 1930-----	27.5
January 1, 1948-----	15.0
June 6, 1951-----	13.75
June 30, 1956-----	13.0
June 30, 1957-----	12.0
June 30, 1958-----	11.5
January 1, 1968-----	<u>1/</u> 10.0
January 1, 1969-----	<u>1/</u> 9.0
January 1, 1970-----	<u>1/</u> 8.0
January 1, 1971-----	<u>1/</u> 6.5
January 1, 1972-----	<u>1/</u> 5.5

U.S. consumption

As measured by the number of chairs sold to dealers, the U.S. annual apparent consumption of barber chairs (hereinafter referred to as consumption) climbed erratically from 1962, reached a peak in 1966 and then declined in 1967-69. ***

The volume of annual sales of new barber chairs is influenced by various factors including changes in the size and age composition of the male population, men's hair styles, sales of used barber chairs, use of hair cutting devices in the home, prevailing economic conditions, and the number and size of barber shops being operated. In recent

1/ Reduced pursuant to a concession granted in the Kennedy Round of trade negotiations.

years new barber shops opening in shopping centers in outlying suburban areas have compensated in part at least for the excess barber chair capacity in the older shops concentrated in metropolitan areas. Data available on the number of barbers and barber shops are summarized below: 1/

Year	: Number of : barbers including : apprentices	: Number of : barbershops	: Approximate : number of barbers : per barbershop
1962-----	: 274,000	: 126,000	: 2.2
1966-----	: 321,000	: 136,000	: 2.4
1967-----	: 314,000	: 135,000	: 2.3
1968-----	: 318,000	: 134,000	: 2.4
1969-----	: 324,000	: 135,000	: 2.4

In the past dealers have done considerable business in used chairs. They have frequently renovated such chairs (largely a process of replacing the upholstery and rechroming metal parts) and sold them to shops that could not or would not buy new chairs. This trade in used chairs has declined substantially during the past several years. The decline has been attributable for the most part to the rising cost of renovating chairs and a consequent increase in price which has caused such chairs to be less attractive compared with new chairs, particularly imported chairs. In 1965-66, sales of used

1/ Based on reports of the National Association of Barber Schools, Inc.

chairs were equal to about a third of the sales of new chairs by dealers. Information from the trade indicates that sales of used chairs have deteriorated further in the past three or four years. Another apparent trend in the barber chair market is that domestic producers and importers are placing more emphasis on offering complete barber shop and beauty shop equipment lines. Sales of modular equipment or turn-key barber shops are gaining momentum largely because of price. A barber chair producer or importer can usually provide the standard furnishings of a barber shop more reasonably than a local dealer who must fabricate each sale to order.

Marketing methods

Barber chairs are usually sold by producers and importers to dealers (or jobbers), who in turn sell direct to the user. The contractual relationships between the dealer and the manufacturer or the importer vary considerably. Commonly dealers are given exclusive franchises for a geographic area. ***

Both the producers and the principal importer organize their marketing efforts in the United States by sales districts or areas. The producers' or importers' sales staffs in each district call on dealers and frequently work with the dealer's salesmen in attempting to develop prospective sales.

In some instances, sales involving the purchase of barber chairs in larger than usual numbers, such as sales to Government institutions, military installations, and barber schools, are often made directly by

the producer or importer. In such cases, the dealer that usually serves the customer or the area may or may not receive a commission on the institutional sale, depending upon the relationship that exists between that particular dealer and the supplying-producer or importer.

Before 1967 the domestic producers generally advertised only through professional barber publications. The principal importer has advertised in such journals and has also conducted large-scale mailings of advertising literature direct to barbers. Since 1967 domestic producers have also engaged in direct-by-mail advertising to a limited extent.

In the Commission's report on the previous investigation, a new method of marketing barber chairs was mentioned. Two importing concerns had begun selling barber chairs directly to barber shops (bypassing dealers) by means of advertising in professional barber publications. Both sold chairs f.o.b. point of shipment (usually the port of entry). Data for 1967-69 indicate that direct sales to barbers accounted for a small *** portion of sales of imported barber chairs because of reluctance on the part of barbers to buy from other than a local dealer. Although barber chairs seldom require repairs, new chairs must be uncrated and "set-up"; the lack of repair or service arrangements is generally a deterrent to sales where the purchaser is located at some distance from the importer.

U.S. producers

There are only two major producers of barber chairs in the United

States--Emil J. Paidar Company, Chicago, Ill., and Riverview Manufacturing Company, Missouri, Inc., St. Louis, Mo.

Effective September 15, 1969, Koken Companies, Inc. (formerly a major producer of barber chairs) sold its manufacturing assets to the Riverview Manufacturing Company, Missouri, Inc., a newly established wholly owned subsidiary of Takara Company, New York, Inc., which has been the dominant importer. Koken sold its real estate, buildings, machinery and equipment used in the manufacture of barber and beauty equipment, most of its inventory of raw materials and unfinished merchandise, and other miscellaneous items ***. It did not sell any of its right, title or interest in or to any of its trademarks, trade names, copyrights, patents, customer lists, molds, jigs and dies, dealer names, and accounts receivable ***.

The reasons for the agreement, as explained during the public hearing and as set forth in the agreement itself, were: (1) the seller, Koken, wanted to divest itself of a manufacturing operation that was yielding declining gross profits; and (2) the parent company of the purchaser, Takara, New York, Inc., wanted a manufacturing establishment in the United States. ***

* * * * *

Prior to the signing of the sales agreement between Koken and Riverview, the Antitrust Division of the U.S. Department of Justice, conducted an investigation of the proposed sale; it was decided that a suit would not be brought to enjoin the acquisition. The reasons for that decision were set forth in a letter from the Assistant Attorney General, Antitrust Division, to the Secretary of the Tariff Commission,

January 23, 1970. (That letter is reproduced in the appendix to this report.)

* * * * *

Since the sale, Riverview has produced in essentially the same manner (i.e. contracting out the manufacture of parts) essentially the same line of barber and beauty furniture and fixtures as Koken did formerly.^{1/} *** In the barber chair line, the new management has been trying to achieve economies in production *** .

The Paidar Co., currently operating a plant in Chicago, formerly had two subsidiary companies which operated two smaller establishments-- an upholstering plant at Albany, Wisconsin and a combination assembly plant and service depot at Brooklyn, N.Y. The Albany plant was closed in 1963. The assembly operations in Brooklyn were discontinued in 1957 and the facility was used as a sales office until 1965 when it was closed. A third subsidiary--Parkway Finance Co.--is engaged (and has been in the past) in installment-credit financing of equipment (including barber chairs) sold by the parent company. The remaining subsidiary is incorporated and is owned by substantially the same individuals as the parent company.

In 1940, the Paidar Co. purchased the trademark and patterns of the Theodore Kochs Co. of Chicago, which ceased producing barber chairs

^{1/} When Koken was operating the establishment, it contracted for the manufacture of most metal parts of barber chairs; except for the fabrication of the upholstered components, the polishing, plating or painting of metal parts and ***.

in that year. Paidar has continued to make and market chairs under the Kochs name. These chairs are produced in Paidar's Chicago establishment; they differ in name only from other barber chairs produced by Paidar. They have been marketed, however, through a separate dealer organization.

Since 1966, Paidar has begun the manufacture of hydraulic and non-hydraulic medical chairs, and medical cabinets. *** Its operations on barber and beauty-parlor furniture and fixtures (cabinets, mirror cases, etc.) have remained essentially the same; Paidar produces virtually all of the components used in barber chairs in its plant in Chicago. It has spent sizeable sums during the 10 years prior to 1967 to automate and improve its production facilities.

As noted in the Commission's previous report, a third producer of barber chairs--Belvedere Products, Inc. of Belvidere, Illinois--began producing barber chairs in 1965. This company is a subsidiary of Revlon, Inc., a manufacturer of cosmetics and beauty products. Beauty-parlor chairs, shampoo bowls, and related articles have remained the principal products manufactured by Belvedere. In the period 1966-69, this company produced only two models of barber chairs, both hair-styling chairs; ***.

Also, as noted in the Commission's previous report, a fourth firm--F & F Koenigkramer Co. of Cincinnati, Ohio--which had produced barber chairs for many years, discontinued such production in November 1966. This concern, still a leading producer of dental and ophthalmic chairs and related types of equipment, ceased producing barber chairs in order to utilize its full capacity on its other product lines. In the

years covered in this report, the sales of barber chairs by this company accounted for an insignificant part of the total value of sales by the firm.

In the course of its fieldwork, the Commission's staff obtained information indicating that several firms that specialize in the manufacture of beauty parlor chairs also had begun producing and marketing men's hair-styling chairs in the period 1967-69. This apparently was done on a trial basis and was found to be unprofitable. As far as is known, no domestic company, other than the three producers mentioned, currently produces barber chairs.

U.S. production, sales, and exports

During 1962-69, as in previous years, U.S. manufacturers produced barber chairs to order; consequently, their annual production approximated sales. The decline in sales of barber chairs by U.S. producers is part of a trend that began in 1963. *** The share of total annual sales of barber chairs in the United States accounted for by domestic manufacturers declined steadily from *** in 1962 to *** in 1969.

* * * * *

Domestic producers (unlike the principal importer) maintained virtually no inventories of assembled barber chairs in the period 1962-69; instead, they have inventoried parts and subassemblies for assembly into chairs. Ordinarily, barber chairs are not assembled until orders have been received. Therefore, delivery time, which usually requires several weeks, varies considerably, depending upon the backlog of orders on hand. Year-end inventories of complete

barber chairs held by domestic manufacturers averaged *** in the period 1962-69. Such inventories were mostly incidental and consisted of chairs awaiting shipment.

During the period 1962-69, U.S. exports of barber chairs declined ***.

In the period 1962-69, the value of sales of products other than barber chairs by the two principal producers increased erratically and was *** percent higher in 1969 *** than it was in 1962. However, because of the decreased sales of barber chairs, aggregate sales of all products by the two major producers declined from 1962 to 1969 ***.

* * * * *

Employment

The average number of production-and-related workers in the establishments of the two major producers (Paidar and Koken/Riverview 1/) declined from *** workers (on all products) in 1962 to *** workers in 1969. Man-hours worked on all products in these plants showed a somewhat smaller decline ***. Average annual employment of production workers was generally stable from 1962 to 1967; in 1967

1/ Man-hours worked by production workers in the Riverview Company during September-December 1969, have been added to those for Koken covering January through August 1969, to obtain data on operations in this single plant for the year 1969. Also, the average annual number of production and nonproduction employees were similarly calculated to obtain data for 1969 comparable with previous years.

both the average number of production workers and man-hours worked started a sharp decline ***. In 1969, the number of production employees, in the aggregate, was *** percent lower than in 1962, and the man-hours worked was *** percent lower.

* * * * *

The number of man-hours worked annually on the production of barber chairs in these two establishments, although higher in the period 1963-65 than in 1962 when they totaled *** thousand, declined to *** thousand in 1969 ***. The number of man-hours worked on barber chairs was, therefore, *** percent lower in 1969 than it had been in 1962. It is estimated (on the basis of man-hours worked on barber chairs relative to man-hours worked on all products) that the average annual number of workers engaged in barber chair production, which had been *** in 1962, declined by *** percent to *** workers so employed in 1969. ***.

* * * * *

After the Riverview Company purchased the manufacturing facilities of the Koken Companies in September 1969, a new labor contract was negotiated with the six unions which had represented Koken's production employees. Henceforth, the six unions while retaining their autonomy must agree among themselves and negotiate as a single unit with the company. Foremen, as such, have been eliminated and are now lead workers actively engaged in production rather than functioning as supervisors. In addition management has apparently obtained a certain degree of flexibility in the reassignment of workers to a greater variety of tasks within the plant. The new contract had no effect on

production in the period covered by this report, but it is expected that it will, in the future, enable Riverview to operate the former Koken production facilities with a more efficient employment of personnel than has been possible in the past.

Unlike Riverview, which, as noted above, now negotiates with only one labor union representative, Paidar must negotiate with each of its three unions separately.

U.S. imports

During the period 1962-69, a single importing concern (Takara Company, New York, Inc.) enlarged its share of the U.S. market for barber chairs from *** percent to *** percent. In 1968, this same concern opened a modern assembling and distribution facility (to replace an older less efficient one); in 1969, it purchased the manufacturing assets of Koken, 1/ one of the two major U.S. producers, and established an assembly and selling depot in Chicago where Paidar, the other major producer, is located.

U.S. importers.---Two firms imported barber chairs into the United States in 1962-64; 6 in 1965-67, and 4 in 1968-69. One concern, however, has accounted for most of the imports. This concern--Takara Company, New York, Inc.---formerly maintained offices and facilities for assembling barber chairs in both Brooklyn, New York and Los Angeles, California. Late in 1968, the Brooklyn operation was moved

1/ In 1968, Koken supplied about *** percent of U.S. consumption of barber chairs.

to Somerset, New Jersey into a newly built (***) facility that contains an assembly plant, showroom, and corporate office. As has been discussed earlier, in September 1969, Takara, through its wholly owned subsidiary, Riverview Manufacturing Company, Inc., acquired the manufacturing assets of Koken Companies, Inc. 1/ The significance of this acquisition--in addition to the obviously increased market share--is that Takara now will be able to supply barbershop furnishings such as back-bars, mirror cases, etc., as well as barber chairs to barbershop owners via its dealers. Heretofore, Takara had not been able to supply complete barbershops, whereas U.S. producers had the facilities to do so. ***

In addition to purchasing Koken's manufacturing assets located centrally in the United States, Takara also recently established a small warehouse and assembly depot in Chicago, Illinois--the headquarters of the other major U.S. manufacturer of barber chairs and furnishings. Takara's imported barber chairs to this depot are shipped containerized from Seattle, Washington.

In Takara's facilities in New Jersey, California, and Illinois, imported barber chairs, as well as beauty chairs, are assembled and packaged for delivery to purchasers. In the barber chair line *** virtually all of Takara's imported chairs have been shipped to the United States substantially disassembled but packaged as complete chairs, in order to save on shipping costs. *** After importation the

1/ Pertinent facts about this acquisition are described in the section dealing with U.S. producers.

chairs are completely assembled in Takara's facilities--some upholstered to order--inspected, ***.

* * * * *

The assembling and upholstering operation *** in Takara's U.S. facilities are considerably less extensive than any one of the U.S. producers' operations because the chairs when imported are already partly assembled. ***

All the barber chairs imported by Takara Company, New York, Inc. are manufactured by the parent company, Takara Chukosho Company, Ltd. of Osaka, Japan. This company is the largest producer of barber chairs in Japan; recently its annual production amounted to about 36,000 barber chairs of which about 29,000 were sold in the Japanese market and the remainder was exported. 1/ Sales of barber chairs in Japan are several times larger than in the United States, because Japanese barbers change the furnishings of their shops more frequently than the barbers in the United States. Largely since the Commission's last investigation, the majority of Japanese barbershops have changed to motorized chairs. 2/

The barber chairs produced for export to the United States are somewhat larger in size than those produced for sale in Japan; also, the exported chairs are styled to suit the tastes and requirements in

1/ Transcript of hearings, Nov. 8, 1967 (pp. 183 and 195), investigations Nos. TEA-I-11, TEA-F-7, and TEA-F-8; and Feb. 3, 1970 (pp. 129 and 130) investigations Nos. TEA-I-16 and TEA-F-9.

2/ Transcript of hearings, Feb. 3, 1970 (p. 130) investigations Nos. TEA-I-16 and TEA-F-9.

the respective export markets. Chairs marketed in Japan in the last 3 years have been predominantly motorized chairs, whereas most of the chairs exported to the United States are not motorized. Barber chairs imported into the United States are similar to domestically produced chairs; all such chairs, regardless of origin, have a manually or electrically operated hydraulic pump as an essential feature, can be elevated, reclined, and revolved, and are made for the sole purpose of seating a patron while he is being served in a barber shop or hair-styling salon. Although imported barber chairs differ from domestic chairs in some physical dimensions and styling, 1/ such differences do not affect their use by barbers in this country.

Recently three firms--in addition to Takara--imported barber chairs into the United States (including Puerto Rico). The firms were the Americana Barber Chair Company of Washington, D.C., the Save-way Barber and Beauty Supplies, Inc. of N. Miami Beach, Florida, and the Honolulu Barber and Beauty Supply, Inc. of Hawaii. ***

Volume of imports.--During 1962-69, U.S. imports of barber chairs (as distinguished from their sales in the United States) increased from *** in 1962, to *** in 1968, and then declined to *** in 1969. Such imports were valued at about *** in 1962, *** in 1968, and *** in 1969. The average unit value (f.o.b. foreign port) of the partially disassembled imported chairs which was *** in 1962, rose to *** in

1/ Chairs made by domestic manufacturers also differ in dimensions and styling from model to model.

1963, and to *** in 1969. During the same period, as in previous years, imports of parts of barber chairs, remained small compared with imports of barber chairs; 1/ they amounted to only *** in 1969. Virtually all U.S. imports of barber chairs and parts have originated in Japan.

Sales of imported barber chairs in the United States increased at an average annual rate of *** percent during 1962-66 but increased an an average rate of only about *** percent thereafter; meanwhile U.S. consumption of barber chairs increased at an average annual rate of *** percent during 1962-66 and declined thereafter at an average rate of *** percent. As a consequence, the share of consumption supplied by sales of imported chairs increased from *** percent in 1962 to *** percent in 1966, and to *** percent in 1969.

* * * * *

In 1966, the earliest year for which data on importers' sales by geographic area are available, sales of imported barber chairs in the United States were proportionately larger along the populous East and West Coasts than in the interior. *** Sales by domestic producers in these coastal areas were equal to about *** of their total sales. In 1969, the coastal areas accounted for slightly below *** of the importers' total sales while the proportion sold in the East North Central states increased.

1/ Although imports of barber chairs by the Takara Company are entered in a knocked-down condition (except for *** models which are assembled from imported parts), all imports by that company, except for repair parts, are reported as complete chairs in the import statistics.

* * * * *

In 1969, importers accounted for more of the sales of barber chairs in each area than in 1966. The most significant increases occurred in the East North Central States ***, and in the Pacific States ***.

Ocean freight rates

In its earlier report the Commission noted that ocean freight rates represent a significant part of the cost of importing barber chairs. Currently, ocean freight rates are about 10 percent higher than they were in 1966. Despite this increase, however, such rates were 25 percent lower in 1969 than those that were in effect in 1956. ***.

Pricing practices and prices

The domestic producers and principal importers issue price lists to their dealers covering the barber chairs they sell. 1/ The price lists show a list price for each model, a "trade-in allowance" for a used chair, and the dealer's cost. 2/ A "trade-in allowance" is deducted from the list price in arriving at the net price to the dealer for all chairs; it is the dealer--rather than the producers and importers-- who actually accepts and disposes of trade-ins. 3/ Optional extras, such as special upholstery, usually are added to the price.

1/ Prices of barber chairs are changed infrequently and the discounts allowed generally apply to all dealers.

2/ ***

3/ New barbershops, with no chairs to be traded in, ordinarily also pay the net price.

In ordinary practice, the dealer's cost is the list price, less a trade-in allowance, less 40 percent (with an additional discount for cash---***)). The producers and principal importers also give quantity discounts to dealers.

Prices of barber chairs, as published, do not generally include an amount to cover transportation costs; chairs are ordinarily sold f.o.b. point of shipment (usually from the producer's or importer's plant or the port of entry).

Dealers sell to their customers (barbers) largely on a negotiated price basis. Various factors--including the number of chairs sold, used chairs traded in, competition from other dealers, other barber shop equipment included in a given transaction, the prospect of future sale of supplies, and good will generated--have a bearing on the price charged for a barber chair by the dealer.

* * * * *

Profit-and-loss experience of domestic manufacturers

* * * * *



APPENDIX





UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

Address Reply to the
Division Indicated
Refer to Initials and Number
RJMCL:CDM
60-208-037

JAN 22 1970

RECEIVED

JAN 26 1970

OFFICE OF THE SECRETARY

Mr. Kenneth R. Mason
Secretary
U.S. Tariff Commission
8th & E Sts., N.W.
Washington, D. C. 20436

Re: Takara-Koken

Dear Mr. Mason:

This is in response to your inquiry concerning the acquisition of certain assets of Koken Companies, Inc. by Takara Company.

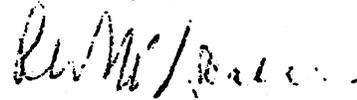
In early June 1969 the Antitrust Division began its investigation of this transaction. The investigation revealed that Takara proposed to purchase certain of Koken's manufacturing assets, with Koken to continue thereafter as an independent seller of barber and beauty supplies. Under the terms of the agreement Takara would, after the acquisition, serve as Koken's supplier of barber and beauty supplies. The value of the assets acquired was extremely small, namely \$325,000.

Although both Takara and Koken enjoyed substantial shares of the barber and beauty chair market in this country, our investigation revealed that Koken, although not a "failing company" in the sense that term is used in connection with Section 7 of the Clayton Act, had nevertheless suffered operating losses and it seemed likely that these losses would continue in the future. The proposed acquisition was also viewed in terms of allocation of the Antitrust Division's resources. Although the Division certainly has no policy which would permit small

firms to do with impunity those things prohibited by the antitrust laws, we are forced to be selective in allocating our resources even within the class of so-called little cases such as this.

After giving careful consideration to each of the foregoing factors we determined that suit should not be brought to enjoin the proposed acquisition. The transaction was consummated in late August or early September 1969.

Sincerely yours,



RICHARD W. McLAREN
Assistant Attorney General
Antitrust Division