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**COLOR TELEVISION RECEIVERS:
U.S. PRODUCTION, SHIPMENTS, INVENTORIES,
IMPORTS, EMPLOYMENT, MAN-HOURS,
AND PRICES, FOURTH CALENDAR
QUARTER 1977**

**Report to the President on Investigation
No. 332-95 Under Section 332
of the Tariff of 1930, as Amended**

**USITC PUBLICATION 866
MARCH 1978**



UNITED STATES INTERNATIONAL TRADE COMMISSION

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FOR RELEASE

MARCH 13, 1978

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USITC 78-026

USITC REPORTS RESULTS OF SURVEYS OF THE US COLOR TV INDUSTRY

The United States International Trade Commission has completed its third quarterly survey of U.S. manufacturers of color television receivers to obtain data on economic factors indicative of conditions in the U.S. industry. The survey, required by Presidential Proclamation No. 4511, covers the fourth quarter of 1977. The Commission previously reported data obtained for the fourth quarter of 1976 and the first three quarters of 1977 (USITC 77-087).

The Commission has submitted detailed data in confidence to the Special Representative for Trade Negotiations who is responsible for monitoring the Orderly Marketing Agreement implemented by the Presidential Proclamation. Data which do not reveal operations of individual firms have been aggregated and are available from the Office of the Secretary, United States International Trade Commission, Washington, D.C. 20436. These monthly data cover October 1976 through December 1977 and show production, shipments, inventories, imports, employment, man-hours, and certain prices of U.S. producers.

Table 1.--Complete color television receivers: U.S. production, by screen size categories, by months, October 1976-December 1977

(In units)				
Period	Screen size category			
	17 inches : and under	18 inches : and 19 inches	20 inches : and over	Total
1976:				
October-----	110,506	224,440	236,824	571,770
November-----	65,630	221,491	231,287	518,408
December-----	60,485	159,047	170,343	389,875
Total (Oct.-Dec.)-----	236,621	604,978	638,454	1,480,053
1977:				
January-----	76,373	207,207	188,184	471,764
February-----	83,641	210,928	218,312	512,881
March-----	99,896	285,052	238,395	623,343
Subtotal-----	259,910	703,187	644,891	1,607,988
April-----	98,924	232,384	199,033	530,341
May-----	87,407	251,345	268,590	607,342
June-----	111,106	273,550	301,970	686,626
Subtotal-----	297,437	757,279	769,593	1,824,309
July-----	67,161	164,233	163,174	394,568
August-----	97,459	<u>1/</u> 242,655	270,524	<u>1/</u> 610,638
September-----	92,636	303,115	296,512	692,263
Subtotal-----	257,256	710,003	730,210	1,697,469
October-----	90,930	321,983	284,978	697,891
November-----	75,212	285,871	285,712	646,795
December-----	59,204	235,469	235,909	530,582
Subtotal-----	225,346	843,323	806,599	1,875,268
Total-----	1,039,949	3,013,792	2,951,293	7,005,034

1/ Revised.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 2.--Complete color television receivers: U.S. imports by producing establishments, by screen size categories, by months, October 1976-December 1977

Period	Screen size category		
	17 inches and under	18 inches and over <u>1</u> / ₂	Total
	Quantity (units)		
1976:			
October-----	21,205	11,026	32,231
November-----	17,099	11,683	28,782
December-----	12,592	11,495	24,087
Total (Oct.-Dec.)-----	50,896	34,204	85,100
1977:			
January-----	10,556	5,871	16,427
February-----	4,424	2,195	6,619
March-----	11,215	8,070	19,285
Subtotal-----	26,195	16,136	42,331
April-----	11,973	7,553	19,526
May-----	24,027	19,880	43,907
June-----	30,066	26,447	56,513
Subtotal-----	66,066	53,880	119,946
July-----	5,685	16,244	21,929
August-----	19,342	24,122	43,464
September-----	7,383	29,220	36,603
Subtotal-----	32,410	69,586	101,996
October-----	17,436	33,635	51,071
November-----	9,852	26,874	36,726
December-----	4,308	20,232	24,540
Subtotal-----	31,596	80,741	112,337
Total-----	156,267	220,343	376,610
	Value (1,000 dollars)		
1976:			
October-----	3,631	2,508	6,139
November-----	2,941	2,596	5,537
December-----	2,342	2,363	4,705
Total (Oct.-Dec.)-----	8,914	7,467	16,381
1977:			
January-----	1,796	1,167	2,963
February-----	942	491	1,433
March-----	2,119	2,089	4,208
Subtotal-----	4,857	3,747	8,604
April-----	1,973	1,752	3,725
May-----	4,041	4,046	8,087
June-----	4,821	5,256	10,077
Subtotal-----	10,835	11,054	21,889
July-----	888	3,680	4,568
August-----	3,249	5,492	8,741
September-----	1,270	6,565	7,835
Subtotal-----	5,407	15,737	21,144
October-----	2,793	7,739	10,532
November-----	1,550	6,048	7,598
December-----	685	4,515	5,200
Subtotal-----	5,028	18,302	23,330
Total-----	26,127	48,840	74,967

1/ U.S. imports of complete color television receivers with a screen size of 20

Table 3.--Complete color television receivers: U.S. producers' inventories 1/of U.S.-made and imported receivers, by screen size categories, by months, October 1976-December 1977

(In units)

Period	Screen size category				Total
	17 inches : and under	18 inches : and 19 inches	20 inches : and over		
1976:					
October-----	234,050	257,813	257,255		749,118
November-----	216,225	263,646	271,718		751,589
December-----	207,412	207,168	211,388		625,968
Average (Oct.-Dec.)-----	219,229	242,876	246,787		708,892
1977:					
January-----	208,233	205,612	207,235		621,080
February-----	203,650	206,198	209,061		618,909
March-----	229,246	218,683	209,854		657,783
Average (Jan.-Mar.)-----	213,710	210,164	208,717		632,591
April-----	249,532	251,591	247,606		748,729
May-----	257,589	324,145	321,608		903,342
June-----	268,617	317,746	314,013		900,376
Average (Apr.-June)-----	258,579	297,827	294,409		850,815
July-----	238,767	300,568	281,239		820,574
August-----	251,917	303,994	268,374		824,285
September-----	214,809	295,997	246,917		757,723
Average (July-Sept.)-----	235,164	300,186	265,510		800,860
October-----	207,988	299,796	237,194		744,978
November-----	169,637	302,414	264,473		736,524
December-----	134,213	266,382	255,841		656,436
Average (Oct.-Dec.)-----	170,612	289,530	252,503		712,645
Average (1977)-----	219,516	274,427	255,285		749,228

1/ Reported on the last day of the month.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Most respondents were unable to net their production, imports, and shipments with inventories. In all cases the error was small. No attempt was made to force the balance.

Table 4.--Complete color television receivers: U.S. producers' shipments (excluding exports) 1/ of U.S.-made and imported receivers, by screen size categories, by months, October 1976-December 1977

Period	Screen size category			
	17 inches and under	18 inches and 19 inches	20 inches and over	Total
Quantity (units)				
1976:				
October-----	108,360	230,503	229,777	568,640
November-----	94,656	226,048	217,987	538,691
December-----	79,206	2/ 212,986	217,122	2/ 509,314
Total (Oct.-Dec.)-----	282,222	669,537	664,886	1,616,645
1977:				
January-----	85,107	213,507	189,667	488,281
February-----	84,883	207,726	210,348	502,957
March-----	89,377	258,868	229,937	578,182
Subtotal-----	259,367	680,101	629,952	1,569,420
April-----	88,681	187,993	158,991	435,665
May-----	103,342	211,683	196,106	511,131
June-----	126,596	293,080	299,479	719,155
Subtotal-----	318,619	692,756	654,576	1,665,951
July-----	2/ 90,097	2/ 197,488	187,554	2/ 475,139
August-----	2/ 108,093	2/ 254,591	277,795	2/ 640,479
September-----	2/ 130,077	2/ 318,308	2/ 303,479	2/ 751,864
Subtotal-----	328,267	770,387	768,828	1,867,482
October-----	111,762	340,978	289,453	742,193
November-----	117,336	305,276	257,172	679,784
December-----	96,579	273,826	226,387	596,792
Subtotal-----	325,677	920,080	773,012	2,018,769
Total-----	1,231,930	3,063,324	2,826,368	7,121,622
Value (1,000 dollars)				
1976:				
October-----	27,053	71,564	105,606	204,223
November-----	23,484	70,080	101,412	194,976
December-----	19,861	66,325	99,310	185,496
Total (Oct.-Dec.)-----	70,398	207,969	306,328	584,695
1977:				
January-----	21,023	65,901	83,950	170,874
February-----	20,972	63,781	93,942	178,695
March-----	21,447	77,657	102,859	201,963
Subtotal-----	63,442	207,339	280,751	551,532
April-----	21,086	55,640	70,267	146,993
May-----	26,100	65,207	89,253	180,560
June-----	30,980	88,686	137,955	257,621
Subtotal-----	78,166	209,533	297,475	585,174
July-----	2/ 21,323	2/ 58,710	84,824	2/ 164,857
August-----	2/ 26,132	2/ 74,294	124,988	2/ 225,414
September-----	2/ 30,504	2/ 91,838	2/ 139,050	2/ 261,392
Subtotal-----	77,959	224,842	348,862	651,663
October-----	27,153	100,555	131,319	259,027
November-----	27,831	89,873	117,452	235,156
December-----	23,438	83,156	104,242	210,836
Subtotal-----	78,422	273,584	353,013	705,019
Total-----	297,989	915,298	1,280,101	2,493,388

1/ The quantity and value of exports are small and are revealing of the operations of individual firms.

2/ Revised.

Table 5.--Color television receivers: Average number of persons employed and man-hours worked in the production of color television receivers ¹/in those establishments where complete television receivers are produced, by months, October 1976-December 1977

Period	Average number of persons employed		Man-hours worked	
	All persons	Production and related workers	All persons	Production and related workers
	Number	Number	<u>1,000</u> man-hours	<u>1,000</u> man-hours
1976:				
October-----	29,679	25,494	5,128	4,372
November-----	28,864	24,654	5,012	4,208
December-----	28,027	23,945	4,045	3,317
Average or subtotal (Oct.-Dec.)---	28,857	24,698	14,184	11,896
1977:				
January-----	27,022	22,935	4,361	3,612
February-----	27,132	22,959	4,352	3,608
March-----	27,623	23,602	4,988	4,179
Average or subtotal-----	27,259	23,165	13,701	11,399
April-----	28,500	24,363	4,861	4,101
May-----	29,506	25,468	5,256	4,480
June-----	30,106	25,897	5,876	4,977
Average or subtotal-----	29,371	25,243	15,993	13,558
July-----	31,229	26,513	4,186	3,519
August-----	30,968	26,460	5,477	4,676
September-----	30,377	26,339	5,387	4,686
Average or subtotal-----	30,858	26,437	15,050	12,881
October-----	29,256	25,359	4,929	4,201
November-----	29,033	25,158	4,953	4,218
December-----	28,493	24,655	4,817	4,099
Average or subtotal-----	28,927	25,057	14,698	12,517
Average or total (1977)-----	29,104	24,976	59,442	50,355

¹/ Does not include color picture tubes.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 6.--Color television receivers: Average unit net selling price of U.S. producers, by selected screen size categories, by months, October 1976-December 1977

Period	Screen size category			
	13 inches	16 inches and 17 inches	18 inches and 19 inches	20 inches and over
1976:				
October-----	\$231.57	\$299.87	\$310.47	\$459.60
November-----	235.17	306.29	310.02	465.22
December-----	214.79	315.55	1/ 311.40	457.39
Average (Oct.-Dec.)---	228.42	306.07	310.62	460.72
1977:				
January-----	226.11	300.36	308.66	442.62
February-----	225.16	300.53	307.04	446.60
March-----	220.73	277.06	299.99	447.34
Average (Jan.-Mar.)---	223.72	291.68	304.87	445.67
April-----	212.64	270.20	295.97	441.96
May-----	222.69	289.38	308.04	455.13
June-----	222.28	284.35	302.60	460.65
Average (April-June)---	219.91	282.09	302.46	454.45
July-----	1/ 222.98	1/ 315.56	1/ 297.28	452.26
August-----	1/ 223.26	1/ 280.35	1/ 291.82	449.93
September-----	1/ 221.48	1/ 283.73	1/ 288.52	1/ 458.19
Average (July-Sept.)---	222.48	288.95	291.86	453.76
October-----	226.90	305.94	294.90	453.68
November-----	223.25	289.61	294.40	456.71
December-----	226.50	302.01	303.68	460.46
Average (Oct.-Dec.)---	225.56	299.10	297.35	456.67
Average (1977)-----	223.03	289.47	298.79	452.91

1/ Revised.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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**CERTAIN GLOVES FROM THE PEOPLE'S
REPUBLIC OF CHINA**

**Report to the President on Investigation
No. TA-406-1 Under Section 406
of the Trade Act of 1974**

**USITC PUBLICATION 867
MARCH 1978**



UNITED STATES INTERNATIONAL TRADE COMMISSION

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Washington, D.C.
February 1978

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FOR IMMEDIATE RELEASE
March 15, 1978

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USITC 78-029

USITC FINDS IMPORTS OF GLOVES FROM THE PEOPLE'S REPUBLIC OF CHINA ARE NOT CAUSING MARKET DISRUPTION IN THE UNITED STATES

The United States International Trade Commission reported today to the President that market disruption does not exist with respect to the importation of certain cotton work gloves from the People's Republic of China.

This is the first Commission investigation under section 406 of the Trade Act of 1974, which deals with market disruption by imports from a Communist country.

The Commission vote was 4 to 2. Finding in the negative were Vice Chairman Joseph O. Parker and Commissioners George M. Moore, Catherine Bedell, and Bill Alberger. Voting in the affirmative were Chairman Daniel Minchew and Commissioner Italo H. Ablondi.

Following receipt of a petition filed by the Work Gloves Manufacturers Association of Libertyville, Ill., on December 15, 1977, the Commission instituted its investigation under section 406 of the Trade Act of 1974. A public hearing was held in Washington, D.C., on February 7, 1978, in the Commission's hearing room.

more

USITC FINDS IMPORTS OF GLOVES FROM THE PEOPLE'S REPUBLIC OF CHINA ARE NOT
CAUSING MARKET DISRUPTION IN THE UNITED STATES

2

Domestic producers of cotton work gloves are located principally in Ohio, Illinois, Michigan, Iowa, North Carolina, and Tennessee. In 1977, domestic producers shipped an estimated 21.2 million dozen pairs of these gloves and exported an estimated 630,000 dozen pairs.

Imports in 1977 from all countries totaled 6.3 million dozen pairs including 868,000 dozen pairs from the People's Republic of China.

Inasmuch as the Commission has determined that imports of the article produced in the People's Republic of China are not causing market disruption in the United States, the case is now closed, and there will be no further action.

The Commission's report, Certain Gloves from the People's Republic of China (USITC Publication 867), contains the views of the Commissioners and information developed in the investigation (No. TA-406-1). Copies may be obtained by calling (202) 523-5178 or from the Office of the Secretary, 701 E Street NW., Washington, D.C. 20436.

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Note.--The whole of the Commission's report to the President may not be made public because it contains certain information considered to be confidential or sensitive. 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

United States International Trade Commission
March 15, 1978

To the President:

In accordance with section 406(a)(3) of the Trade Act of 1974, the United States International Trade Commission herein reports the results of an investigation relating to certain cotton gloves from the People's Republic of China. The investigation (No. TA-406-1) was undertaken to determine with respect to imports of gloves of cotton, without fourchettes or sidewalls, provided for in items 704.40 and 704.45 of the Tariff Schedules of the United States, which are the product of the People's Republic of China, whether market disruption exists with respect to an article produced by a domestic industry.

The Commission instituted the investigation, under the authority of section 406(a) of the Trade Act, on December 28, 1977, following the receipt of a petition under section 406 of the Trade Act for relief from cotton gloves, without fourchettes or sidewalls, imported from the People's Republic of China, filed on behalf of the Work Glove Manufacturers Association, Libertyville, Illinois. The Commission held public hearings on this matter in Washington, D.C. on February 7 and 8, 1978. Notice of the institution of the investigation and of the public hearing was published in the Federal Register of January 4, 1978 (43 F.R. 800).

The information in this report was obtained from fieldwork and interviews by members of the the Commission's staff, from other Federal agencies, from responses to the Commission's questionnaires, from information presented at the public hearing, from briefs submitted by interested parties, and from the Commission's files.

A transcript of the hearings and copies of briefs submitted by interested parties in connection with this investigation are attached. 1/

Determination and Findings of the Commission

On the basis of its investigation in TA-406-1, concerning a product of the People's Republic of China (cotton work gloves, without fourchettes or sidewalls, provided for in items 704.40 and 704.45 of the Tariff Schedules of the United States) the Commission determines (Chairman Minchew and Commissioner Ablondi dissenting) 2/ that market disruption does not exist within the meaning of section 406 of the Trade Act of 1974.

1/ Attached to the original report sent to the President, and available for inspection at the U.S. International Trade Commission, except for material submitted in confidence.

2/ Chairman Minchew and Commissioner Ablondi voted in the affirmative--that market disruption does exist within the meaning of section 406 of the Trade Act of 1974.

Views of Commissioners George M. Moore, Catherine Bedell,
and Bill Alberger

Following the receipt of a petition filed on behalf of the Work Glove Manufacturers Association, the United States International Trade Commission instituted an investigation on December 28, 1977, under section 406(a) of the Trade Act of 1974. The purpose of the investigation was to determine, with respect to imports of gloves of cotton, without fourchettes or sidewalls, 1/ provided for in item numbers 704.40 and 704.45 of the Tariff Schedules of the United States, which are the product of the People's Republic of China (PRC), whether market disruption exists with regard to an article produced by a domestic industry.

Market disruption has occurred within the meaning of section 406 only if each of the following criteria is met.

The imported articles are--

- (1) The product of a Communist country;
- (2) Like or directly competitive with a domestically produced article;
- (3) Increasing rapidly, either absolutely or relatively; and
- (4) A significant cause of material injury or threat thereof, to a domestic industry producing such articles.

Determination

On the basis of information developed during this investigation, we determine that market disruption does not exist with respect to an article produced by a domestic industry within the meaning of section 406.

1/ A fourchette is the strip of material sewed in between the finger of the palm side and the backside of a glove. The sidewall is a strip sewed in on the little finger which extends from the end of that finger to the wrist.

Domestic cotton work glove industry

We have determined that the domestic industry producing an article which is like or directly competitive with the subject cotton work gloves imported from the PRC consists of the domestic producers of cotton work gloves with or without fourchettes or sidewalls.

Although official data are not available as to the precise number of firms manufacturing cotton work gloves, we estimate that there are 50 to 60 such firms, employing about 8,000 workers. These firms are located principally in the Southern and Midwestern States. A number of domestic producers import cotton work gloves to fill out their own lines, usually in cases where they have ceased producing certain types and styles, or when they are producing such cotton work gloves in smaller quantities. Similarly, some domestic producers buy cotton work gloves from other domestic producers.

The work gloves which are produced by the domestic industry are made of cotton, not of lace or net and not ornamented, and produced from a pre-existing machine-knit or machine-woven fabric, or from any combination of such fabrics. If imported, such cotton work gloves would be dutiable under items 704.40 and 704.45 of the Tariff Schedules of the United States. These gloves include several distinct types, ranging from the simple white inspector's gloves to the standard canton flannel, jersey or terry cloth glove.

Standards for determination

In reaching our determination it was necessary to apply the definition of "market disruption" contained in section 406(e) of the Trade Act of 1974 to the facts in this case. This section provides that--

(2) Market disruption exists within a domestic industry whenever imports of an article, like or directly competitive with an article produced by such domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry. 1/

Imports.--To satisfy the definition of "market disruption" cited above imports must be "increasing rapidly." In this case, imports of cotton gloves from the PRC were almost negligible for the years 1972-75, but abruptly increased to 966,000 dozen pairs in 1976 which represented about 19 percent of total imports of cotton gloves. Subsequently in 1977 the share of imports of cotton work gloves from the PRC declined to less than 14 percent. Between 1972 and 1976, however, the ratio of imports from the PRC to domestic producers' shipments increased from less than one-half of 1 percent to about 5 percent while the ratio of imports to apparent consumption increased from less than one-half of 1 percent to about 4 percent. Although imports from the PRC declined in 1977, they remained above the pre-1975 level and their ratio to domestic consumption remained above 3 percent. The foregoing facts may suggest a determination of rapidly increasing imports; however, we make no specific conclusion on this issue. 2/

Significant cause of material injury or threat thereof.--The legislative history of the Trade Act of 1974 clearly establishes that both the injury criteria

1/ Commissioners Bedell and Alberger recognize that material injury and significant cause are lesser standards than serious injury and substantial cause, as used in section 201. Rapidly increasing imports must necessarily be a tougher standard than increasing imports, however. The statute clearly recognizes that nonmarket economies such as the PRC can make government-level decisions to sell large quantities of products at extremely low prices over a short period of time in this country, and such actions may have a serious impact on domestic industries. Such behavior should not occur, and this statute provides an avenue for prompt relief.

2/ Commissioner Moore finds that imports of work gloves from the PRC are "increasing rapidly" within the meaning of section 406(e) of the Trade Act of 1974.

and the causation requirement in section 406 were intended to be more easily satisfied than the standards in escape clause cases under section 201 of the act. ^{1/} Nevertheless, section 406(e)(2) of the act requires that the causation between the imports of cotton work gloves from the PRC and any material injury, or threat thereof, to a domestic industry must be identifiable as "a significant cause of material injury, or threat thereof, to such domestic industry."

Evidence obtained during this investigation establishes that there is a serious question as to whether the domestic industry described above is suffering material injury. U.S. producers' shipments increased from 18.5 million dozen pairs in 1975, to 19 million dozen pairs in 1976. Although complete official data are not yet available for 1977, responses to the Commission's questionnaires and testimony at the public hearing in connection with this investigation indicate a continuing increase in producers' shipments for 1977. Employment, measured by hours worked by production and related workers on cotton gloves, also rose in 1977--to the highest level since 1974.

The increases in shipments and employment in 1977 produced a gain in the industry's profitability. Although the ratio of net profits to net sales before taxes on producers' cotton glove operations declined from 8.3 percent in 1975 to 6.7 percent in 1976, the ratio in 1976, nevertheless, is significantly higher than in other sectors of the domestic apparel manufacturing industry. In fact, the ratio of net profits to net sales for producers of cotton gloves reported to the Commission was 8.7 percent in 1977--higher than in any other year since 1972. Analysis of the balance sheets of a representative sample of firms in the industry reveals cash positions, liquidity ratios, and debt/equity positions at least as strong as

^{1/} U.S. Cong., Senate Committee on Finance, Trade Reform Act of 1974. Report No. 93-1298 (to accompany H.R. 10710), 93d Cong., 2d Sess., 1974, at 212.

those of all manufacturers of approximately the same size. The profitability levels of manufacturers of cotton work gloves are generally higher than for other apparel manufacturers.

There is no indication that there exists any threat of material injury. The quantities of imports of cotton work gloves from the PRC have begun to stabilize rather than continue to increase and the prices of the gloves have been rising. Furthermore, according to the Commission's estimates, the margins by which Chinese gloves undersell other imported gloves in the domestic market have narrowed greatly since 1976.

However, for the sake of argument, if material injury or the threat thereof exists, in our opinion a significant causal connection between such injury and imports of cotton work gloves from the PRC does not exist. The Commission sought diligently to determine whether domestic producers lost sales to imports from PRC. Such lost sales to these imports could be verified in only one case and they were lost to a retail account. Only a very small percentage of cotton work gloves imported from the PRC reaches the retail market. Most imports of PRC cotton work gloves were sold to industrial users. According to statements by industrial purchasers of work gloves, no attention was paid to whether a cotton work glove was imported, and in nearly all cases they were not aware of the country of origin.

Approximately 60 percent of all cotton work gloves imported from the PRC were imported by domestic cotton work glove producers. Evidence indicates if domestic producers could not import cotton work gloves from the PRC, there is every reason to believe that they would import such gloves from some other foreign source. In fact, imports of cotton work gloves from the PRC are substantially less than imports

of such gloves from Hong Kong, which supplied about 40 percent of imports during 1975-76 as compared with less than 20 percent from the PRC.

Thus, it is clear that any asserted material injury, or threat thereof, to the domestic producers of cotton work gloves cannot be attributed to imports from the PRC. Similarly, imports of such gloves do not pose any threat of material injury to a domestic industry.

Conclusion

Information obtained during this investigation establishes that imports of cotton gloves, without fourchettes or sidewalls, provided for in item numbers 704.40 and 704.45 of the Tariff Schedules of the United States, which are the product of the PRC, are not a significant cause of material injury, or threat thereof, to an industry in the United States producing a like or competitive article.

Views of Vice Chairman Joseph O. Parker

Following the receipt of a petition filed on behalf of the Work Glove Manufacturers Association, Libertyville, Illinois, the United States International Trade Commission, on December 28, 1977, instituted an investigation under section 406(a) of the Trade Act of 1974 to determine, with respect to imports of gloves of cotton, without fourchettes or sidewalls, 1/ provided for in items 704.40 and 704.45 of the Tariff Schedules of the United States, which are the product of the People's Republic of China (China), whether market disruption exists with respect to an article produced by a domestic industry. This is the Commission's first investigation under the provisions of section 406.

Determination

On the basis of the information obtained in this investigation, I determine that market disruption, within the meaning of section 406, does not exist with respect to an article produced by a domestic industry.

The domestic industry

Under the statute, the Commission has the responsibility of determining the domestic industry which produces an article like or directly competitive with the imported article.

The cotton work gloves being imported from the People's Republic of China, which are the subject of this investigation, are like or directly competitive with various types of work gloves produced domestically.

1/ A fourchette is the strip or shaped piece used for the sides of the fingers of a glove. The sidewall is a strip sewed in on the little finger which extends from the end of that finger to the wrist.

The petitioners contend, however, that the domestic industry should be defined narrowly to include only the manufacture of cotton work gloves. 1/

In my judgment, this concept of the domestic industry is too narrow.

Many manufacturers of ordinary work gloves produce cotton work gloves of different types for specialized uses which, because of the specialized nature of their uses are less competitive with cotton work gloves generally than are cotton work gloves with work gloves made in whole or in part of other materials. Many manufacturers of cotton work gloves also produce work gloves which are made in whole or in part of other materials, including rubber, plastics, and leather. Work gloves for nonspecialized uses, which are capable of the same end uses and purposes are generally competitive in the marketplace, with price, durability, and other quality factors being determinative in the selection by the purchasers. 2/

In this investigation, however, it is immaterial whether the domestic industry is defined narrowly or broadly because, irrespective of the definition, the statutory criteria essential for an affirmative determination have not been met.

Statutory criteria

In section 406(e)(2) of the Trade Act of 1974, "market disruption" is defined as follows:

Market disruption exists within a domestic industry whenever imports of an article, like or directly competitive with an article produced by such

1/ In the Matter of Certain Gloves From The People's Republic of China, Brief on Behalf of the Work Glove Manufacturers Association, p. 11.

2/ See, Certain Gloves, Report to the President on Investigation No. TA-201-9 . . . , USITC Pub. 760, March 1976, pp. A-2 and A-19.

domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry.

Are increasing rapidly - In order to make an affirmative determination that market disruption exists, it must be determined that imports "are increasing rapidly either absolutely or relatively." The use of the present tense "are increasing" corroborates a legislative intent for using a current time frame for determining whether "market disruption exists," which itself is in the present tense. This interpretation is supported by the legislative history contained in the report of the Senate Committee on Finance which states:

The increase in imports required by the market disruption criteria must have occurred during a recent period of time, as determined by the Commission taking into account any historical trade levels which may have existed. 1/

This statement clearly indicates that the market disruption criteria require that the increase in imports must have been in a recent period, taking into consideration historic trade levels.

Not only must the increase in imports be recent, but it must be at a rapidly increasing pace. The rapid increase must, however, involve a quantum of imports which would be of a weight necessary to meet the injury requirement of the statute.

Prior to 1972, there were no imports of cotton gloves from China. Imports of the subject cotton gloves were negligible for the years 1972-75,

1/ Trade Reform Act of 1974: Report of the Committee on Finance . . . ,
S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p. 212.

the first years of trade in cotton gloves with China. During 1976, imports from China of cotton gloves, without fourchettes or sidewalls, reached their highest level, 966,000 dozen pairs, which was only about 4 percent of domestic consumption of this type of cotton glove. In 1977, imports of these gloves then declined by almost 100,000 dozen pairs, to about 3 percent of domestic consumption of such gloves. This decline in U.S. imports from China in 1977 occurred notwithstanding a strong increase in demand for cotton work gloves which was manifested by increased domestic production, increased imports from foreign sources other than China, increased prices of work gloves, and increased profitability of the domestic industry. The decline in imports from China in 1977 is in sharp contrast to the increasing imports in that year from other sources such as Hong Kong and Japan. Thus, immediately following the year in which imports from China first exceeded 1 percent of domestic consumption and, in the face of increasing market demand, imports from China turned downward.

Significant cause of material injury

The statutory phrase "significant cause of material injury, or the threat thereof, to such industry," originated in an amendment when the Trade Act of 1974 was being considered by the Senate Committee on Finance. In its report, the Senate Committee on Finance stated:

This market disruption definition contained in the Committee bill is formulated along lines similar to the criteria for import relief under section 201 of this bill. However, the market disruption test is intended to be more easily met than the serious injury tests in section 201. While section 201(b) would require that increased imports of the article

be a "substantial cause" of the requisite injury or the threat thereof, to a domestic industry, section 406 would require that the article is being, or is likely to be imported in such increased quantities as to be a "significant cause" of material injury, or the threat thereof. The term "significant cause" is intended to be an easier standard to satisfy than that of "substantial cause." On the other hand, "significant cause" is meant to require a more direct causal relationship between increased imports and injury than the standard used in the case of worker, firm and community adjustment assistance, i.e., "contribute importantly." In addition, the term "material injury" in section 406 is intended to represent a lesser degree of injury than the term "serious injury" standard employed in section 201. 1/

Although the term "significant cause" is not defined in the statute, the legislative history indicates that the term is intended to be an easier standard to satisfy than the "substantial cause" standard in section 201 and a higher standard of causation than that required in adjustment assistance cases. Subsection (b)(4) of section 201 of the Trade Act of 1974 defines "substantial cause" as "a cause which is important and not less than any other cause." Section 222, 251 and 271 of the Trade Act of 1974, which relate to adjustment assistance, define "contribute importantly" to mean a cause which is important but not necessarily more important than any other cause. The causal connection between the imports of cotton gloves from China and any material injury, or threat thereof, to the domestic industry must, at least, be factually identifiable to come within the standard. As the Senate Committee on Finance indicated in its explanation of section 201, however, it is obvious that a mathematical "weighing" of causes is not intended to be applied by the Commission in making its determination under section 406. 2/

1/Trade Reform Act of 1974: Report of the Committee on Finance . . . , p. 212.
2/Ibid., p. 120.

The term "material" as applied to injury is also a new term in the statute which is not defined. The statutory history indicates that "material injury" is intended to represent a lesser degree of injury than the "serious injury" standard of section 201. 1/ As with the term "significant cause," however, the terms "material injury" are not rigid or capable of specific measurement. The meaning which the Commission gives these terms is necessarily a matter of judgment, dependent upon an analysis of the relevant facts with respect to the issues involved. In my judgment, the information developed during the Commission investigation establishes that these statutory criteria have not been satisfied.

In March 1976, an investigation was completed under section 201 of the Trade Act with respect to gloves. 2/ Gloves of cotton, without fourchettes or sidewalls, from China, provided for in items 704.40 and 704.45 of the TSUS, were within the scope of that investigation.

In that investigation, the Commission reported that between 1971 and 1974, apparent consumption of all cotton gloves, including imports from all sources, increased from 26.9 million dozen pairs to 32.3 million dozen pairs. During this period, U.S. manufacturers' shipments increased from 25.9 million dozen pairs to 29.1 million dozen pairs. Imports of all cotton gloves increased from 1.2 million dozen pairs to 4.1 million dozen pairs during the same period and the ratio of imports to consumption increased from 5 to 13 percent. Imports of cotton gloves from China, which are the subject of this investigation, were small, only reaching a level of about 168,000 dozen pairs in 1974.

1/ Trade Reform Act of 1974: Report of the Committee on Finance . . ., p. 212.

2/ Certain Gloves, Report to the President on Investigation No. TA-201-9 . . ., USITC Pub. 760, March 1976.

Price data gathered during the previous investigation indicate that prices of domestically produced cotton gloves, which had held steady in 1970 and 1971, began to rise in 1972 and climbed steadily until late in 1974. The rising prices and increased consumption during the period 1971-74 were accompanied by increasing profits for the domestic industry. Net profits in 1974 for U.S. producers reporting to the Commission on production of cotton and leather gloves were over 4 times profits in 1971. Until the end of 1974, domestic producers of cotton gloves were operating in a market of rising demand and rising prices and their shipments and profits were increasing.

The glove industry experienced a recession year in 1975. Apparent U.S. consumption of all types of cotton gloves decreased from over 32 million dozen pairs in 1974 to approximately 25 million dozen pairs in 1975. Domestic consumption of cotton gloves, without fourchettes or sidewalls, also decreased from 26.2 million dozen pairs in 1974 to 20.3 million dozen pairs in 1975. Total imports of such gloves decreased by approximately 125,000 dozen pairs and imports from China declined from 168,000 to 121,000 dozen pairs. In 1975, as in the previous 3 years, the ratios of imports of gloves of cotton, without fourchettes or sidewalls, from China to U.S. producers' shipments and apparent domestic consumption of such gloves were less than 1 percent. The ratios of such imports to domestic production and consumption of all types of cotton gloves were even smaller.

After the sharp decline in demand in 1975, the market for work gloves improved. Domestic consumption of all types of cotton gloves increased in 1976 by over 4 million dozen pairs to over 29 million dozen pairs.

Domestic consumption of gloves of cotton, without fourchettes or sidewalls, increased by approximately 3 million to 23.3 million dozen pairs. Domestic production of such gloves increased by approximately 0.5 million dozen pairs. Imports increased by approximately 2.5 million dozen pairs. Of this increase, imports from China accounted for only 845,000 dozen pairs and represented only about 4 percent of domestic consumption.

Data are not yet available on apparent domestic consumption of all types of cotton gloves in 1977. Estimates of domestic consumption in 1977 of cotton gloves, without fourchettes or sidewalls, based on Commission questionnaire returns, indicate a continuing strengthening of the market with an estimated increase in consumption of approximately 3.6 million dozen pairs. The questionnaire returns also indicate that domestic producers' shipments have increased by approximately 2.3 million dozen pairs in 1977. While total imports in 1977 of gloves of cotton, without fourchettes or sidewalls, increased by approximately 1.3 million dozen pairs, imports of these gloves from China declined by almost 100,000 dozen pairs and their share of apparent domestic consumption declined to about 3.2 percent.

The decline in imports from China of gloves of cotton, without fourchettes or sidewalls, in 1977 is in contrast to the increase in imports from other sources. Imports from Japan and Hong Kong, the other principal foreign suppliers, increased by over 1.2 million dozen pairs.

The financial data developed during the course of the investigation show that the industry was profitable in each of the years 1975-77, with the ratios of net operating profit to net sales above those in

other sectors of the apparel industry. In 1977, the firms producing cotton gloves had greater aggregate net operating profits on their cotton glove operations than in any other year during 1973-77. Their ratio of net operating profit before taxes to net sales of cotton gloves was also the highest in the last 5 years. Over the same period, these firms consistently experienced a higher ratio of net operating profits before taxes to net sales on their cotton glove operations than on their overall establishment operations.

The Commission's investigation does not disclose that the price of gloves from China had any significant effect on domestic producers' prices. In 1977, domestic producers' prices increased sharply.

Petitioners contended that they suffered injury by reason of sales lost to imports of gloves from China. The Commission staff made a special effort to identify any lost sales, but was able to verify only one instance of a lost sale and this was to a retail account, while the bulk of these sales are made to industrial users. Of imports of cotton gloves from China, which petitioners contend are causing injury to the domestic industry, over 60 percent were imported by domestic producers who also produce work gloves sold in competition with the gloves imported from China.

The information developed during the course of the Commission's investigation does not establish that imports of cotton gloves from China are a threat of market disruption. Imports from China only

reached a level equivalent to about 4 percent of domestic consumption in 1976 and immediately turned downward in 1977. The price data obtained do not show that imports from China have had any impact on producers' prices. The contention that the domestic industry is threatened because imports from China are not covered by the Multifiber Agreement (MFA) or a bilateral agreement does not establish a threat of material injury. Moreover, if imports from China should be made subject to the MFA, section 204 of the Agricultural Act of 1956 authorizes the President to extend such regulations to the products of any country not a party to the MFA.

On the basis of the record in this investigation, I determine that market disruption, within the meaning of section 406, does not exist with respect to an article produced by a domestic industry.

Views of Chairman Daniel Minchew

On December 15, 1977, the United States International Trade Commission received a petition, filed by the Work Glove Manufacturers Association, requesting an investigation under section 406 of the Trade Act of 1974 (Trade Act) with respect to imports of certain cotton gloves from the People's Republic of China (China). On December 28, 1977, the Commission instituted an investigation to determine whether gloves of cotton, without fourchettes or sidewalls, provided for in items 704.40 and 704.45 of the Tariff Schedules of the United States (TSUS), the product of China, are being imported into the United States in such rapidly increasing amounts as to cause market disruption with respect to a similar article produced by the domestic industry.

Before making an affirmative determination of market disruption under section 406, the Commission must find that the following conditions are met. The imports under investigation must be:

1. the product of a communist country.
2. increasing rapidly, either absolutely or relatively.
3. like or directly competitive with an article produced by a domestic industry.
4. a significant cause of material injury, or threat thereof, to the domestic industry.

Determination

From the information obtained in the present investigation I have concluded that cotton gloves, without fourchettes or sidewalls, provided for in items 704.40 and 704.45 of the Tariff Schedules of the United States, from the People's Republic of China, are being imported into the United States in such rapidly increasing quantities that market disruption exists within the meaning of section 406.

The product

The cotton gloves being imported from the People's Republic of China and classified in TSUS items 704.40 and 704.45 are very similar to the cotton gloves imported in these TSUS items from other countries, and they are very similar to the domestically manufactured product. Since these gloves are used almost universally to protect the hands while performing work of one kind or another, there is no premium on styling distinctions. Although the investigation revealed some marginal differences in quality and type among some of the cotton work gloves being imported in the two TSUS items, the bulk of the imported gloves from most sources are virtually indistinguishable from another and with respect to the domestically produced items.

The industry

The cotton work gloves under consideration in this investigation are produced in the United States by 40 to 50 firms. Many of these firms produce other items, but the firms' operations in the manufacture of the cotton work gloves can be distinguished from their other operations enabling the identification of the domestic cotton work glove industry.

Increased imports

To judge whether or not the imports in question are "increasing rapidly" one must select some point of reference, and for this case a comparison of the 1976-1977 period with the 1973-1975 period is appropriate.

The United States resumed trading with China only in 1972, after two decades of embargo, and U.S. imports of all Chinese products, including cotton work gloves, in 1972 were very low. In the 1973-1975 period, U.S. imports of cotton work gloves averaged 142 thousand dozen pairs per year, an average of 6.5 percent of total U.S.

cotton glove imports in this period. In the 1976-1977 period, however, U.S. imports of the Chinese gloves increased extremely rapidly to 1,834 thousand dozen pairs for an annual average of 917 thousand dozen pairs. The share of the Chinese cotton work gloves in total U.S. imports of this item was 16.3 percent for the two years.

The increase in the average of U.S. cotton work gloves imports from China between the two periods was nearly 550 percent. Furthermore, a comparison of market shares of Chinese gloves between the same two periods reveals that the proportion of the U.S. market captured by the Chinese gloves grew from just over 0.5 percent to nearly 3.7 percent, an increase in market penetration of over 600 percent. Although there may be a tendency to downplay the significance of these shifts in the market structure because the imports from China still represent less than one-twentieth of domestic consumption, one should heed the rapid increase because trading with China, a nonmarket economy, is a special case. As noted by the Senate Finance Committee Report:

The Committee recognizes that the communist country through control of the distribution process and the prices at which articles are sold, could disrupt the domestic markets of its trading partners and thereby injure producers in those countries. In particular, exports from communist countries could be directed so as to flood domestic markets within a shorter time period than could occur under free market conditions. 1/

Additionally, although U.S. cotton work gloves imports from China grew rapidly in the 1976-1977 period, there were factors at work that might have been expected to result in decreased imports from China in this period. The Chinese economy, according to all reports, was in serious disarray throughout most of 1976 and early 1977 because of the effect of political upheavals and natural disasters. Nevertheless, U.S. imports from China of cotton work gloves (and of many other Chinese

1/ U.S. Senate, Trade Reform Act of 1974; Report of the Committee on Finance. S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p.210.

goods) grew at a time when China's output was stagnant or falling and when China's trade with many of her more important trade partners was in decline. The point to be made is that when dealing with an economy such as that of China, it is difficult to predict economic events by basing one's reasoning on interrelationships that one might expect to find in a normal market economy.

Significant injury or threat thereof

Although the Trade Act provides no precise definition of the terminology "significant cause of material injury", the standard was intended by the Finance Committee to be an easier one to satisfy than the "substantial cause" requirement of section 201 of the Trade Act. ^{1/} While the standard for injury is easier to meet in a section 406 action than in a section 201 case, the investigation at hand has revealed some contradictory evidence that tends to obscure the cause and effect linkage between the imports of Chinese cotton work gloves and the injury to the domestic industry. First, the domestic industry peaked in 1973 when it shipped 24.9 million dozen pairs of cotton gloves and controlled 94.6 percent of domestic consumption. In 1974 there was a slight slip in these figures followed by a large drop in 1975 when the industry shipped 18.5 million dozen pairs and controlled 87.6 percent of domestic consumption. This decline was the result of the recession of 1974-1975. When the economy began to grow again and the demand for cotton work gloves increased, the growth in demand was met only marginally by increased domestic production. Imports, including imports from China, captured a rapidly increasing share of domestic consumption. It is clear that the share of the domestic market now controlled by Chinese work gloves is not now available to the reestablishment of the domestic product. Second, while figures for the industry indicate that

^{1/} Ivid., p. 212.

profits have remained strong throughout the 1972-1977 period, these profit rates have remained good because the domestic producers of cotton work gloves have turned to low-priced imports, including those from China, to satisfy their domestic customers. Third, while China is only one of several countries supplying the U.S. market with cotton work gloves, China is the most important source of these gloves that is not a member of the Multifiber Arrangement (MFA). Under the terms of the MFA, shipments to the U.S. market of cotton gloves by countries that are MFA members are constrained by agreed upon limits. These limits act as a safeguard against excessively rapid growth in imports from the MFA countries. No such limit is now in effect with respect to cotton work gloves from China -- and this fact, together with the potential for sharp increases, is itself a significant market disrupting factor.

The U.S. cotton glove industry is presently not equipped to cope with rapidly rising imports of Chinese gloves, and it may already have been damaged, within the meaning of section 406, by such imports. The labor intensive nature of production in the industry, the poor opportunities for increased productivity in the industry, and the absence of Multifiber Arrangement restraints on cotton gloves from China leave the industry very vulnerable to further rapid growth in imports from China. The evidence uncovered in the course of this investigation reveals a stagnant industry which has forfeited its market growth to import competition. Despite an increase in 1977, its total annual shipments have failed to recover levels reached in the early 1970's. Employment levels have suffered a similar fate. It is evident that imports from China have played a significant role in these developments.

Conclusion

From the information obtained in the present investigation, I have concluded that cotton work gloves from the People's Republic of China, provided for in items 704.40 and 704.45 of the Tariff Schedules of the United States, are being imported into the United States in rapidly increasing quantities as to cause market disruption within the meaning of section 406 of the Trade Act of 1974.

Views of Commissioner Italo H. Ablondi

Following receipt of a petition filed on behalf of the Work Glove Manufacturers Association, Libertyville, Ill., the United States International Trade Commission, on December 28, 1978, instituted an investigation under section 406(a) of the Trade Act of 1974, to determine, with respect to imports of gloves of cotton, without fourchettes or sidewalls, provided for in items 704.40 and 704.45 of the Tariff Schedules of the United States, the product of the People's Republic of China (hereafter PRC), whether market disruption exists with regard to an article produced by a domestic industry.

"Market disruption" as defined in section 406(e)(2) of the Trade Act exists within a domestic industry whenever imports of an article, like or directly competitive with an article produced by such domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof to such domestic industry.

Before the Commission can find market disruption within the meaning of section 406, the following conditions must be met. The complained-of imports must be--

1. The product of a Communist country;
2. Increasing rapidly, either absolutely or relatively;
3. Like or directly competitive with a domestic product;
4. A significant cause of material injury or the threat thereof to the domestic industry producing a like or directly competitive product.

On the basis of the information and data obtained during this investigation, I determine that market disruption does exist within the meaning of section 406 with respect to the product covered by this investigation. I consider all the conditions cited above to have been met, such that the domestic cotton glove industry is threatened with material injury from the aforementioned cotton gloves imported from PRC.

The product and the domestic industry

The gloves involved in this investigation are standardized products, usually called "work gloves," that are easily produced both in the United States and abroad. In the absence of Federal labeling regulations, it is quite unlikely that the average consumer could distinguish between the domestic and the imported product. PRC produces and exports to the United States gloves that compete directly with the domestic product. In addition, the investigation has revealed that the domestic industry, composed of firms which manufacture cotton gloves, is separately identifiable and threatened with material injury from cotton gloves originating in PRC. The output of the PRC glove industry, if imported, would enter the United States under TSUS items 704.40 and 704.45, and these items define the scope of the investigation.

The question of rapidly increasing imports

Under the market disruption criteria, subject imports must be increasing rapidly. The Senate Finance Committee report noted the ability of Communist countries to direct their exports "as to flood domestic markets within a shorter time period than could occur under free market condition(s)." The committee report states that the increase in imports contemplated in section 406 "must have occurred in a recent period of time, as determined by the Commission taking into account any historical trade levels which may have existed." ^{1/}

In 1972, imports of gloves from PRC were approximately 3,000 dozen pair. During the period 1973-75, PRC exported a total of 425,000 dozen pairs of the gloves covered by this investigation to the United States. These U.S. imports from PRC represented about 7 percent of total U.S. imports and 0.6 percent of apparent U.S. consumption of the subject gloves. In the following 2 years, 1976

^{1/} Trade Reform Act of 1974: Report of the Committee on Finance. . . , S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p. 212.

and 1977, imports of such gloves from PRC skyrocketed to 1,834,000 dozen pairs--almost 20 percent of total U.S. imports and 3.6 percent of U.S. consumption. The imports of the subject gloves from PRC are rising rapidly, both absolutely and relatively, within the meaning of section 406.

The question of significant cause of material injury

The terminology "a significant cause" of material injury was intended by the Finance Committee to be an easier standard to satisfy than the "substantial cause" requirement in section 201. 1/ The term "significant cause" is meant to require a more direct causal relationship between increased imports and injury than the standard used in the adjustment assistance provision of the act. 2/

The Finance Committee report states that the term "material injury" in section 406 is intended to represent a lesser degree of injury than the term "serious injury" in section 201. 3/

This question must be examined in a unique way because U.S. imports from the Nation's major free-market suppliers--Hong Kong, the Republic of China (Taiwan), and the Republic of Korea (South Korea)--of gloves like and directly competitive with those subject to this investigation, are subject to restraints under bilateral agreements with these countries, pursuant to the provisions of the Arrangement Regarding International Trade in Textiles (commonly called the Multifiber Agreement, or MFA). In 1977, these three suppliers accounted for 48.6 percent of total U.S.

1/ Trade Reform Act of 1974: Report of the Committee on Finance. . . , S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p. 212.

2/ Ibid.

3/ Ibid.

imports of cotton gloves, without fourchettes or sidewalls. 1/ The restraints apply to categories which include both these kinds of gloves and those with fourchettes or sidewalls.

For Hong Kong--by far the principal single overseas supplier of cotton gloves to the U.S. market--the restraint level for exports of gloves to the United States in 1978 is set at 3,120,000 dozen pairs, with a maximum possible expansion beyond that level (without violation of the applicable bilateral agreement) of 409,000 dozen pairs. This expansion could be achieved by Hong Kong only at the cost of a carry-forward from the 1979 restraint level of 223,000 dozen pairs, which must be charged against the 1979 limit and which would result in a reduction of exports to the United States in that year if it were used in 1978. For Taiwan and South Korea, the restraints--consultation levels, in the MFA terminology, that can be exceeded only after consultations--amount to 429,000 dozen pairs and 330,000 dozen pairs, respectively. In comparison with U.S. imports of cotton gloves from these three countries in 1977, the MFA restraints will permit a growth in imports from them in 1978 of a maximum of 7.5 percent--far less than the 33.7-percent average annual rate of growth in such imports realized between 1972 and 1977. Imports from Hong Kong, Taiwan, and South Korea of gloves without fourchettes or sidewalls (the gloves covered by this investigation) could be expanded by more than 7.5 percent, but only at the cost to the exporters of less trade in gloves with fourchettes or sidewalls.

From the foregoing, it is clear that the bilateral agreements which the United States has concluded with its primary free-market glove suppliers for 1978 will

1/ Japan accounted for 13.6 percent, but gloves from that source are considered in the trade to be of a type not very competitive with the standard work gloves of direct concern in this investigation. MFA restraints apply to Japanese glove exports, but they are relatively relaxed and do not constrain Japanese exports severely. Among other sources, PRC accounted for 13.6 percent in 1977, and all other countries, for 24.1 percent, of which 10.2 percent consisted of glove imports from Barbados under TSUS item 807.00.

restrict the growth of their cotton gloves exports to the United States far more than in the past. An important implication of this fact is that, in 1978 and beyond, any increases in PRC cotton glove exports to the United States cannot be achieved at the expense of, or displace, the trade in gloves of the traditional free-market suppliers. Instead, PRC exports of gloves to the United States will compete almost entirely with domestic output in this country. With glove exports from Hong Kong, Taiwan, and South Korea constrained, all or most of the market growth in the United States that is taken by imports will redound to the advantage of PRC, which is not a signatory to the MFA and with which the United States has no bilateral agreement regarding textiles trade. 1/

The United States has concluded its bilateral agreements under the MFA with the principal free-market glove suppliers because, as a matter of policy, it perceives the disruptive effects of fast-expanding glove imports on the domestic industry. In 1972, imports held less than a twentieth of the U.S. cotton glove market. By 1977, this market share had expanded to between 20 percent and 30 percent depending on the measure used. Fast-rising imports of cotton gloves from PRC not subject to MFA can only add to this problem, thus subverting the policy objectives achieved by limiting imports from our traditional free-market trading partners.

The evidence indicates clearly that most of the imported PRC gloves were sold to industrial users, with few finding their way into the retail market. A characteristic of industrial buyers, which purchase prodigious quantities of gloves, is that they usually have little concern for the origin of the product they purchase and rarely take the trouble to distinguish among origins, except possibly between domestics and imports. Hence, while such buyers could not identify their

1/ Cf. Public Law 87-488, 76 Stat. p. 104 (1962) and 7 U.S.C. 1854 (1976).

PRC glove purchases from domestic glove purchases, they nevertheless existed. Sales of PRC gloves to industrial buyers are particularly damaging to domestic producers because this market segment accounts for almost 70 percent of their sales of domestically made gloves, and is by far their most important class of customer.

Conclusion

On the basis of the information and analysis outlined above, I determine that all four criteria for a finding of market disruption within the meaning of section 406 have been satisfied, and that such disruption exists, caused by imports from PRC of cotton gloves without fourchettes or sidewalls.

SUMMARY

Following receipt of a petition, filed on behalf of the Work Glove Manufacturers Association, the Commission, on December 28, 1977, instituted an investigation under section 406(a) of the Trade Act of 1974 to determine, with respect to gloves of cotton, without fourchettes or sidewalls, which are the product of the People's Republic of China (China), whether market disruption exists with respect to an article produced by a domestic industry. This report presents and analyzes the data and information gathered in the course of the investigation.

There are currently 50 to 60 firms, employing an estimated 8,000 workers, producing cotton gloves in the United States. These firms are located principally in the Southern and Midwestern States. A number of the domestic manufacturers import gloves to fill out their lines, particularly with types or styles that they have ceased producing or are producing in reduced volume.

Most of the complained-of gloves from China entered the United States at the same rate of duty as the gloves from most-favored nations (25 percent ad valorem). Imports from Hong Kong, the principal supplier of foreign cotton gloves, as well as three other foreign suppliers, are subject to restraints under certain bilateral agreements pursuant to the provisions of the Arrangement regarding International Trade in Textiles (MFA). China is not a signatory to the MFA and consequently there is no bilateral agreement between the United States and that country.

U.S. imports of cotton gloves have increased in each year since 1972 except 1975. Imports of the cotton gloves without fourchettes or sidewalls, which are the subject of this investigation, have been substantially greater than imports with them. Hong Kong was the principal source of imported gloves without fourchettes or sidewalls between 1972 and 1977, averaging nearly 40 percent of the total for that period. Imports from China averaged 12 percent. The share of imports from China quadrupled between 1975 and 1976, and, although imports from that source declined in 1977, their share remained more than double the 1975 level. The ratio of imports from China to shipments by U.S. producers increased from less than 0.05 percent in 1972 to 5.1 percent in 1976; the ratio of imports from China to apparent U.S. consumption increased from less than 0.05 percent in 1972 to 4.1 percent in 1976. For 1977, it is estimated that imports from China accounted for about 3 percent of U.S. consumption and 4 percent of producers' shipments.

Apparent U.S. consumption of cotton gloves without fourchettes or sidewalls increased from 22.9 million dozen pairs in 1972 to 26.2 million dozen pairs in 1974, declined to 20.3 million dozen pairs in 1975, but increased again in 1976 to 23.4 million dozen pairs. In 1977, consumption is estimated by the Commission at 26.9 million dozen pairs. The share of U.S. consumption supplied from domestic production declined without interruption from 95.7 percent in 1972, to 78.8 percent in 1976, and to an estimated 76.5 percent in 1977.

Shipments by U.S. producers, as reported in official statistics, declined irregularly from 25 million dozen pairs in 1973 to 19 million dozen pairs in 1976. Shipments in 1976 were 15 percent less than 1972 shipments and nearly 25 percent less than those in 1973, which was the peak year for shipments during the period. On the basis of questionnaire returns the Commission estimates that shipments for 1977 were in the order of 21.2 million dozen pairs--about 12 percent more than in 1976, but still 15 percent less than in 1973.

Domestic producers of cotton gloves responding to the Commission questionnaire reported an increase in inventories from 894,000 dozen pairs in 1973 to 2.4 million dozen pairs in 1976. Inventories held by producers declined by about 30 percent in 1977 to 1.7 million dozen pairs. The ratio of inventories to shipments by producers increased from *** percent in 1973 to *** percent in 1976 but declined in 1977 to *** percent--a decline in the ratio of 35 percent. Besides the inventories held by producers and importers of cotton gloves, large distributors and large industrial users sometimes may also maintain large inventories of gloves, depending on the type of glove, the use, and the frequency and availability of needed replacements.

The total number of production and related workers employed in the manufacture of cotton gloves, as reported to the Commission by questionnaire, increased from about 3,000 in 1973 to 3,300 in 1974 and declined thereafter to 2,500 in 1977. Hours worked on cotton glove production are not strictly comparable with the data reported on number of workers because some respondents did not supply the data requested in both sections of the questionnaire. Questionnaire returns, however, reported an increase from 3.8 million hours worked on cotton gloves in 1973 to 3.9 million hours in 1974. Hours worked declined irregularly in 1975 and 1976 and amounted to 3.2 million in 1977.

U.S. exports of cotton gloves increased from 353,000 dozen pairs valued at \$1.4 million in 1972 to 799,000 dozen pairs valued at \$3.9 million in 1974. Exports declined in 1975 and again in 1976 but in the latter year remained 25 percent more than the level of 1972 exports. Exports for 1977 are estimated at about 630,000 dozen pairs. The ratio of U.S. exports to shipments by U.S. producers increased annually from 1.6 percent in 1972 to 3.8 percent in 1975, declined to 2.9 percent in 1976 then increased in 1977 to an estimated 3.0 percent.

Net sales on all operations, as reported by the respondents, increased from \$109.2 million in 1973 to \$251.6 million in 1974 but declined in 1975 and 1976 to \$111.0 million. In 1977, net sales increased to \$115.6 million. Net profit before taxes declined from \$7.4 million in 1973 to \$7.2 million in 1974 but increased irregularly thereafter and in 1977 amounted to \$9.2 million. Aggregate net sales reported on cotton glove operations increased from \$44.8 million in 1973 to \$54.9 million in 1974 but declined irregularly thereafter to \$47.5 million in 1977. The only year during the period covered when net sales were lower than in 1973 was in 1976, when they amounted to \$44.2 million. Net profits on cotton gloves declined from \$3.3 million in 1973 to \$1.9 million in 1974 but increased irregularly thereafter and in 1977 amounted to \$4.1 million. The ratio of net profits before taxes to net sales fluctuated between a high of 8.7 percent in 1977 and a low of 3.4 percent in 1974.

Although purchasers of cotton gloves did not supply the Commission with adequate data to determine differences in prices received for domestic gloves, those from China, and those from other foreign sources, U.S. producers and importers that responded to the questionnaires provided data on the average costs of their imports and average value of their sales. The landed, duty-paid cost of the gloves from China imported by firms that did not produce gloves averaged \$2.95 per dozen pairs in 1976 and \$3.32 per dozen pairs in 1977. The price for which they sold these gloves averaged \$3.28 per dozen pairs in 1976 and \$4.26 per dozen pairs in 1977. Domestic producers reported an average cost of \$2.52 per dozen pairs for the gloves that they imported in 1976 and \$3.36 per dozen pairs in 1977. Fragmentary data on selling prices obtained from domestic producers which also import indicate clearly that all imported gloves undersell the domestic product, with the margin of underselling being greater for Chinese gloves than for other imports. The difference between prices charged for Chinese gloves and those charged for other imports narrowed considerably between 1976 and 1977, however, and there are indications that it may have virtually disappeared in early 1978.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On December 28, 1977, following receipt of a petition filed on behalf of the Work Glove Manufacturers Association, Libertyville, Illinois, the United States International Trade Commission instituted an investigation under section 406(a) of the Trade Act of 1974 to determine, with respect to imports of gloves of cotton, without fourchettes or sidewalls, provided for in items 704.40 and 704.45 of the Tariff Schedules of the United States, which are the product of the People's Republic of China, 1/ whether market disruption exists with respect to an article produced by a domestic industry. Section 406(e)(2) of the Trade Act defines market disruption to exist within a domestic industry "whenever imports of an article, like or directly competitive with an article produced by such domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry."

A public hearing in connection with the investigation was held in Washington, D.C. on February 7, and 8, 1978. Notice of the Commission's institution of the investigation and hearing was duly given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register on January 4, 1978 (43 F.R. 800). The Commission's determination in this case is due to be reported to the President by no later than Wednesday, March 15, 1978.

The Commission previously conducted an investigation (No. TA-201-9) under section 201 of the Trade Act of 1974 with respect to gloves. The previous investigation which was instituted on September 23, 1975, included gloves of vegetable fiber, among which were gloves that are the subject of this investigation. Also included were gloves of horsehide or cowhide (except calfskin) leather and gloves of rubber or plastics. As a result of the investigation under section 201, a majority of the Commission 2/ determined that imports were not causing injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. The report, which set forth the reasons for this determination, was delivered to the President on March 8, 1976.

1/ For the purposes of this report, the People's Republic of China is referred to as China and the Republic of China is referred to as Taiwan.

2/ Commissioner Minchew dissented in part from this decision. He determined in the affirmative as to the threat of serious injury to the domestic industry producing gloves of vegetable fibers and of horsehide or cowhide (except calfskin) leather, and in the negative as to serious injury, or the threat thereof, to the domestic industry producing gloves of rubber or plastics.

Description and Uses

The articles covered by this investigation are gloves of cotton, not of lace or net and not ornamented, made from a pre-existing machine-knit or machine-woven fabric, or of any combination of such fabrics. If imported, these gloves would be dutiable under items 704.40 and 704.45 of the Tariff Schedules of the United States. The petition, filed on behalf of the Work Glove Manufacturers Association, includes only those cotton gloves without fourchettes or sidewalls, ^{1/} which, if imported, would enter under Tariff Schedules of the United States Annotated (TSUSA) items 704.4010 and 704.4502, 704.4504, 704.4506, and 704.4508. Cotton gloves include several distinct types, ranging from the simple white inspector's glove to the standard canton flannel, jersey, or terry cloth gloves and the more expensive "hot mill" glove--a quilted, padded, double-thickness glove used by workers who handle heated materials.

Canton flannel fabrics are machine-woven with a plain weave. Jersey cloth, lisle, and terry cloth are machine-knit fabrics. Jersey cloth is a plain knit cloth that is either smooth or napped. Lisle is a fine thread in which two combed yarns, made from long-staple cotton, are twisted tightly together and passed over gas jets to burn off fuzzy ends and to give the ends a smooth surface. Terry cloth is knit with loops on the surface, which help absorb water. The basic characteristic of knitted fabric is that it stretches more than woven fabric and usually returns to its original shape.

The basic process in manufacturing cotton gloves consists of three major operations: (1) Cutting out the pieces forming the palm and back by means of stamping or "clicking" machines which contain dies shaped to conform to the type or style of glove being produced; (2) sewing or stitching the palm, back, or certain other pieces together; and (3) heating, pressing, and final shaping. There are sometimes other refinements which vary according to the type or style of glove.

Work gloves made from woven cotton are less expensive than knit gloves and are used for general purposes such as for hand protection from abrasion or grease and to a limited extent for product protection. Knit gloves have greater stretch and resiliency than woven gloves and are used for certain specialized industrial applications where manual dexterity and sensitivity are required. Coated or impregnated gloves, which reportedly offer longer wear, better hand protection, and comparable dexterity can displace flannel gloves in nearly all uses. The coated or impregnated gloves require more materials, labor, and capital to produce and therefore are not price competitive with cotton flannel gloves. The price of the canton flannel gloves to the end user is approximately half the price of the coated or impregnated gloves. Studies by domestic manufacturers of the coated and impregnated gloves, however, show

^{1/} The fourchette is a strip of material that is sewn in between the finger of the palm-side and back-side of a glove; the sidewall is a strip sewn in on the little finger, which extends from the end of the little finger to the wrist.

the cost-to-wear ratio to be about 10 to 1 in favor of the coated or impregnated gloves. Leather work gloves are used for protection from heat or sharp surfaces, while gloves of rubber or plastics offer protection primarily against toxic substances, such as those encountered in the chemical industry.

Cost differences among cotton, leather, and rubber or plastics gloves generally eliminate the use of gloves of other materials by big industrial users for jobs where cotton gloves offer adequate hand protection. As stated above, there is some displacement of cotton gloves by coated or impregnated gloves which are more expensive initially but offer much longer service.

U.S. Tariff Treatment

The cotton gloves covered by this investigation enter the United States under TSUS item 704.40 and 704.45 at the current rate of 25 percent ad valorem. The rate currently applicable to item 704.40 is the statutory rate; the rate applicable to item 704.45 was reduced in the Kennedy round of trade negotiations. Rates of duty in effect on January 1, 1967, January 1, 1978, ^{1/} and the statutory rates (which apply to imports from China) are shown in the following table.

Cotton gloves: U.S. rates of duty, by TSUS items,
January 1, 1967, and January 1, 1978

(Percent ad valorem)				
TSUS item No.	Description	Rates of duty for--		
		Most-favored nations		Other nations (including China)
		Jan. 1, 1967	Jan. 1, 1978	
	Cotton gloves:			
704.40	Woven-----	25	25	25
704.45	Nonwoven-----	30.5	25	61

In addition to being subject to the rates of duty shown above, cotton gloves entering the United States are subject to restraints under certain bilateral agreements negotiated pursuant to the provisions of the Arrangement Regarding International Trade in Textiles (also known as the MFA) to which the United States is a signatory. The MFA became effective for 4 years beginning January 1, 1974, and has been extended for an additional 4 years beginning January 1, 1978. The bilaterals include restraints applicable to those gloves

^{1/} The gloves dutiable under TSUS items 704.40 and 704.45 are not eligible for duty-free tariff treatment under the Generalized System of Preferences (GSP).

under consideration here. However, the restraint category is a basket class covering a number of other cotton gloves, and consequently the restraint levels are not applicable to them alone.

The United States has bilateral agreements under the provisions of the MFA with four of the six leading suppliers of cotton gloves. The restraint level for 1978 for all cotton gloves from Hong Kong is 3.1 million dozen pairs. For Taiwan, there is a consultation level when imports reach approximately 429,000 dozen pairs, and for the Republic of Korea the consultation level is 330,000 dozen pairs. Consultation levels require permission of the United States before exports can exceed them. There is currently no agreement with Barbados, but there was an agreement with that country during 1972-73 to limit exports of cotton gloves. There is an agreement with Japan, but later amendments have eliminated all specific limitations; however, if the United States can factually claim that imports of any category are increasing so as to cause a real risk of market disruption and such imports have reached certain specified levels, consultations may be requested.

China is not a signatory to the MFA and consequently there is no bilateral agreement between the United States and that country. Article 8 of the MFA provides that exports from participating countries "shall not be restrained more severely than the exports of similar goods of any country not party to this Arrangement which are causing, or actually threatening, market disruption. . . . If such trade is frustrating the operations of this Arrangement, the participating countries shall consider taking such actions as may be consistent with their law to prevent such frustration."

U.S. Industry

Official data are not available as to the number of firms manufacturing only cotton work gloves. The Census of Manufactures reported that the number of concerns manufacturing fabric dress and work gloves amounted to 172 in 1967, 110 of which had 20 or more employees. In 1972, the number of concerns declined to 134 with 90 of them employing 20 or more persons. Most of the manufacturers in 1972 were located in Ohio, Illinois, Michigan, Iowa, North Carolina, and Tennessee.

Current estimates place the number of firms producing cotton gloves in the United States at 50 to 60, employing an estimated 8,000 workers. These firms are located principally in the Southern and Midwestern states. They typically are small in size, many employing fewer than 20 persons. The largest, however, may employ more than 600 workers. There is no evidence that economies of scale play a particularly important role in this industry. Most of the large firms produce both cotton and all leather work gloves as well as combination fabric and leather gloves. To the extent that producers of cotton or leather gloves also make gloves of rubber or plastics, such gloves consist mostly of cotton gloves that have been fully dipped (the outer surface entirely covered) with solutions and thus would be classified as rubber or plastic gloves in the TSUS. Cotton glove production is labor intensive, with sewing as the basic operation; the segment of the glove industry that produces gloves of rubber or plastic is capital intensive, the basic operation consisting of dipping of hand forms--a mechanized and sometimes automated operation.

Firms producing cotton gloves are not integrated; they purchase cotton materials from textile mills. A number of domestic producers import gloves to fill out their lines, particularly with types or styles that they have ceased producing or are producing in reduced volume; some buy from other domestic producers to fill out their lines. Some firms have foreign plants which either assemble gloves from pieces shipped from the United States or manufacture gloves in their entirety. Such assembly operations have been established in lower wage countries such as Mexico, Barbados, and Haiti; after assembly, the gloves are shipped back to the United States and enter under the provisions of TSUS item 807.00. Gloves manufactured abroad in their entirety by subsidiaries of U.S. firms are generally exported to markets such as Canada or the European Economic Community.

The Question of Rapidly Increasing Imports

U.S. imports

U.S. imports of cotton gloves have increased in each year since 1972 except 1975. 1/ Imports amounted to 1.5 million dozen pairs valued at \$2.6 million in 1972 and increased to 3.8 million dozen pairs valued at \$9.4 million in 1974. They declined in 1975 to 3.4 million dozen pairs valued at \$7.4 million but increased thereafter, and in 1977 amounted to 7.6 million dozen pairs valued at \$16.0 million (see table 1, app. A). Imports of the cotton gloves without fourchettes or sidewalls, which are the subject of the petition, have been substantially greater than imports of the cotton gloves with them, and the discrepancy is growing. The following tabulation shows, in index form, the quantity of U.S. imports of cotton gloves both without and with fourchettes and sidewalls for the 1972-77 period (1972=100).

Cotton gloves: Index, based on quantity of imports, 1972-77

(1972=100)							
Type	1972	1973	1974	1975	1976	1977	
Cotton gloves:							
Without forchettes or sidewalls-----	100	142	267	254	502	640	
With fourchettes or sidewalls-----	100	205	241	191	304	259	
Total-----	100	163	258	233	436	513	

1/ Data are shown for the period 1972-77 whenever possible throughout this report. The testimony of most witnesses at the Commission's public hearing covered the period 1972-76 as data for the full year of 1977 were not readily available.

Imports of cotton gloves without fourchettes or sidewalls

U.S. imports of cotton gloves without fourchettes or sidewalls increased irregularly from 988,000 dozen pairs valued at \$1.5 million in 1972 to 6.3 million dozen pairs valued at \$12.7 million in 1977 (see table 2 and fig. 1, app. B). Hong Kong was the principal source of these imports between 1972 and 1977, averaging nearly 40 percent of the total for that period. Imports from China averaged 12 percent. For the 5-year period 1973-77, Hong Kong averaged 37.9 percent of total imports and China averaged 12.7 percent. Although Hong Kong supplied the bulk of the imported cotton gloves without fourchettes or sidewalls, the Hong Kong gloves reportedly have been of somewhat lesser quality than the gloves imported from China. Imports from Japan, the third largest supplier, averaged 10.4 percent of the total over the 6-year period and 10.9 percent over the 5-year period. The following table shows imports of cotton gloves without fourchettes or sidewalls by specified sources as percentages of the total, 1972-77.

Cotton gloves, without fourchettes or sidewalls: Share of imports accounted for by specified sources, 1972-77

(In percent, by quantity)												
Source	:	1972	:	1973	:	1974	:	1975	:	1976	:	1977
Hong Kong-----	:	41.1	:	31.6	:	38.5	:	38.2	:	35.2	:	40.8
China-----	:	1/	:	9.6	:	6.3	:	4.8	:	19.4	:	13.7
Japan-----	:	1.5	:	10.3	:	7.7	:	12.4	:	8.5	:	13.5
Taiwan-----	:	12.4	:	8.9	:	6.3	:	6.8	:	2.3	:	3.9
Republic of Korea-----	:	14.3	:	7.1	:	2.9	:	9.6	:	6.0	:	3.8
All other-----	:	30.7	:	32.5	:	38.3	:	28.2	:	28.6	:	24.3
Total-----	:	100.0	:	100.0	:	100.0	:	100.0	:	100.0	:	100.0
	:		:		:		:		:		:	

1/ Less than 0.05 percent.

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

The share of imports of cotton gloves without fourchettes or sidewalls from China quadrupled between 1975 and 1976. Although imports from that source declined in 1977, their share remained more than double the 1975 level. As shown in table 3 in app. A and figure 2 in app. B, the ratio of imports from China to producers' shipments increased from less than 0.05 percent in 1972 to 5.1 percent in 1976, then dropped to an estimated 4.1 percent in 1977. The ratio of imports from China to apparent U.S. consumption increased from less than 0.05 percent in 1972 to 4.1 percent in 1976, whence it fell to an estimated 3.2 percent in 1977.

The gloves imported from Japan, which have unit values substantially below those of the gloves imported from Hong Kong and China, are not comparable with the gloves from those sources. According to industry sources, many

of the gloves entering without fourchettes from Japan are of the type known in the trade as "string gloves." They are completely machine-made, which accounts for the lower price, and do not displace gloves of cotton flannel to any significant degree. Industry sources further stated that these gloves, if properly classified, would enter the United States under TSUS Item 704.50, which currently has the same rate of duty as item 704.40. Table 2 and figure 3 show the foreign unit values of gloves from China, Hong Kong, and Japan. Tables 4 and 5 in app. A show U.S. imports of cotton gloves for consumption, from principal sources, by TSUS item, 1972-77.

Imports of cotton gloves with fourchettes or sidewalls

Imports of cotton gloves with fourchettes or sidewalls increased from 492,000 dozen pairs valued at \$1.0 million in 1972 to 1.2 million dozen pairs valued at \$3.1 million in 1974, declined in 1975, but increased in 1976 to 1.5 million dozen pairs valued at \$3.2 million. Imports in 1977 were down 15 percent by quantity, but the value was slightly higher than in 1976. Table 6 shows U.S. imports of cotton gloves with fourchettes or sidewalls, by principal sources, 1972-77, and figure 4 shows U.S. imports of cotton gloves with fourchettes or sidewalls as well as imports from Hong Kong and China. The following table shows the share of cotton gloves with fourchettes or sidewalls accounted for by specified sources, 1972-77.

Cotton gloves, with fourchettes or sidewalls: Share of imports
accounted for by specified sources, 1972-77

(In percent, by quantity)							
Source	1972	1973	1974	1975	1976	1977	
Hong Kong-----	36.6	18.8	19.2	54.4	62.1	61.1	
China-----	.4	16.0	17.0	7.7	10.6	8.9	
Taiwan-----	.6	4.2	3.6	14.3	6.9	7.5	
Japan-----	18.7	31.1	17.1	9.1	12.4	6.6	
Republic of Korea-----	16.3	3.5	.4	1.2	3.8	3.1	
All other-----	27.4	26.4	42.7	13.3	4.2	12.8	
Total-----	100.0	100.0	100.0	100.0	100.0	100.0	

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

Imports under TSUS item 807.00

U.S. imports of cotton gloves under the provisions of TSUS item 807.00 increased from 48,000 dozen pairs in 1972 to 539,000 dozen pairs in 1974, declined in 1975 to 358,000 dozen pairs, but increased thereafter and by 1977 amounted to slightly more than a million dozen pairs. The table below shows U.S. imports under the provisions of item 807.00.

Cotton gloves: U.S. imports for consumption entered under the
provisions of TSUS item 807.00, by types, 1972-77

Item	1972	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)						
Cotton gloves:						
Woven-----	37	142	528	339	516	681
Not woven-----	11	19	11	19	172	328
Total-----	48	161	539	358	688	1,009
Value (1,000 dollars)						
Cotton gloves:						
Woven-----	47	113	974	573	572	668
Not woven-----	12	14	48	16	101	202
Total-----	59	127	1,022	589	673	870

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

Since 1974, U.S. cotton gloves without fourchettes or sidewalls which are manufactured in Barbados from U.S. materials have accounted for the bulk of the cotton gloves entering under item 807.00. Cotton gloves without fourchettes or sidewalls have also entered in increasing numbers from Haiti. Such imports from Haiti amounted to only 6 percent of the total in 1975 but increased their share to nearly 25 percent of the total in 1976 and 33 percent in 1977. Table 7 in the appendix shows U.S. imports under TSUS item 807.00 of cotton gloves without fourchettes or sidewalls by principal sources, 1972-77.

Imports of cotton gloves from China

Imports of cotton gloves from China increased from 5,000 dozen pairs valued at \$8,000 in 1972 to 370,000 dozen pairs valued at \$800,000 in 1974, declined in 1975 to 193,000 dozen pairs valued at \$506,000 but increased in 1976 to a record 1.1 million dozen pairs valued at \$2.0 million. In 1977 the quantity of imports declined to 981,000 dozen pairs but the value increased slightly--to \$2.1 million (table 8). Between 1976 and 1977, imports from all countries increased 18 percent by quantity and 36 percent by value.

When examined separately, imports of cotton gloves without fourchettes or sidewalls from China and of those with them followed similar trends. As stated above, both categories increased from 1972 to 1974, declined in 1975, but increased tremendously in 1976. Cotton gloves without fourchettes or sidewalls from China increased from 3,000 dozen pairs valued at \$4,000 in 1972 to 168,000 dozen pairs valued at \$287,000 in 1974, declined to 121,000 dozen pairs valued at \$301,000 in 1975, and increased rapidly in 1976 to 966,000 dozen pairs valued at \$1.8 million--an increase from 1975 of nearly sevenfold

15 quantity and nearly fivefold by value. Between 1976 and 1977, total imports of cotton gloves without fourchettes or sidewalls increased 28 percent by quantity and 49 percent by value. The share of total imports of gloves in this category accounted for by China increased irregularly from 0.3 percent in 1972 to 19.4 percent in 1976, but declined in 1977 to 13.7 percent (table 9).

Imports of cotton gloves with fourchettes or sidewalls from China increased from 2,000 dozen pairs valued at \$4,000 in 1972 to 202,000 dozen pairs valued at \$513,000 in 1974; they declined sharply in 1975 but increased again in 1976 to 159,000 dozen pairs valued at \$253,000. In 1977, they declined from the 1976 level nearly 30 percent by quantity and 23 percent by value to 113,000 dozen pairs valued at \$196,000 (tables 6, 10, and 11). Total imports of cotton gloves with fourchettes or sidewalls declined 15 percent by quantity; the value increased slightly (about 1 percent) between 1976 and 1977. The share of total imports of cotton gloves with fourchettes or sidewalls supplied by China increased from less than 0.05 percent in 1972 to 16 percent in 1973 and 17 percent in 1974 but declined in 1975 to 8 percent. In 1976, China supplied 11 percent of the imported gloves in this category, but that share declined to 9 percent in 1977. Table 12 in the appendix shows U.S. imports of cotton gloves without fourchettes or sidewalls as reported to the Commission by questionnaire. The data included gloves which were imported from China and from other sources by U.S. glove producers and by importers that are not glove manufacturers.

Summary: A perspective on key import trends

The table on the following page provides a summary view of cotton work glove imports and their U.S. market penetration trends over the 6 years from 1972 through 1977. Only those gloves of direct concern in this investigation are included, and imports from China are compared with those from other sources.

Cotton gloves, without fourchettes or sidewalls: Imports for consumption
and their shares of U.S. producers' shipments and consumption, 1972-77

Source	1972	1973	1974	1975	1976	1977
Imports:						
From China---1,000 dozen pairs--	3	136	168	121	966	868
From others-----do-----	985	1,269	2,468	2,388	3,993	5,457
Total-----do-----	988	1,405	2,636	2,509	4,959	6,325
Imports as a share of:						
U.S. producers' shipments:						
From China-----Percent--	1/	0.5	0.7	0.7	5.1	2/ 4.1
From others-----do-----	4.4	5.1	10.1	12.9	21.0	2/ 25.7
Total-----do-----	4.4	5.6	10.8	13.6	26.1	2/ 29.8
U.S. consumption:						
From China-----Percent--	1/	0.5	0.6	0.6	4.1	2/ 3.2
From others-----do-----	4.3	4.9	9.5	11.8	17.1	2/ 20.3
Total-----do-----	4.3	5.4	10.1	12.4	21.2	2/ 23.5

1/ Negligible.

2/ Estimated.

Source: Compiled from official statistics of the U.S. Department of Commerce and data submitted in response to questionnaires of the U.S. International Trade Commission.

Essentially, these figures reveal an almost uninterrupted growth of total cotton glove imports over the period; in 1977, imports reached 6.4 times their amount in 1972. At the same time, increases in market penetration were equally pervasive, with imports' shares of both U.S. producers' shipments and U.S. consumption growing rapidly. Between 1972 and 1977 the former increased by a factor of 6.8, the latter by one of 5.5. Imported cotton gloves now account for between 20 percent and 30 percent of the U.S. market, depending on the measure used. In 1972, their market share was less than 5 percent.

Imports from countries other than China have been the dominant influence on these trends because they have continued to furnish much the larger share of total imports. The key apparent deviation from this generalization occurred in 1976, when imports from China skyrocketed and China's market penetration ratio rose in that one year by 4.4 percentage points in terms of U.S. producers' shipments as well as by 3.5 percentage points in terms of U.S. consumption. In 1977, imports from China (as well as their impact on the U.S. cotton work glove market) fell, although not nearly to the low levels prevailing before 1976.

Nevertheless, in 1976, at the same time that imports from China were increasing rapidly, imports from other countries were growing faster both in absolute terms and in terms of their impact on the U.S. market. While inbound

shipments of Chinese gloves increased by some 845,000 dozen pairs between 1975 and 1976, imports from other countries jumped by 1.6 million dozen pairs, and their market shares advanced by 8.1 percentage points in terms of U.S. producers' shipments or 5.3 percentage points in terms of U.S. consumption. In the following year, 1977, the relatively modest decline in cotton glove imports from China (98,000 dozen pairs) was more than offset by a 1.5-million-dozen-pair leap in imports from other countries, accompanied by their continued gains in market share.

The Question of Significant Cause of Material Injury or the
Threat Thereof, to the Domestic Industry

U.S. Consumption

Apparent U.S. consumption of cotton gloves without fourchettes or sidewalls increased from 22.9 million dozen pairs in 1972 to 26.2 million dozen pairs in 1974, declined to 20.3 million dozen pairs in 1975, but increased again in 1976 to 23.4 million dozen pairs. In 1977, consumption is estimated at 26.9 million dozen pairs. The share of U.S. consumption of cotton gloves supplied from domestic production declined without interruption from 95.7 percent in 1972 to 78.8 percent in 1976 and to an estimated 76.5 percent in 1977. Table 13 shows U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1972-77. The share of U.S. consumption of cotton gloves without fourchettes or sidewalls supplied by imports from China increased from less than 0.05 percent in 1972 to 0.6 percent in 1974 and 1975 and to 4.1 percent in 1976. Data for 1977 are not available in official statistics but it is estimated that the imports from China in that year supplied about 3 percent of consumption.

There are two classes of final consumers of work gloves--(1) those who purchase gloves at retail for use either on the job or around the home, and (2) industrial establishments, which purchase gloves in volume and distribute them for their workers' use. The increased U.S. consumption between 1972 and 1974 occurred in large part because just prior to 1972 many of the large industrial users had sizeable inventories of work gloves owing to the downturn in industrial production; they held off their buying through 1972 and did not resume purchasing work gloves again in volume until 1973 and the first half of 1974 when their inventories had been depleted. The recent recession, which began toward the end of 1974 and continued through most of 1975, again slowed the U.S. demand for work gloves. Demand in 1976 and 1977 saw a healthy resurgence as the economic upswing gathered strength.

U.S. producers' shipments as shown in official statistics

At the public hearing there was conflicting testimony as to whether or not the product classification for coated and partially coated gloves shown on page A-15 include all of the domestic producers' shipments of these products. Representatives of the importers stated that the provision includes only the cut and sewn type of impregnated material glove. According to these representatives, the classification consists of gloves which are made from fabric

that is covered with vinyl or plastic material prior to the time it is cut and sewn. Industry representatives, on the other hand, believe that the category includes all the gloves covered by the census description. Some domestic manufacturers of coated and impregnated gloves who did not attend the public hearing were contracted with regard to this question. They said that all domestic shipments of coated or impregnated gloves may not be included in the figures. The U.S. Department of Commerce, however, states that this category is intended to include the gloves in question and believes that most U.S. producers report their shipments of coated or impregnated gloves under the classification. There are currently about 25 firms producing gloves of these types in the United States, ten of which account for the bulk of production.

The table below shows U.S. producers' shipments of cotton work gloves. Also included are data for work gloves of coated or partially coated fabrics and data for work gloves of all fabrics.

Fabric work gloves: U.S. producers' shipments, by
product classification, 1972-77

(Quantity in thousands of dozen pairs)							
Product classification 1/	1972	1973	1974	1975	1976	1977	
Work gloves of--							
Single canton flannel--	8,650	9,307	8,517	6,353	6,518	2/ 7,208	
Double canton flannel--	4,430	4,702	4,974	3,650	4,030	2/ 4,240	
Fleeced cotton jersey--	3,752	4,680	4,538	3,257	3,376	2/ 4,028	
Circular knit cotton---	5,478	6,194	6,323	5,216	5,065	2/ 5,724	
Total-----	22,310	24,883	24,353	18,476	18,989	2/ 21,200	
Coated and partially coated fabrics-----	3,347	3,694	3,996	3,204	3,622	3/	
All other-----	836	910	806	550	639	3/	
Total-----	26,493	29,487	29,155	22,230	23,250	3/	

1/ The gloves identified in the petition are those of single canton flannel (SIC 2381222); double canton flannel (SIC 2381224); fleeced knit cotton (SIC 2381232); and circular knit cotton (SIC 2381234).

2/ Estimated on the basis of data submitted in response to the questionnaires of the U.S. International Trade Commission by domestic producers.

3/ Not available; no basis for an estimate.

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

Work gloves of all fabrics followed the same general trend as cotton work gloves. For purposes of comparison, data for 1972-76 are shown below for producers' shipments of work gloves of leather and for those of a combination of leather and fabrics. Shipments of leather gloves manufactured by U.S.

producers followed the same trend as gloves of cotton and other fabrics. Combination leather and fabric gloves, however, show an annual decline in shipments by U.S. producers. In 1976, shipments of these combination gloves were down 34 percent from the quantity of shipments in 1972.

Work gloves: Index of the quantity of producers' shipments,
by major types of materials, 1972-77

(1972=100)						
Type of material	1972	1973	1974	1975	1976	1977
Work gloves of--						
Cotton-----	100	112	109	83	85	1/ 95
All fabrics (including cotton)-----	100	111	110	84	88	2/
Leather-----	100	101	99	87	92	2/
Combination leather/fabric-----	100	87	85	67	66	2/

1/ Estimated on the basis of data obtained from domestic producers in response to the Commission questionnaire.

2/ Not available; no basis for an estimate.

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

As shown in table 13 and figure 5, the quantity of producers' shipments of cotton work gloves without fourchettes in sidewalls declined irregularly from 24.9 million dozen pairs in 1973 to 19.0 million dozen pairs in 1976. Such shipments in 1976 were 15 percent less than level of shipments in 1972 and nearly 25 percent less than 1973 shipments, which were the highest for the 1972-76 period. The Commission estimates, on the basis of questionnaire returns, that comparable shipments for 1977 were on the order of 21.2 million dozen pairs--about 12 percent more than in 1976, but still 15 percent less than in 1973.

Data obtained from U.S. producers by questionnaire

The U.S. Department of Commerce does not report production of cotton gloves but reports shipments by producers. Official data are available from that source for 1973-76. Data were obtained by questionnaires from U.S. producers that accounted for slightly less than half of the total producers' shipments as reported by the U.S. Department of Commerce during that period. The respondents to the questionnaires accounted for 48 percent of the total in 1973, 47 percent in 1974, 46 percent in 1975, and 52 percent in 1976, and shipments by these producers followed the same trend as that reported by the U.S. Department of Commerce.

U.S. production.--U.S. production of cotton gloves, as reported to the Commission by questionnaire, declined from 11.9 million dozen pairs in 1973 to

8.0 million pairs in 1975, amounting to a decline of 33 percent, but increased to 10.2 million dozen pairs in 1976 then declined again in 1977 to 8.9 million dozen pairs (table 14). The low glove production in 1975 can be attributed in large part to the general economic recession which the United States experienced in the last half of 1974 and most of 1975. Because work glove manufacturers serve industrial customers, the demand for gloves from this source depends directly on the level of U.S. manufacturing activity in industries whose employees use work gloves; it is thus a derived demand. It is typical of "derived demand" industries that the amplitude of cyclical swings in demand for their products is greater than that affecting the industries which use their products. In the work glove industry, this derived demand phenomenon is offset somewhat, but not completely, by the existence of a sizable and growing retail market in which demand swings show less cyclical variation.

U.S. manufacturers reported that production of cotton gloves without fourchettes or sidewalls, which accounted for more than 90 percent of their output between 1973 and 1977, declined annually from 11.6 million dozen pairs in 1973 to 7.9 million dozen pairs in 1975, then increased by 25 percent in 1976 to 9.9 million dozen pairs. In 1977, production by the reporting establishments amounted to 8.6 million dozen pairs, a decline of 13 percent from 1976.

U.S. producers' shipments of all cotton gloves.--U.S. producers reported to the Commission that their shipments of cotton gloves declined from 12.3 million dozen pairs valued at \$61.1 million in 1973 to 8.6 million dozen pairs valued at \$59.7 million in 1975, increased in 1976, and in 1977 amounted to 11.0 million dozen pairs valued at \$76.4 million. The average value of sales of cotton gloves by these producers was \$4.97 per dozen pairs in 1973, \$6.61 per dozen pairs in 1975, and \$6.98 per dozen pairs in 1977 (table 15).

U.S. producers' shipments of cotton gloves without fourchettes or sidewalls.--Producers' shipments of cotton gloves without fourchettes or sidewalls declined from * * * dozen pairs valued at * * * in 1973, to * * * dozen pairs valued at * * * in 1975, but increased thereafter and in 1977 amounted to * * * dozen pairs valued at * * *. Average unit sales were valued per dozen pairs at \$4.99 in 1973, \$6.96 in 1975, and \$6.97 in 1977.

There were 2 unusual years during 1972-77. The first, 1973, was the peak year for production and sales. Many of the large industrial users were building inventories at that time and sales were up about 15 percent above the average of the other years considered herein. The second year, 1975, was the low for the period, due partly to the industrial slowdown; the large industry users were depleting their inventories to reduce their costs. Sales in that year were down 20 percent from the average for the other years in the period.

Imports of cotton gloves without fourchettes or sidewalls by U.S. producers.--Cotton gloves without fourchettes or sidewalls imported by U.S. producers responding to the Commission's questionnaire rose from * * * dozen pairs in 1973 to * * * dozen pairs in 1974, declined to * * * dozen pairs in 1975, but increased thereafter and in 1977 amounted to * * * dozen pairs (table 12). Approximately * * * percent of the imports by producers during

1973-77 were from China. In 1977, reporting producers accounted for * * * percent of the imports from China.

Shipments by U.S. importers.--For purposes of comparison, data are shown here relating to shipments (sales) of cotton gloves without fourchettes or sidewalls by U.S. importers that did not produce gloves. Shipments by these importers increased from * * * dozen pairs in 1973 to * * * dozen pairs in 1974, but declined in 1975 to * * * dozen pairs. Sales by importers increased in 1976 and again in 1977 when they reached * * * dozen pairs. The value of shipments reported by importers increased from * * * in 1973 to * * * in 1974, declined to * * * in 1975, but increased thereafter, and in 1977 totaled * * *. The table below shows the quantity, value, and unit value of sales of cotton gloves without fourchettes or sidewalls as reported to the Commission by U.S. importers and by U.S. producers that also import gloves.

Cotton gloves without fourchettes or sidewalls: Shipments by U.S. producers and importers, 1973-77

Year	Shipments by--					
	Producers ^{1/}			Importers		
	Quantity	Value	Unit value	Quantity	Value	Unit value
	<u>1,000</u> <u>dozen</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>	<u>Per</u> <u>dozen</u> <u>pair</u>	<u>1,000</u> <u>dozen</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>	<u>Per</u> <u>dozen</u> <u>pair</u>
1973-----	* * *	* * *	\$4.99	* * *	* * *	\$4.46
1974-----	* * *	* * *	6.45	* * *	* * *	4.67
1975-----	* * *	* * *	6.96	* * *	* * *	3.63
1976-----	* * *	* * *	6.51	* * *	* * *	3.74
1977-----	* * *	* * *	6.97	* * *	* * *	4.18

^{1/} Includes both imported and domestic gloves.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. producers' inventories.--Data on inventories were obtained by questionnaire from domestic producers of cotton gloves. The table below shows production, shipments and inventories as of December 31, of cotton gloves, without fourchettes or sidewalls, reported by domestic manufacturers for each of the years 1973-77. Also shown is the ratios of inventories to production and to shipments reported by these manufacturers. Besides the inventories held by producers and importers of cotton gloves, large distributors and large industrial users may also maintain rather large inventories, depending upon the type of glove, the intended use, and the frequency and availability of needed replacements.

Cotton gloves, without fourchettes or sidewalls: U.S. production, shipments, and producers' inventories as of December 31, of 1973-77

Item	1973	1974	1975	1976	1977
Production-----1,000 dozen pairs--	11,562	10,909	7,863	9,900	8,573
Shipments-----do-----	***	***	***	***	***
Inventory as of					
Dec. 31-----do-----	894	1,424	1,954	2,421	1,693
Ratio of inventory to--					
Production-----Percent--	7.7	13.1	24.9	24.5	19.7
Shipments-----do-----	***	***	***	***	***

1/ Includes shipments of gloves imported by U.S. glove producers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Employment and hours worked.--Data on employment and hours worked, reported to the Commission by U.S. manufacturers of cotton gloves, are shown in the following table.

Average number of persons employed in U.S. plants in which cotton gloves were produced, total and production and related workers, and hours worked by them, 1973-77

Item	1973	1974	1975	1976	1977
Employment:					
All persons-----Number--	5,329	5,696	5,174	4,862	5,011
Production and related workers--do---	2,967	3,252	2,752	2,481	2,476
Hours worked engaged in the production					
of cotton gloves by production and					
related workers on:					
All products-----1,000 hours--	8,510	8,543	7,774	7,650	8,047
Cotton gloves-----do-----	3,846	3,882	3,012	3,060	3,230

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The data shown above are not strictly comparable as more companies reported employment than they did hours worked. The data are shown solely for the purpose of establishing the trends in employment and hours worked. The total number of persons employed at the reporting firms increased from 5,300 in 1973 to 5,700 in 1974, declined to 4,900 in 1976, but increased in 1977 to 5,000 down about 5 percent the number in 1973. The number of production and

related workers employed on cotton gloves followed the same trend and in 1977 was 17 percent below employment in 1973.

U.S. exports.--U.S. exports of cotton gloves increased from 353,000 dozen pairs valued at \$1.4 million in 1972 to 799,000 dozen pairs valued at \$3.9 million in 1974; they declined in 1975 and again in 1976 but in the latter year remained 25 percent higher than the quantity of exports in 1972. Exports for 1977 are estimated at 630,000 dozen pairs. Table 16 in the appendix shows U.S. exports of woven and knit cotton gloves, 1972-77. The ratio of U.S. exports to shipments by U.S. producers increased annually from 1.6 percent in 1972 to 3.8 percent in 1975, declined to 2.9 percent in 1976, then increased to an estimated 3.0 percent in 1977. In recent years a large share of total exports were actually of glove parts which were returned to the United States as finished gloves under the provisions of TSUS item 807.00.

Financial position of U.S. manufacturers of cotton gloves.--Profit-and-loss data were supplied by firms which accounted for slightly more than half of total U.S. production of cotton gloves in 1976. Table 17 in the appendix shows the overall operations of the reporting concerns and table 18 shows their operations on cotton gloves.

Net sales on all operations increased from \$109.2 million in 1973 to \$251.6 million in 1974, but declined in 1975 and again in 1976 to \$111.0 million. In 1977, net sales increased to \$115.6 million. Net profits before taxes declined from \$7.4 million in 1973 to \$7.2 million in 1974, but increased irregularly thereafter and in 1977 amounted to \$9.2 million. The ratio of net profit, before taxes, to net sales on all products declined from 6.8 percent in 1973 to 2.8 percent in 1974, but increased thereafter and in 1977 was 7.9 percent. During the 1973-77 period, no firms reported losses on all operations of their establishments.

Aggregate net sales reported from cotton glove operations increased from \$44.8 million in 1973 to \$54.9 million in 1974, but declined irregularly thereafter to \$47.5 million in 1977. The only year when sales were less than in 1973 was in 1976 when they amounted to \$44.2 million. Net profits, before taxes, on cotton gloves declined from \$3.3 million in 1973 to \$1.9 million in 1974, 1/ but increased irregularly thereafter and in 1977 amounted to \$4.1 million. The ratio of net profits before taxes to net sales fluctuated between a high of 8.7 percent in 1977 and a low of 3.4 percent in 1974. Table 19 shows the ratio of net operating profit on production of cotton gloves to the net operating profit on all products of the reporting establishments. Sales of cotton gloves accounted for an average of 37 percent of the total value of sales by these concerns during the 1973-77 period; the share of the operating profit attributed to cotton gloves averaged 36 percent.

During the previous investigation on gloves (No. TA-201-9) the Commission obtained data on cotton and leather gloves for the years 1970-74. The ratio of profit to sales for those gloves fluctuated between a low of 5.1 percent in 1971 and a high of 13.2 percent in 1974. The profit ratios in the glove producing sector of the apparel manufacturing industries, as shown by data collected in the previous investigation as well as this one, have been significantly higher than in many of the other sectors of that group of manufacturers. For the apparel manufacturing industries as a whole, the percentage return on sales fluctuated between a low of 1.7 percent during 1972-73 and an estimated 3.5 percent in 1976.

In an effort to assess the overall financial health of the industry producing cotton work gloves, the Commission has assembled additional data from a variety of sources. These data cover * * * firms which, in the aggregate, account for about * * * of the value of glove shipments reported to the Commission by questionnaire for 1976, or about * * * percent of estimated total industry shipments in that year. Five key financial ratios for the industry sample studied are presented in the table below. The ratios are weighted averages of the results for the firms in the sample, with weights based on sales in 1976. The data cover 1976 (or the accounting year closest thereto for the reporting firms), which was the year in which gloves from China had their greatest impact on the U.S. market. For comparison, analogous financial ratios also are shown for (1) all U.S. manufacturers of nondurable goods and (2) all U.S. manufacturing firms with total assets of \$15 million to \$25 million * * *.

Key financial ratios for a representative sample of firms in the cotton gloves industry, 1976

Item	(Percent)		
	Glove	All	All manufacturers
	makers	nondurable	with assets of
	sampled 1/	manufacturers	\$15-\$25 million
Net profit before taxes as a share of--	:	:	:
Sales-----	7.4 :	5.0 :	7.2
Net worth-----	17.7 :	23.9 :	25.2
Current ratio-----	3.3 :	2.2 :	2.1
"Acid test" ratio-----	2/ 1.2 :	1.2 :	1.1
Debt/equity ratio-----	2/ .7 :	1.0 :	.9
	:	:	:

1/ Figures cover all operations of the * * * firms sampled and are taken from consolidated financial statements.

2/ Based on * * *-firm sample.

Source: Submissions by U.S. producers; Dun and Bradstreet reports; and Federal Trade Commission, Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations, fourth quarter, 1976.

Assuming that the * * * firms sampled are representative of the industry, the foregoing figures reveal that the industry is reasonably stable and financially healthy. Rates of return on sales tend to be somewhat higher than for the comparison groups of manufacturers, while rates of return on net worth are lower. Current ratios of the glove makers (ratios of current assets to current liabilities) are considerably stronger than those of the comparison groups; in U.S. industry, a current ratio of 2:1 is generally considered sound. The so-called acid test ratios, which attempt to measure ability to pay off current debt were business to be stopped immediately, are almost exactly in line with experience in the comparison groups. Finally, the glove-making industry apparently enjoys a rather stronger equity position than is the norm among the comparison groups. With a debt/equity ratio lower than those compared, it is in a position to finance a higher-than-average proportion of its operations out of equity rather than debt capital.

Channels of distribution

During the previous investigation (No. TA-201-9), information and data supplied by U.S. producers and importers showed that in 1974, domestic producers accounted for about a third of total imports. In 1977, the reporting producers accounted for about * * * percent of the total imports of cotton gloves without fourchettes or sidewalls and for * * * percent of those imported from China. The table below, which was compiled from data submitted to the Commission by U.S. producers and importers shows the principal sales outlets for domestic and imported cotton gloves in 1977.

Cotton gloves: Sales by U.S. producers and importers,
by types of sales outlets, 1977

(In percent by quantity)

Type of outlet	U.S. producers		U.S. importers
	Imported gloves	Domestic gloves	
Retail outlet-----	1	13	-
Wholesalers and jobbers-----	3	13	4
Industrial distributors and users-----	26	68	53
All others (including glove companies-----	70	6	43
Total-----	100	100	100

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Prices.--Questionnaires for the purpose of obtaining price information were sent to large purchasers of cotton gloves, which included both the end user and also distributors that serviced large industrial accounts. The data received by the Commission in response to the questionnaires were insufficient to measure accurately and compare the prices of gloves imported from China, of

gloves from other foreign sources, and of gloves that were manufactured domestically. Since many large distributors buy from glove companies (which both import and produce domestically) they were unsure and unable to supply data as to whether the gloves they purchased were of domestic or foreign origin. The industrial users of this product, unless they imported directly, ordinarily did not know if the gloves they purchased were imported; in some cases they knew the gloves were imported, but were not sure of the foreign source.

U.S. producers and importers that responded to the Commission questionnaire did, however, provide data on the average costs of their imports and on the average value of their sales. Although import data obtained by questionnaire amounted to 87 percent of the woven cotton gloves without fourchettes or sidewalls (TSUSA item 704.4010) reported in official import statistics by the U.S. Department of Commerce in 1976 and 80 percent in 1977, respondent importers which did not produce gloves domestically reported no importations from China prior to 1976. Some domestic producers which also imported gloves, however, reported imports from China in each of the 5 years covered by the Commission questionnaire. The following table shows the average landed, duty-paid cost per dozen pairs for cotton gloves without fourchettes or sidewalls imported by domestic glove producers and by other importers. The average value of sales by importers (not producers) per dozen pair is also shown, as is the average value of sales by glove producers, which includes gloves they produced domestically.

Woven cotton gloves, without fourchettes or sidewalls: Landed, duty-paid costs of sales of imports from China and from other sources, by importers and domestic glove producers, 1973-77

(Per dozen pairs)					
Item	1973	1974	1975	1976	1977
Importers:					
Landed, duty-paid costs of gloves from:					
China-----	-	-	-	\$2.95	\$3.32
Other foreign sources-----	\$4.01	\$4.26	\$3.45	3.59	3.94
Average value of sales of gloves imported from:					
China-----	-	-	-	3.28	4.26
Other foreign sources-----	4.81	5.11	4.14	4.30	4.63
Producers:					
Landed, duty-paid costs of gloves from:					
China-----	3.84	3.99	3.18	2.52	3.36
Other foreign sources-----	3.27	4.42	3.90	3.68	4.00
Average value of sales <u>1/</u> -----	5.20	6.84	7.54	7.40	8.00

1/ Includes sales of domestic gloves.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The average landed, duty-paid value of the gloves from China declined substantially in 1976, the year of the tremendous increase in imports from the source. Data reported by glove producers show a decline of 21 percent between 1975 and 1976; official import statistics show a decline of 28 percent. The landed, duty-paid cost of Chinese gloves to importers increased by 13 percent between 1976 and 1977; the cost reported by producers was 33 percent higher in 1977 than in 1976. The average cost of gloves imported from China by U.S. glove producers was 17 percent below the cost of importers in 1976 and about 1 percent higher in 1977. Importers sold the gloves from China for about 10 percent more than they paid for them in 1976 and nearly 30 percent more in 1977.

Pricing data available to the Commission from questionnaire returns and fieldwork are too fragmentary to permit the calculation of reliable indexes to compare prices for domestically-made cotton gloves, gloves imported from China, and other imported cotton gloves. It is a safe generalization, however, that imported gloves from all sources usually undersell the domestic product and that the margin of underselling with respect to Chinese gloves is greater than that for gloves sourced elsewhere abroad. As prices of the Chinese gloves are rising, there is clear evidence that this difference between Chinese and other imported gloves is narrowing.

* * * * *

In 1976, the available data suggest that Chinese gloves marketed by domestic producers undersold domestically produced gloves by about 10 percent, whereas the margin of underselling was only around 2 percent for gloves imported from other sources. In 1977, these margins had widened to about 13 percent and about 9 percent, respectively; thus, the margins by which Chinese gloves undersold other imported gloves were sliced roughly in half, from around 8 percent to more than 4 percent.

Adverse effects of price competition and losses of sales.--Domestic manufacturers of cotton gloves were asked to describe any adverse effects of price competition suffered from the gloves imported from China, and to document, to the extent feasible, any evidence of lost sales. Documentation could include such things as salesmen's reports or other internal company documents which described losses of sales; the names of lost customers were also requested.

Although many respondents were unable to name specific accounts lost to gloves imported from China, they did report that imports had taken a substantial share of their sales. They could not, however, single out the Chinese product from imports sourced elsewhere. Other manufacturers provided the Commission with lists of customers believed to have switched from domestic gloves to gloves from China. Many of the firms on these lists were contacted; only one, a distributor that principally supplies retail outlets, attributed any of the alleged lost sales directly to the Chinese product. Fieldwork by the staff during the course of the Commission's investigation verified information received by questionnaire that most of the subject imported gloves either were sold to distributors or glove producers servicing industrial accounts, or were sold by importers directly to industrial users.

As shown in the table on page A-33 importers responding to the Commission's questionnaire reported no sales directly to retail outlets, while responding producers sold 1 percent of the gloves they imported and 13 percent of the gloves they manufactured directly to retail outlets. During the field-work and in telephone conversations with interested parties, it quickly became apparent that most of the gloves from China usually were not recognized, at the end-user level, more specifically than as "imports." Although the quality of the Chinese glove was reported by nearly everyone questioned on the subject to be substantially better than that of other imports, the end user, unless a direct importer, usually pays little attention to where the product was manufactured, the main concern being cost. When imported gloves are sold by either domestic glove producers or distributors that do not import but buy from others, the end user, unless he has specifically excluded using imported products, may not even bother to discover that the gloves are imported. These observations apply chiefly to industrial end users, which supply the bulk of market demand. At the retail level, however, a careful shopper might recognize the product as being from China because of Federal marking regulations. If the data received in response to the Commission's questionnaires are representative of the industry, there were only about 10,000 dozen pairs of cotton gloves from China on the retail market in 1976 and 9,000 dozen pairs in 1977. All the rest--the vast bulk of the imports-- went to industrial users.

Efforts to compete.--During the investigation, the Commission also requested that domestic manufacturers of cotton gloves describe any recent efforts which they or their workers had made in an attempt to compete more efficiently with imported cotton gloves. Firms responded with one or more of the following statements: (1) Introduced new types of gloves, combining technical improvements and management expertise to provide a better product at a price competitive with imports; (2) increased employee training in order to improve the productivity of the plant and the quality of the product; (3) obtained management consulting advice on such things as factory layout, work flow, and training of supervisory personnel; (4) located shipping facilities more conveniently to the markets being served; (5) maintained additional inventories of finished gloves to provide quicker customer service; (6) began offering longer wearing, blended materials at the minimum markup; (7) expanded product lines to include specialized gloves which are unique to individual factory needs; (8) increased sales efforts, offering extended dating credit terms with absorption of freight charges on larger shipments; and (9) installed new and more efficient cutting machinery to reduce material and labor costs.

APPENDIX A
STATISTICAL TABLES

Table 1.--Cotton gloves: U.S. imports for consumption, by types, 1972-77

Type	1972	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)						
Cotton gloves:						
Woven:						
Without fourchettes or sidewalls-----	862	1,098	1,808	1,762	3,114	3,437
Other-----	386	517	829	554	839	902
Total-----	1,248	1,615	2,637	2,226	3,953	4,339
Not woven:						
Without fourchettes or sidewalls-----	126	307	828	837	1,845	2,888
Other-----	106	494	359	386	657	372
Total-----	232	801	1,187	1,223	2,502	3,260
Total, all cotton gloves-----	1,480	2,416	3,824	3,449	6,455	7,599
Value (1,000 dollars)						
Cotton gloves:						
Woven:						
Without fourchettes or sidewalls-----	1,141	1,953	4,669	3,666	5,875	7,732
Other-----	664	1,057	2,430	1,562	1,915	2,511
Total-----	1,805	3,010	7,099	5,228	7,790	10,243
Not woven:						
Without fourchettes or sidewalls-----	326	594	1,666	1,307	2,699	5,014
Other-----	338	834	633	865	1,288	726
Total-----	664	1,428	2,299	2,172	3,987	5,740
Total, all cotton gloves-----	2,569	4,438	9,398	7,400	11,777	15,983
Unit value (per dozen pairs)						
Cotton gloves:						
Woven:						
Without fourchettes or sidewalls-----	\$1.32	\$1.78	\$2.58	\$2.19	\$1.89	\$2.50
Other-----	1.72	2.04	2.93	2.82	2.28	2.78
Average-----	1.45	1.86	2.69	2.35	1.97	2.36
Not woven:						
Without fourchettes or sidewalls-----	2.59	1.94	2.01	1.56	1.46	1.74
Other-----	3.19	1.69	1.76	2.24	1.96	1.95
Average-----	2.86	1.78	1.94	1.78	1.59	1.76
Average, all cotton gloves-----	1.67	1.84	2.46	2.15	1.82	2.10

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

Table 2.--Cotton gloves (both woven and not woven), without fourchettes or sidewalls:
U.S. imports for consumption, by specified sources, 1972-77

Source	1972	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)						
Hong Kong-----	407	445	1,017	959	1,750	2,582
China-----	3	136	168	121	966	868
Japan-----	15	145	205	312	425	859
Taiwan-----	123	126	168	172	118	248
Republic of Korea-----	142	100	79	243	298	245
All other-----	298	453	999	702	1,402	1,523
Total-----	988	1,405	2,636	2,509	4,959	6,325
Value (1,000 dollars)						
Hong Kong-----	638	880	2,781	2,252	3,781	6,599
China-----	4	272	287	301	1,784	1,914
Japan-----	37	172	287	374	545	1,124
Taiwan-----	178	264	524	433	532	728
Republic of Korea-----	185	169	245	476	421	543
All other-----	426	790	2,211	1,137	1,511	1,837
Total-----	1,468	2,547	6,335	4,973	8,574	12,745
Unit value (per dozen pairs)						
Hong Kong-----	\$1.57	\$1.98	\$2.73	\$2.35	\$2.16	\$2.56
China-----	1.33	2.00	1.71	2.49	1.85	2.21
Japan-----	2.47	1.19	1.40	1.20	1.28	1.31
Taiwan-----	1.45	2.10	3.12	2.52	4.51	2.94
Republic of Korea-----	1.30	1.69	3.10	1.96	1.41	2.22
All other-----	1.43	1.74	2.21	1.62	1.08	1.21
Total-----	1.49	1.81	2.40	1.98	1.73	2.02

1/ Includes 500,000 dozen pairs valued at \$495,000 from Barbados under TSUS item 807.00.

2/ Includes 646,000 dozen pairs valued at \$636,000 from Barbados under TSUS item 807.00.

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

Table 3.--Cotton gloves, without fourchettes or sidewalls: Ratio of imports from China to total imports, U.S. producer's shipments, and apparent U.S. consumption, 1972-77

(In percent)			
Year	Ratio of imports from China to--		
	Total imports	Producers' shipments	Apparent consumption
1972-----	0.3	<u>1/</u>	<u>1/</u>
1973-----	9.7	0.5	0.5
1974-----	6.4	.7	.6
1975-----	4.8	.7	.6
1976-----	19.5	5.1	4.1
1977-----	13.7	<u>2/</u> 4.1	<u>2/</u> 3.2

1/ Less than 0.05 percent.

2/ Estimated on the basis of data obtained by questionnaire.

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

Table 4.--Woven cotton gloves without fourchettes or sidewalls (TSUSA item 704.4010): U.S. imports for consumption, by principal sources, 1972-77

Source	1972	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)						
Hong Kong-----	357	432	1/ 690	687	1,079	1,364
China-----	3	108	67	111	904	824
Barbados-----	2/ 85	3/ 143	4/ 335	2/ 247	2/ 500	2/ 646
Taiwan-----	123	110	138	112	201	80
Republic of Korea-----	142	99	79	230	288	236
India-----	18	21	21	45	48	50
Japan-----	7	32	33	54	52	68
All other-----	127	153	445	186	42	169
Total-----	862	1,098	1,808	1,672	3,114	3,437
Value (1,000 dollars)						
Hong Kong-----	501	832	1/2,120	1,703	2,556	3,903
China-----	4	239	156	280	1,641	1,815
Barbados-----	2/ 54	3/ 113	4/ 318	2/ 237	2/ 495	2/ 636
Taiwan-----	178	235	463	308	478	212
Republic of Korea-----	185	167	245	433	386	508
India-----	25	30	50	101	96	108
Japan-----	24	34	55	119	94	102
All other-----	170	303	1,262	485	129	448
Total-----	1,141	1,953	4,669	3,666	5,875	7,732
Unit value (per dozen pairs)						
Hong Kong-----	\$1.40	\$1.93	1/ \$3.07	\$2.48	\$2.37	\$2.86
China-----	1.33	2.21	2.33	2.52	1.82	2.20
Barbados-----	2/ .64	3/ .79	4/ .95	2/ .96	2/ .99	2/ .98
Taiwan-----	1.45	2.14	3.36	2.75	2.38	2.65
Republic of Korea-----	1.30	1.69	3.10	1.88	1.34	2.15
India-----	1.39	1.43	2.38	2.24	2.00	2.16
Japan-----	3.43	1.06	1.67	2.20	1.81	1.50
All other-----	1.34	1.98	2.84	2.61	3.07	2.65
Average-----	1.32	1.78	2.58	2.19	1.89	2.25

1/ Includes 8 thousand dozen pairs, valued at 58 thousand dollars with an average unit value of \$7.25 per dozen pair, entered under the provisions of TSUS item 807.00.

2/ Entered under the provisions of TSUS item 807.00.

3/ Includes 134 thousand dozen pairs, valued at 106 thousand dollars, with an average unit value of \$0.79 per dozen pairs, entered under the provisions of TSUS item 807.00.

4/ Includes 329 thousand dozen pairs, valued at 316 thousand dollars, with an average unit value of \$0.96 per dozen, entered under the provision of TSUS item 807.00.

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

Table 5.--Cotton gloves, not woven, without fourchettes or sidewalls (TSUSA item 704.4510): 1/ U.S. imports for consumption, by principal sources, 1972-77

Source	1972	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)						
Hong Kong-----	50	13	<u>2/</u> 327	272	671	1,218
Republic of the Philippines-----	1	1	10	158	503	269
Japan-----	8	113	172	258	373	791
Singapore-----	62	128	99	48	40	20
China-----	0	28	101	10	62	44
Haiti-----	0	<u>3/</u> 2	<u>3/</u> 6	<u>3/</u> 11	<u>3/</u> 161	<u>3/</u> 327
Taiwan-----	0	16	30	60	17	168
Republic of Korea-----	0	1	0	13	10	9
All other-----	5	5	83	7	8	42
Total-----	126	307	828	837	1,845	2,888
Value (1,000 dollars)						
Hong Kong-----	137	48	<u>2/</u> 661	549	1,225	2,696
Republic of the Philippines-----	4	4	1	144	513	294
Japan-----	13	138	232	255	451	1,022
Singapore-----	150	329	353	146	169	72
China-----	-	33	131	21	143	99
Haiti-----	-	<u>3/</u> 1	<u>3/</u> 4	<u>3/</u> 9	<u>3/</u> 94	<u>3/</u> 193
Taiwan-----	-	29	61	125	54	516
Republic of Korea-----	-	2	-	43	35	35
All other-----	23	10	213	15	15	86
Total-----	327	594	1,666	1,307	2,699	5,013
Unit value (per dozen pairs)						
Hong Kong-----	\$2.74	\$3.69	<u>2/</u> \$2.02	\$2.02	\$1.83	\$2.21
Republic of the Philippines-----	4.00	4.00	1.10	.91	1.02	1.09
Japan-----	1.62	1.22	1.35	.99	1.21	1.29
Singapore-----	2.42	2.57	3.57	3.04	4.23	3.60
China-----	-	1.18	1.30	2.10	2.31	2.25
Haiti-----	-	<u>3/</u> .50	<u>3/</u> .67	<u>3/</u> .82	<u>3/</u> .58	<u>3/</u> .59
Taiwan-----	-	1.81	2.03	2.08	3.18	3.07
Republic of Korea-----	-	2.00	-	3.31	3.50	3.89
All other-----	4.60	2.00	2.57	2.14	1.88	2.05
Average-----	2.60	1.93	2.01	1.56	1.46	1.74

1/ TSUSA item 704.4510 became TSUSA items 704.4502, 704.4504, 704.4506, and 704.4508, effective Jan. 1, 1977.

2/ Includes 6,000 dozen pairs valued at \$44,000, with an average unit value of \$7.33 per dozen pairs, entered under the provisions of TSUS item 807.00.

3/ Entered under the provisions of TSUS item 807.00

Table 6.--Cotton gloves (both woven and not woven), with fourchettes or sidewalls:
U.S. imports for consumption, by specified sources, 1972-77

Source	1972	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)						
Hong Kong-----	180	190	288	511	929	779
Peoples Republic of						
China-----	2	162	202	72	159	113
Taiwan-----	3	42	43	134	104	96
Japan-----	92	314	203	86	186	84
Republic of Korea-----	80	35	5	11	57	39
All other-----	1/ 135	2/ 299	3/ 478	4/ 126	5/ 62	163
Total-----	492	1,011	1,188	940	1,497	1,274
Value (1,000 dollars)						
Hong Kong-----	305	429	607	2,009	2,133	2,174
Peoples Republic of						
China-----	4	277	513	205	253	196
Taiwan-----	18	93	148	317	262	280
Japan-----	279	404	302	134	289	158
Republic of Korea-----	120	48	68	60	95	95
All other-----	1/ 368	2/ 640	3/ 1,425	4/ 435	5/ 171	314
Total-----	1,002	1,891	3,063	2,430	3,203	3,237

1/ Includes 54 thousand dozen pairs, valued at 87 thousand dollars, with an average unit value of \$1.52 per dozen pairs, imported from Malaysia.

2/ Includes 1 thousand dozen pairs valued at 2 thousand dollars, entered from Mexico under the provisions of TSUS item 807.00.

3/ Includes 161 thousand dozen pairs valued at 576 thousand dollars, entered from Mexico under the provisions of TSUS item 807.00

4/ Includes 72 thousand dozen pairs valued at 325 thousand dollars, entered from Mexico under the provisions of TSUS item 807.00. Also includes 200 dozen pairs, valued at 3 thousand dollars with an average unit value of \$135 entered from the Republic of the Philippines under the provisions of TSUS item 807.00

5/ Includes 15 thousand dozen paris valued at 77 thousand dollars, entered from Mexico under the provisions of TSUS item 807.00.

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

Table 7.--Cotton gloves, without fourchettes or sidewalls: U.S. imports for consumption, entered under the provision of TSUS item 807.00, by principal sources, 1972-77

Source	1972	1973	1974	1975	1976	1977
Quantity (dozen pairs)						
Barbados-----	85,235	134,291	328,628	247,364	500,498	646,075
Haiti-----	0	1,760	5,540	16,585	161,292	327,010
Hong Kong-----	0	0	13,513	0		0
Republic of the Philippines-----	0	249	344	0	0	0
Costa Rica-----	12,100	0	0	0	0	0
All other-----	1/ 24,964	6,606	0	0	0	2/ 31,125
Total-----	122,299	142,906	348,025	263,949	661,790	1,004,210
Value						
Barbados-----	\$53,690	\$106,227	\$315,728	\$236,835	\$494,761	\$636,399
Haiti-----	-	1,230	3,984	12,259	94,222	177,592
Hong Kong-----	-	-	102,386	-	-	-
Republic of the Philippines-----	-	1,697	1,396	-	-	-
Costa Rica-----	34,001	-	-	-	-	-
All other-----	1/ 14,330	5,043	-	-	-	2/ 44,696
Total-----	101,921	114,197	423,494	249,094	588,983	858,687

1/ Includes 19,014 dozen pairs valued at \$9,794, imported from Canada.

2/ Includes 30,125 dozen pairs valued at \$28,219 from Bermuda.

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

Table 8.--Cotton gloves: U.S. imports for consumption, from all sources and from China, by types, 1972-77

Type	1972	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)						
Cotton gloves:						
Without fourchettes or sidewalls:						
All countries-----	988	1,405	2,636	2,509	4,959	6,325
China-----	3	136	168	121	966	868
Other:						
All countries-----	492	1,011	1,118	940	1,497	1,274
China-----	2	162	202	72	159	113
Total:						
All countries:	1,480	2,416	3,824	3,449	6,456	7,599
China-----	5	298	370	193	1,125	981
Value (1,000 dollars)						
Cotton gloves:						
Without fourchettes or sidewalls:						
All countries-----	1,468	2,547	6,335	4,973	8,574	12,745
China-----	4	272	287	301	1,784	1,914
Other:						
All countries-----	1,102	1,891	3,063	2,427	3,203	3,237
China-----	4	277	513	205	253	196
Total:						
All countries-----	2,570	4,438	9,398	7,300	11,777	15,982
China-----	8	549	800	506	2,037	2,110

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

Table 9.--Cotton gloves: U.S. imports for consumption from China as a percentage of total U.S. cotton glove imports, 1972-77

Item	(In percent)					
	1972	1973	1974	1975	1976	1977
Quantity						
Total imports from China:						
Without fourchettes or sidewalls-----	0.3	9.6	6.3	4.8	19.4	13.7
Other-----	.4	16.0	17.0	7.6	10.6	8.9
Average-----	.3	12.3	9.6	5.5	17.4	12.9
Imports, from China, excluding those entered under TSUS item 807.00:						
Without fourchettes or sidewalls-----	.3	10.7	7.3	5.3	22.4	16.3
Other-----	.4	16.3	20.2	8.5	10.8	8.9
Average-----	.3	13.2	11.2	6.2	19.5	14.9
Value						
Total imports from China:						
Without fourchettes or sidewalls-----	0.2	10.6	4.5	6.0	20.8	15.0
Other-----	.3	14.6	16.7	8.4	7.8	6.1
Average-----	.3	12.3	8.5	6.9	17.2	13.2
Imports from China, excluding those entered under TSUS item 807.00:						
Without fourchettes or sidewalls-----	.2	11.1	4.8	6.3	22.3	16.1
Other-----	.3	14.7	20.8	9.8	8.1	6.1
Average-----	.3	12.7	9.5	7.4	18.3	14.0

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

Table 10.--Woven cotton gloves, with fourchettes or sidewalls (TSUSA item 704.4025): U.S. imports for consumption, by principal sources, 1972-77

Source	1972	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)						
Hong Kong-----	154	190	142	290	531	573
China-----	2	91	198	62	154	113
Republic of China						
Taiwan-----	3	34	26	79	65	69
Mexico-----	0	1/ 1	1/ 171	1/ 72	1/ 15	0
Republic of Korea-----	80	31	25	9	35	39
Japan-----	57	41	22	5	18	26
Pakistan-----	0	23	45	4	9	11
All other-----	2/ 90	137	200	33	12	71
Total-----	386	517	829	554	839	902
Value (1,000 dollars)						
Hong Kong-----	255	429	467	733	1,284	1,726
China-----	4	175	502	171	242	196
Republic of China						
Taiwan-----	18	78	111	191	179	228
Mexico-----	-	1/ 2	1/ 576	1/ 325	1/ 77	-
Republic of Korea-----	120	42	68	54	56	95
Japan-----	111	74	41	20	39	46
Pakistan-----	-	7	116	11	24	27
All other-----	2/ 156	250	549	57	14	193
Total-----	664	1,057	2,430	1,562	1,915	2,511
Unit value (per dozen pairs)						
Hong Kong-----	\$1.66	\$2.26	\$3.29	\$2.53	\$2.42	\$3.01
China-----	2.00	1.92	2.54	2.76	1.57	1.73
Republic of China						
Taiwan-----	6.00	2.29	4.27	2.42	2.75	3.30
Mexico-----	-	1/ 2.00	1/ 3.37	1/ 4.51	1/ 5.13	-
Republic of Korea-----	1.50	1.35	2.72	6.00	1.60	2.44
Japan-----	1.95	1.80	1.86	4.00	2.17	1.77
Pakistan-----	-	.30	2.58	2.75	2.67	2.45
All other-----	2/ 1.73	1.82	2.75	1.73	1.17	2.72
Average-----	1.72	2.04	2.93	2.82	2.28	2.78

1/ Entered under the provisions of TSUS item 807.00.

2/ Includes 54 thousand dozen pairs, valued at 82 thousand dollars, with an average unit value of \$1.52 per dozen pairs, imported from Malaysia.

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

Table 11.--Cotton gloves, not woven, with fourchettes or sidewalls (TSUSA item 704.4525): U.S. imports for consumption, by principal sources, 1972-77

Source	1972	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)						
Hong Kong-----	26	0	86	221	398	206
Japan-----	35	273	181	81	168	58
Taiwan-----	0	8	17	55	39	27
Republic of Korea-----	0	4	1/	2	22	0
Thailand-----	0	0	12	0	5	0
Pakistan-----	0	0	44	8	6	0
Republic of the Philippines-----	16	8	1/	2/ 1	1	3
China-----	0	71	4	10	5	0
All other-----	29	130	15	8	14	78
Total-----	106	494	359	386	658	372
Value (1,000 dollars)						
Hong Kong-----	50	-	140	543	849	448
Japan-----	76	330	261	114	250	112
Taiwan-----	-	15	37	126	83	52
Republic of Korea-----	-	6	1/	6	39	-
Thailand-----	-	-	33	-	16	-
Pakistan-----	-	-	115	23	13	-
Republic of the Philippines-----	139	84	2	2/ 7	12	48
China-----	-	102	11	34	11	-
All other-----	73	297	34	12	15	66
Total-----	338	834	633	865	1,288	726
Unit value (per dozen pairs)						
Hong Kong-----	\$1.92	-	\$1.63	\$2.46	\$2.13	\$2.17
Japan-----	2.17	\$1.21	1.44	1.41	1.49	1.93
Taiwan-----	-	1.88	2.18	2.29	2.13	1.93
Republic of Korea-----	-	1.50	1.93	3.00	1.77	-
Thailand-----	-	-	2.75	-	3.20	-
Pakistan-----	-	-	2.61	2.88	2.17	-
Republic of the Philippines-----	8.69	10.50	8.37	2/ 7.00	12.00	16.00
China-----	-	1.44	2.75	3.40	2.20	-
All other-----	2.52	2.28	2.27	1.50	1.07	-
Average-----	3.19	1.69	1.76	2.24	1.96	1.95

1/ Less than 500.

2/ Includes 200 dozen pairs, valued at \$2,702, with an average unit value of \$13.51 per dozen pairs, entered under the provisions of TSUS item 807.00.

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

Table 12.--Cotton gloves, without fourchettes or sidewalls: U.S. importers' and producers' imports, 1973-77

Year	U.S. importers' imports			U.S. producers' imports		
	from--			from--		
	China	All others	Total	China	All others	Total
Quantity (1,000 dozen pairs)						
1973-----	xxx	xxx	xxx	xxx	xxx	xxx
1974-----	xxx	xxx	xxx	xxx	xxx	xxx
1975-----	xxx	xxx	xxx	xxx	xxx	xxx
1976-----	xxx	xxx	xxx	xxx	xxx	xxx
1977-----	xxx	xxx	xxx	xxx	xxx	xxx
Landed, duty-paid value (1,000 dollars)						
1973-----	xxx	xxx	xxx	xxx	xxx	xxx
1974-----	xxx	xxx	xxx	xxx	xxx	xxx
1975-----	xxx	xxx	xxx	xxx	xxx	xxx
1976-----	xxx	xxx	xxx	xxx	xxx	xxx
1977-----	xxx	xxx	xxx	xxx	xxx	xxx
Unit value (per dozen pairs)						
1973-----	xxx	xxx	xxx	xxx	xxx	xxx
1974-----	xxx	xxx	xxx	xxx	xxx	xxx
1975-----	xxx	xxx	xxx	xxx	xxx	xxx
1976-----	xxx	xxx	xxx	xxx	xxx	xxx
1977-----	xxx	xxx	xxx	xxx	xxx	xxx

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note: The imports from China shown above accounted for 85.7 percent of total imports from that source in 1976 and 82.0 percent in 1977

Table 13.--Cotton gloves, without fourchettes or sidewalls: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1972-77

Item	1972	1973	1974	1975	1976	1977
Quantity:						
Producers' Shipments						
1,000 dozen pairs-----	22,310	24,883	24,353	18,476	18,989	<u>1/</u> 21,200
Imports--do-----	988	1,405	2,636	2,509	4,959	6,325
Exports--do-----	353	470	799	706	560	<u>1/</u> 630
Consumption--do-----	22,945	25,818	26,190	20,279	23,388	26,895
Ratio (percent) of imports to--						
Producers' Shipments-----	4.4	5.6	10.8	13.6	26.1	<u>1/</u> 29.8
Consumption-----	4.3	5.4	10.1	12.4	21.2	<u>1/</u> 23.5
Index (1972=100):						
Producers' Shipments-----	100	112	109	83	85	<u>1/</u> 94
Imports-----	100	142	267	254	502	640
Exports-----	100	133	226	200	159	<u>1/</u> 178
Consumption-----	100	113	114	88	102	<u>1/</u> 117

1/ Estimated on the basis of data obtained by questionnaire.

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

Table 14.--Cotton gloves: U.S. production, by types
1973-77

(In thousands of dozen pairs)						
Description	1973	1974	1975	1976	1977	
Cotton gloves:						
Without fourchettes or sidewalls:						
Woven-----	6,793	6,353	4,935	5,090	4,935	
Other-----	4,769	4,556	2,928	4,810	3,638	
Total-----	11,562	10,909	7,863	9,900	8,573	
Other, woven-----	369	219	119	305	302	
Glove linings of cotton-----	62	50	52	166	180	
Gloves, not listed above-----	1,144	1,243	1,072	1,354	1,392	

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 15.--Cotton gloves: U.S. producer's shipments, as reported to the Commission by questionnaires, 1973-77

Description	1973	1974	1975	1976	1977
Quantity (1,000 dozen pairs)					
Cotton gloves:					
Without fourchettes or sidewalls:					
Woven-----	xxx	xxx	xxx	xxx	xxx
Other-----	xxx	xxx	xxx	xxx	xxx
Total-----	xxx	xxx	xxx	xxx	xxx
Other, woven-----	xxx	xxx	xxx	xxx	xxx
All other gloves, not listed above-----	2,090	2,086	1,804	2,202	2,583
Value (1,000 dollars)					
Cotton gloves:					
Without fourchettes or sidewalls:					
Woven-----	xxx	xxx	xxx	xxx	xxx
Other-----	xxx	xxx	xxx	xxx	xxx
Total-----	xxx	xxx	xxx	xxx	xxx
Other, woven-----	xxx	xxx	xxx	xxx	xxx
All other gloves, not listed above-----	36,631	42,958	36,695	44,499	57,393
Average value of sales (per dozen pairs)					
Cotton gloves:					
Without fourchettes or sidewalls:					
Woven-----	\$5.20	\$6.84	\$7.54	\$7.59	\$8.00
Other-----	4.70	5.87	6.03	5.37	5.76
Total-----	4.99	6.45	6.96	6.61	6.97
Other, woven-----	4.36	6.09	6.55	6.71	7.14
All other gloves, not listed above-----	17.53	20.59	20.34	20.21	22.22

Source: Compiled from data submitted in response to the questionnaires of the U.S. International Trade Commission.

Table 16---Cotton gloves: U.S. exports of domestic merchandise, by type, 1972-76, January-October 1976, and January-October 1977

Type	1972	1973	1974	1975	1976	Jan. -Oct.--	
						1976	1977
	Quantity (1,000 dozen pairs)						
Cotton gloves:							
Woven-----	223	323	570	538	413	314	487
Knit-----	130	147	229	168	147	129	110
Total-----	353	470	799	706	560	443	597
	Value (1,000 dollars)						
Cotton gloves:							
Woven-----	1,013	1,262	2,895	3,051	2,472	1,850	2,857
Knit-----	395	524	990	690	678	586	561
Total-----	1,408	1,786	3,885	3,741	3,150	2,436	3,418
	Unit value (per dozen pairs)						
Cotton gloves:							
Woven-----	\$4.54	\$3.91	\$5.08	\$5.67	\$5.99	\$5.89	\$5.87
Knit-----	3.04	3.56	4.32	4.11	4.61	4.54	5.10
Average-----	3.99	3.80	4.86	5.30	5.63	5.50	5.73

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

Table 17.--Profit-and-loss experience of U.S. producers of cotton gloves on their overall establishment operations, 1973-77

Item	1973	1974	1975	1976	1977
Net sales----- (1,000 dollars)---	109,151	251,597	118,602	110,995	115,576
Cost of goods sold-----do---	82,152	220,662	87,916	84,302	84,856
Gross profit-----do---	26,909	30,935	30,686	26,693	30,720
General selling and administra-					
tive expense--1,000 dollars---	18,176	21,451	21,692	18,518	20,714
Net operating profit-----do---	8,823	9,484	8,994	8,176	10,006
Other income or (expense)---do---	(1,420)	(2,331)	(583)	(903)	(829)
Net profit before income taxes--					
1,000 dollars-----	7,403	7,153	8,411	7,273	9,177
Ratio of--					
Net operating profit to net					
sales-----percent--	8.1	3.8	7.6	7.4	8.7
Net profit before taxes to					
net sales-----percent--	6.8	2.8	7.1	6.6	7.9

Source: Compiled from data submitted in response, to questionnaires of the U.S. International Trade Commission.

Table 18.--Profit-and-loss experience of U.S. producers of cotton gloves on their cotton glove operations only, 1973-77

Item	1973	1974	1975	1976	1977
Net sales----- (1,000 dollars)---	44,813	54,891	49,328	44,205	47,503
Cost of goods sold-----do---	38,790	43,846	35,768	33,571	34,776
Gross profit-----do---	6,023	11,045	13,560	10,634	12,727
General selling and administra-					
tive expense --1,000 dollars---	2,633	9,066	9,468	7,699	8,682
Net operating profit-----do---	3,390	1,979	1,092	2,935	4,045
Other operating profit-----do---	(70)	(108)	4	44	102
Net profit before income taxes					
1,000 dollars-----	3,320	1,871	4,096	2,979	4,147
Ratio of--					
Net operating profit to net					
sales-----percent---	7.6	<u>1</u> / 3.6	8.3	6.6	8.5
Net profit before taxes to					
net sales --percent-----	7.4	<u>1</u> / 3.4	8.3	6.7	8.7

1/ * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 19.-- Net sales and net operating profit of U.S. producers of cotton gloves on their production of cotton glove operations and on all operations, 1973-77

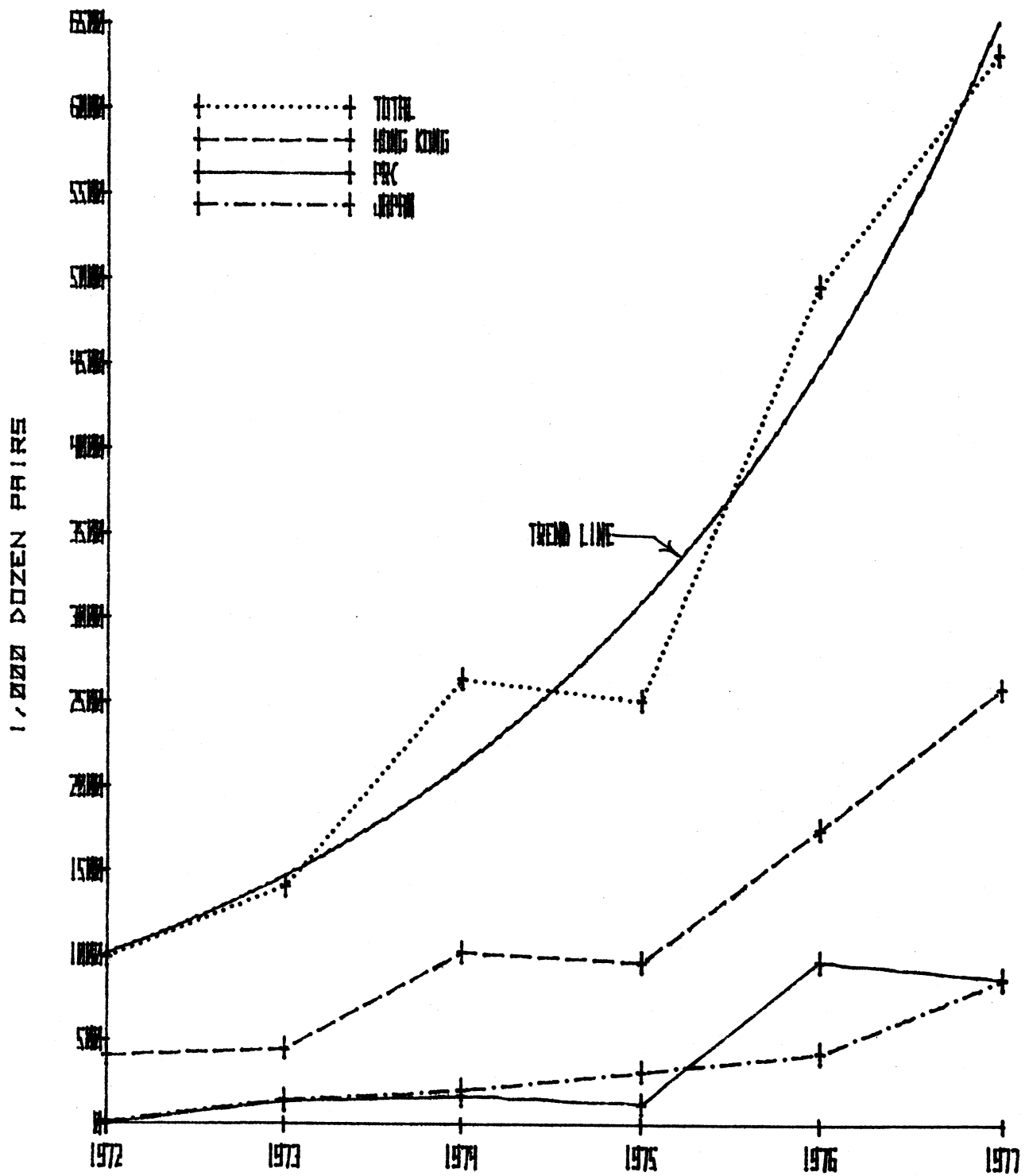
Item	1973	1974	1975	1976	1977
Net sales, all products					
1,000 dollars--	109,151	251,597	118,602	110,995	115,576
Net sales, cotton gloves----do----	44,813	54,891	49,328	44,205	47,503
Ratio, of net sales of cotton gloves to net sales of all products--percent-----	41.1	21.8	41.6	39.8	41.1
Net operating profit, all products-----1,000 dollars--	8,823	9,484	8,994	8,176	10,006
Net operating profit, cotton gloves-----1,000 dollars--	3,390	1,979	4,092	2,935	4,045
Ratio, of net operating profit on production of cotton gloves to net operating profit on all products-----percent--	38.4	20.9	45.5	35.9	40.4

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

APPENDIX B

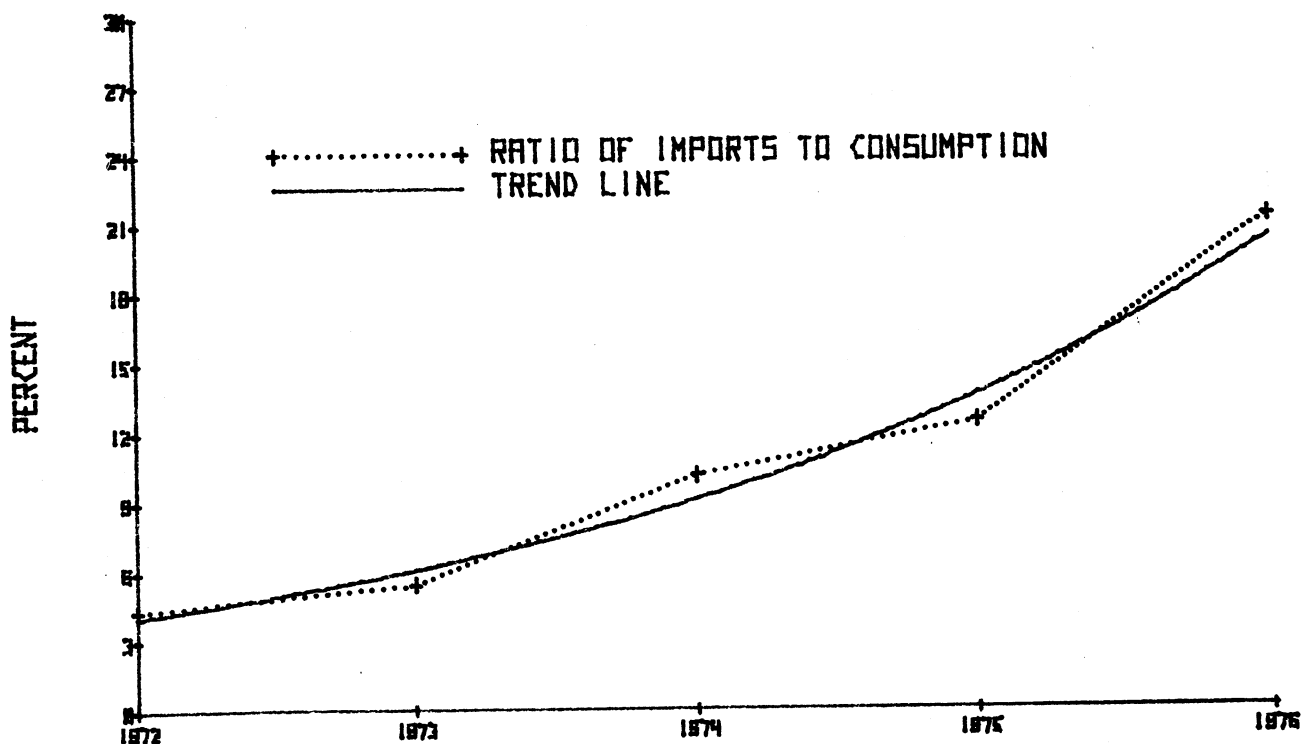
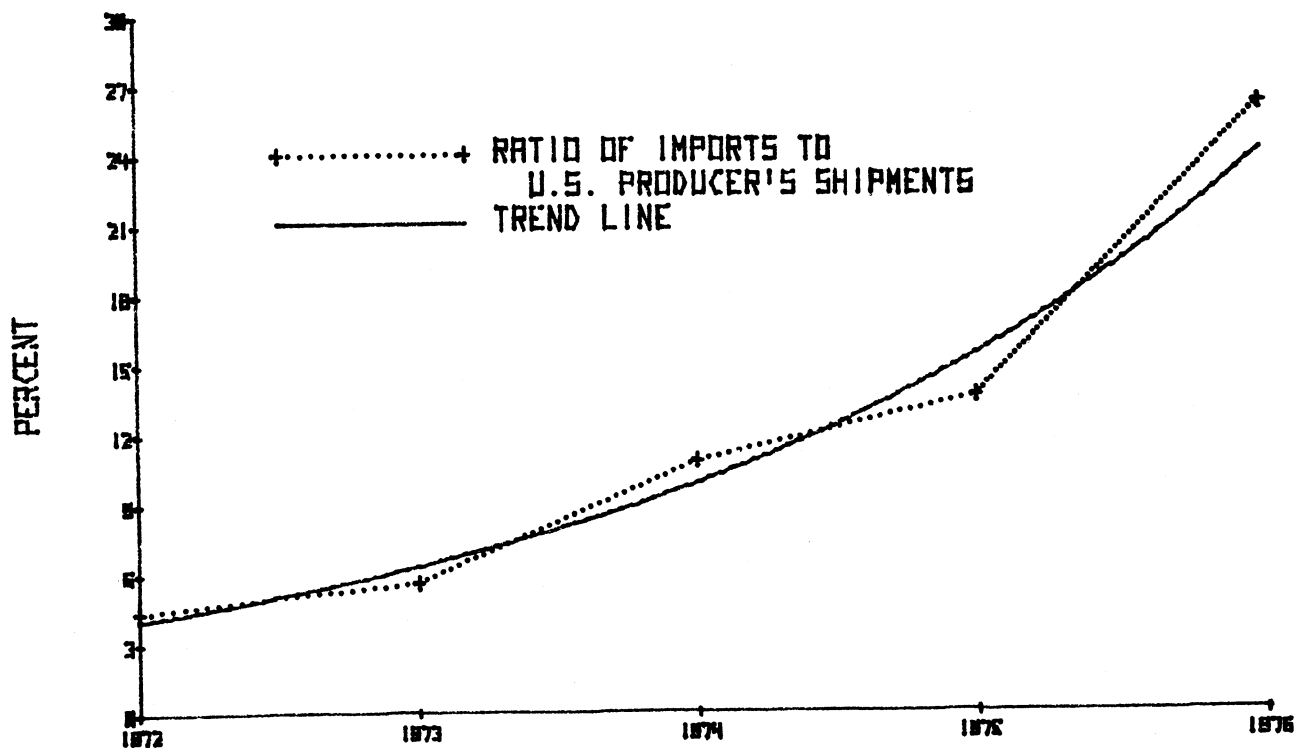
FIGURES

FIGURE 1.—COTTON GLOVES WITHOUT FOURCHETTES OR SIDEWALLS: U.S. IMPORTS FOR CONSUMPTION, TOTAL AND BY SPECIFIED SOURCES, 1972-77.



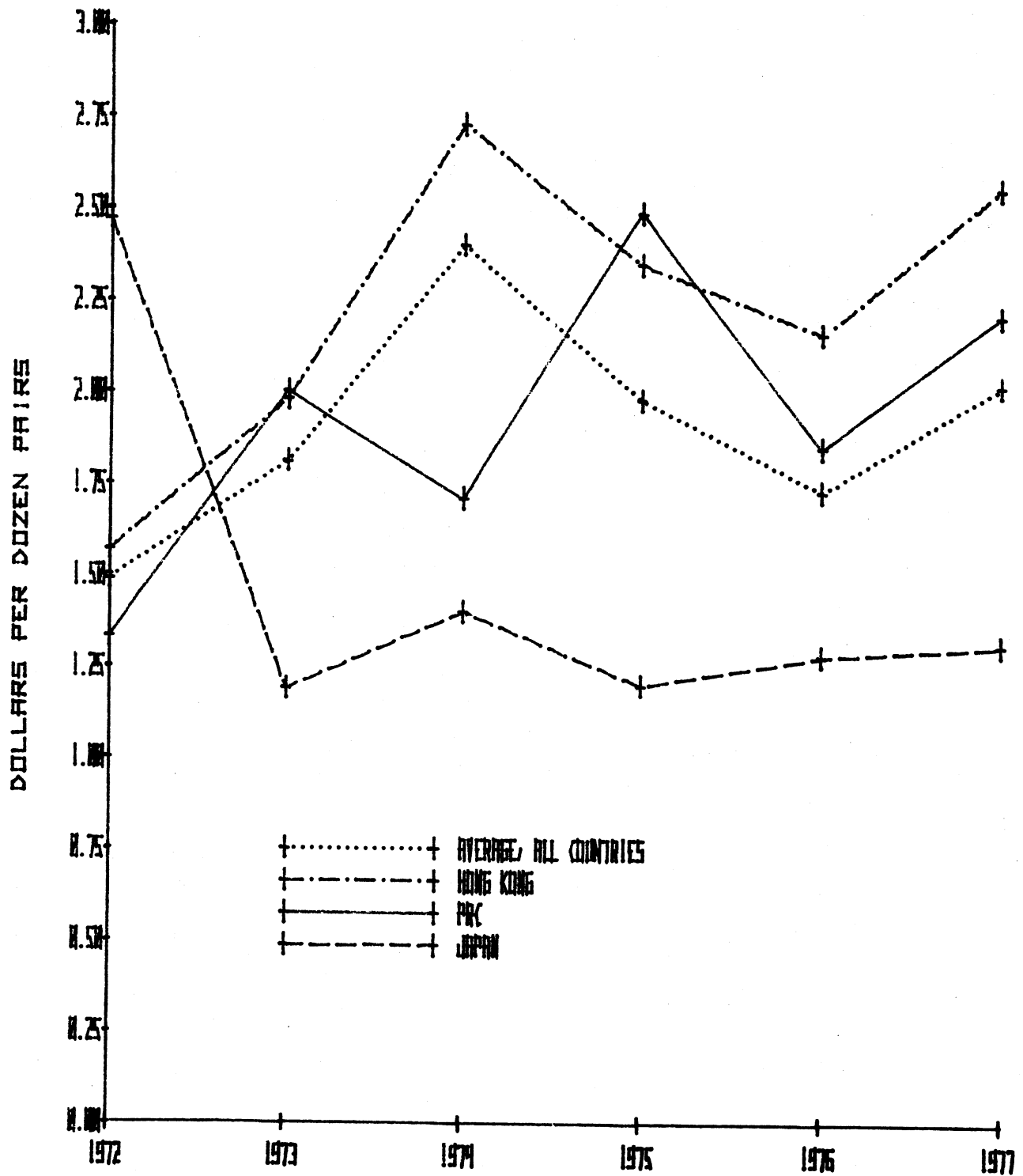
SOURCE: COMPILED FROM OFFICIAL STATISTICS OF THE U.S. DEPARTMENT OF COMMERCE.

FIGURE 2.—COTTON GLOVES WITHOUT FOURCHETTES OR SIDEWALLS: RATIO OF IMPORTS TO U.S. PRODUCER'S SHIPMENTS AND APPARENT CONSUMPTION, 1972-76.



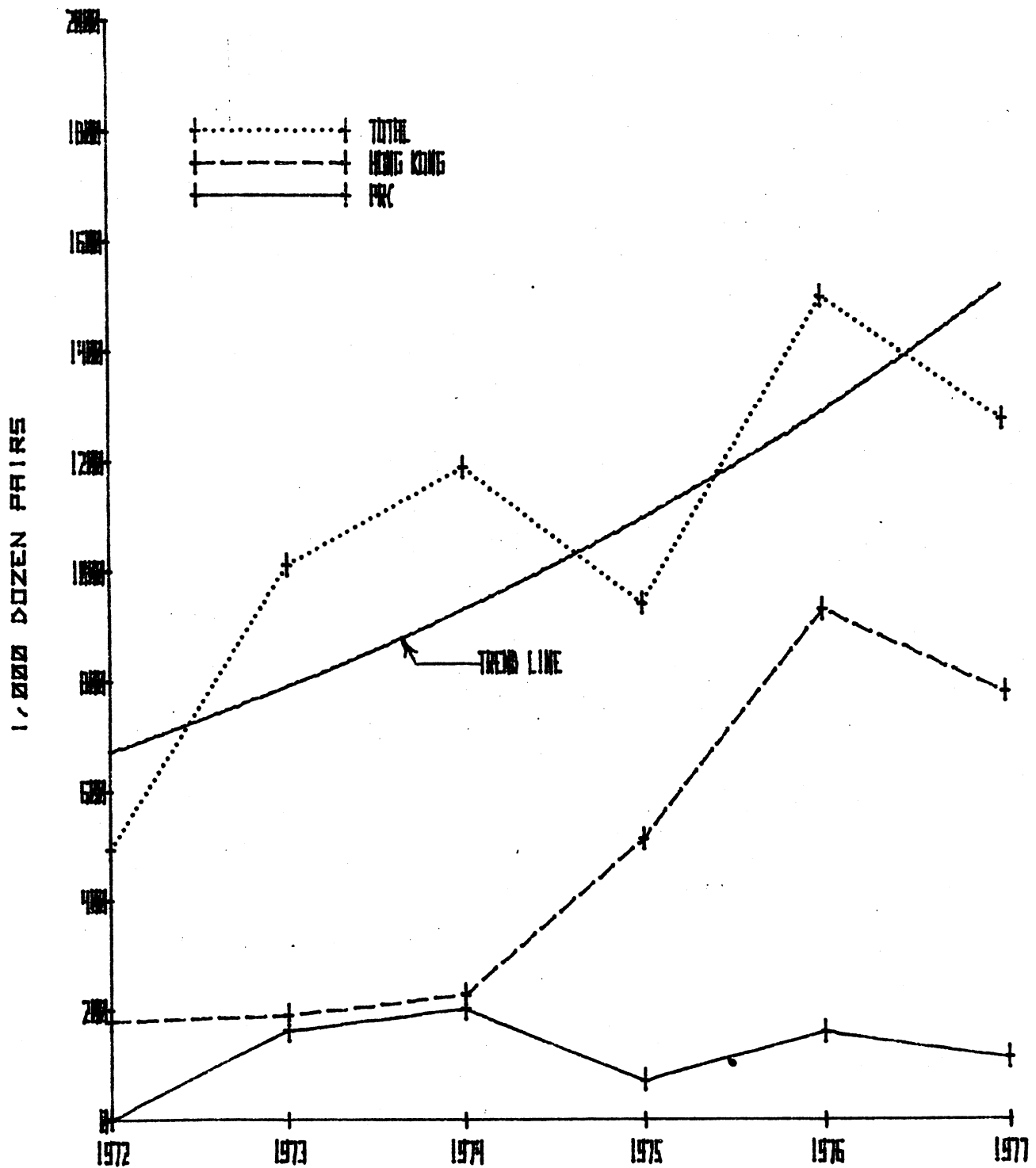
SOURCE: COMPILED FROM OFFICIAL STATISTICS OF THE U.S. DEPARTMENT OF COMMERCE.

FIGURE 3.—COTTON GLOVES WITHOUT FOURCHETTES OR SIDEWALLS: UNIT VALUES OF IMPORTS, TOTAL AND BY SPECIFIED SOURCES, 1972-77.



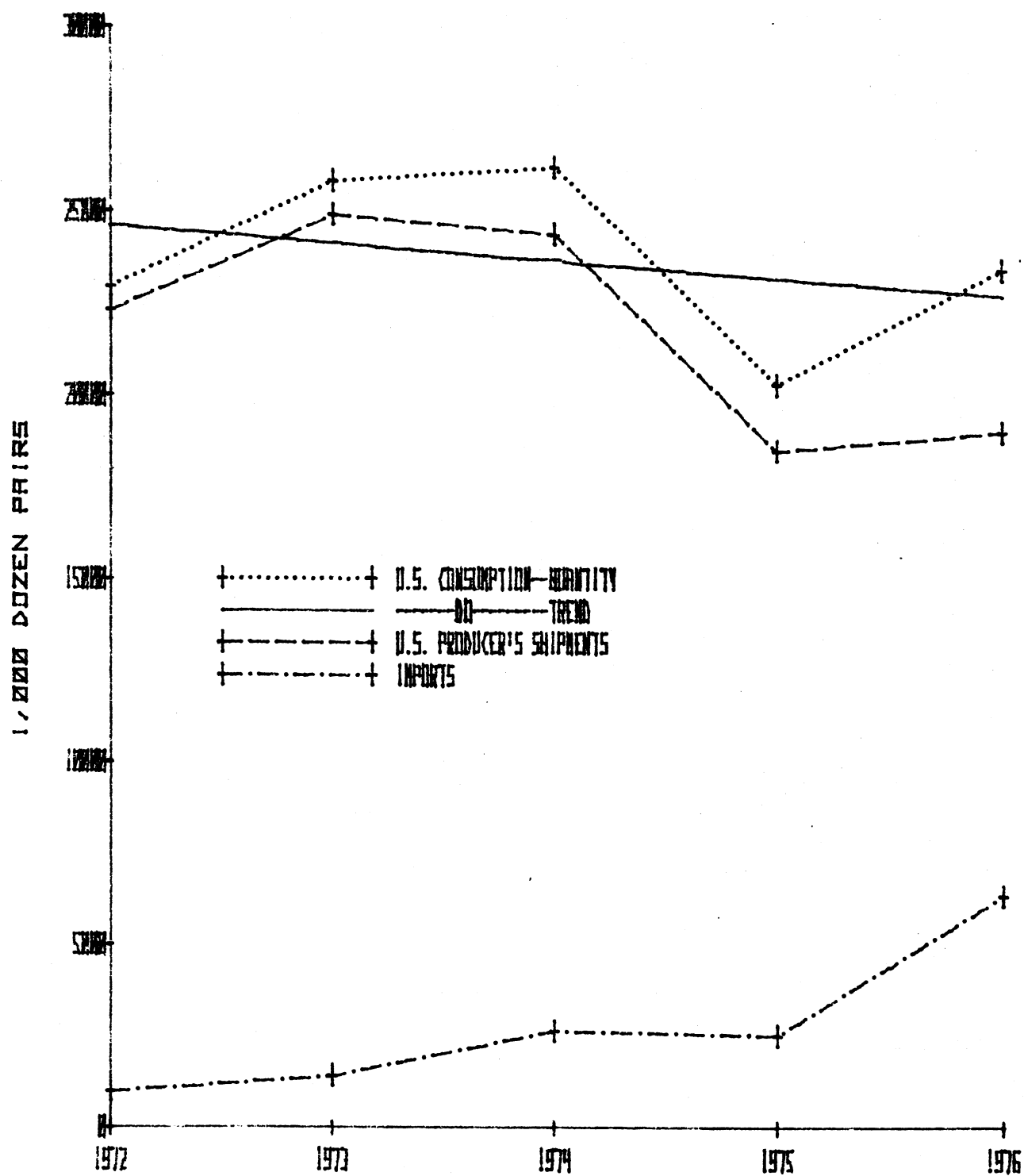
SOURCE: COMPILED FROM OFFICIAL STATISTICS OF THE U.S. DEPARTMENT OF COMMERCE.

FIGURE 4.—COTTON GLOVES WITH FOURCHETTES OR SIDEWALLS: U.S. IMPORTS
FOR CONSUMPTION, TOTAL AND BY SPECIFIED SOURCES, 1972-77.



SOURCE: COMPILED FROM OFFICIAL STATISTICS OF THE U.S. DEPARTMENT OF COMMERCE.

FIGURE 5.--COTTON GLOVES WITHOUT FOURCHETTES OR SIDEWALLS: U.S. PRODUCER'S SHIPMENTS, IMPORTS FOR CONSUMPTION, AND APPARENT CONSUMPTION, 1972-76.



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