

CLOTHESPINS FROM THE PEOPLE'S REPUBLIC OF CHINA, THE POLISH PEOPLE'S REPUBLIC, AND THE SOCIALIST REPUBLIC OF ROMANIA

**Report to the President on
Investigations Nos. TA-406-2,
TA-406-3, and TA-406-4,
Under Section 406 of the
Trade Act of 1974**



**USITC PUBLICATION 902
AUGUST 1978**

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Bill Alberger, Vice Chairman

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NEWS

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USITC DETERMINES CLOTHESPIN IMPORTS FROM THE PEOPLE'S REPUBLIC OF CHINA ARE CAUSING MARKET DISRUPTION BUT FINDS IN THE NEGATIVE ON SIMILAR IMPORTS FROM THE POLISH PEOPLE'S REPUBLIC AND THE SOCIALIST REPUBLIC OF ROMANIA

The United States International Trade Commission reported today to the President that market disruption exists with respect to imports of clothespins from the People's Republic of China. The Commission also advised the President that market disruption does not exist for similar imports from the Polish People's Republic and the Socialist Republic of Romania.

The Commission investigations were instituted on May 16, 1978, under section 406(a) of the Trade Act of 1974, to determine whether increased imports of an article produced in a Communist country are causing market disruption with respect to such articles produced by a domestic industry.

By a 6-to-0 vote, the Commission determined that market disruption exists regarding imports of the products from China. Concerning the articles produced by Poland and Romania, the Commission determined by votes of 5-to-1 and 6-to-0 that market disruption does not exist with respect to an article produced by a domestic industry. Commissioner Parker determined that market disruption exists for clothespins imported from Poland, within the meaning of section 406 of the Trade Act of 1974.

The Commission unanimously recommended to the President quotas on the Chinese clothespins. Chairman Joseph O. Parker and Commissioners George M. Moore and Catherine Bedell recommended a 5-year quota on U.S. imports of clothespins from the People's Republic of China. The quota would be administered on a yearly basis, with the first year established at 431,000 gross, on the basis of the average of the imports of such clothespins from China for the years 1975, 1976, and 1977. Commissioner Italo H. Ablondi agreed with this remedy, but only for a 3-year period. Vice Chairman Bill Alberger and Commissioner Daniel Minchew recommended a 5-year quota to be administered on a quarterly basis, with the first year established at 431,000 gross, on the basis of the average number of imports for the years 1975-77, with the quota amount to be increased by 5 percent each year.

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Wood and plastic spring clothespins imported from China increased in quantity from zero in 1974 to a level higher than that of any other supplying country in 1977. In 1977 the quantity of imports from China and the ratio of imports from China to apparent U.S. consumption both were nearly double their 1976 levels. Imports from China in 1977 exceeded 828,000 gross and 12 percent of U.S. consumption.

During the period 1975-77, imports of wood and plastic spring clothespins from Poland increased at only a moderate rate, from 433,000 gross in 1975 to 506,000 gross in 1977, representing a gain of 17 percent, or less than 10 percent a year. The ratio of imports from Poland to U.S. apparent consumption in 1977 was only 7.8 percent compared with 7.7 percent in 1976.

Imports from Romania fluctuated considerably from year to year, with an average annual increase of about 10 percent from 1973 through 1977. In 1977, however, the level of imports from Romania was 21 percent below the level achieved in 1976, and 12 percent below the level of imports from Romania in 1974. In 1977 the ratio of imports from Romania to apparent U.S. consumption was 22 percent below the 1976 level and 25 percent below the 1974 level.

The four major types of clothespins are: spring type of wood, spring type of plastic, round or squarehead nonspring type of wood, and round or squarehead nonspring type of wood that are iron bound. With price often being the determining factor, all of the clothespins types are competitive with each other in the market place.

Five domestic firms manufacture clothespins: Diamond International Corp., with a plant in Peru, Maine; Forster Manufacturing Co. of Wilson, Maine; Penley Corp. of West Paris, Maine; National Clothespin Co. of Montpelier, Vt., and Vermont Plastic, Inc., of Montpelier, Vt. The domestic industry experienced an extremely low rate of capacity utilization throughout the period of the investigations. The level of capacity utilization for all clothespin production facilities fell from 50 percent in 1973 to 34 percent in 1977; during January-March 1978 the level of capacity utilization was 33 percent. Furthermore, capacity utilization for wood spring clothespins, the staple of the industry, which accounts for virtually all imports from China, declined from 67 percent in 1973 to 42 percent in 1977.

U.S. production of all clothespins dropped sharply from 5.3 million gross in 1973 to 4.2 million gross in 1977, representing a decline of 21 percent. U.S. producers' shipments also declined rapidly, falling from 5.4 million gross in 1973 to 4.1 million gross in 1977, or by 24 percent.

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The average number of production and related workers engaged solely in the production of clothespins declined irregularly from 429 employees in 1973 to 387 employees in 1977. The total number of person hours worked in the production of clothespins followed a similar pattern, falling from 820,000 hours in 1973 to 720,000 hours in 1977. The aggregate net operating profits for all clothespins fell sharply from \$651,000 in 1975 to \$81,000 in 1976, and declined further to \$54,000 in 1977, representing a decline of 92 percent from the 1975 level. The ratio of net operating profit to net sales dropped from 8.3 percent in 1975 to 0.7 percent in 1977.

The prices of the Chinese wood spring clothespins during 1973-77 were the lowest among all importers for their largest volume sales, and in the last quarter of 1977 and the first quarter of 1978 were approximately \$1.13 per gross, or \$1 less per gross than those of the largest domestic producers (\$1.91-\$2.24 per gross). These low prices have prevented U.S. producers from increasing their prices to their customers to cover their increasing unit costs of production. Since 1975, when imports of U.S. clothespins from China began to rapidly increase, U.S. producers' prices have remained steady or have declined, while unit costs of producing clothespins have increased by 8 percent, resulting in deteriorating profitability for the U.S. producers.

The Commission staff was able to verify lost sales directly attributable to China. Many purchasers of clothespins indicated that they purchase their clothespins primarily on a price basis. The bulk of the sales of clothespins from China are to mass merchandisers.

USITC instituted the investigations for import relief under section 406 of the Trade Act of 1974 following receipt of a petition filed on behalf of the Clothespin and Veneer Products Association. A public hearing was held in Portland, Maine, on June 22, 1978.

The Commission's report, Clothespins From the People's Republic of China, the Polish People's Republic, and the Socialist Republic of Romania (USITC Publication 902), contains the views of the Commissioners and information developed in the investigations (Nos. TA-406-2, TA-406-3, and TA-406-4). 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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REPORT TO THE PRESIDENT

United States International Trade Commission
August 3, 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 3 investigations relating to clothespins from the People's Republic of China, the Polish People's Republic and the Socialist Republic of Romania. The investigations (Nos. TA-406-2, TA-406-3, and TA-406-4) were undertaken to determine with respect to imports of clothespins provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States, which are the product of the People's Republic of China, Poland and Romania, whether market disruption exists with respect to an article produced by a domestic industry.

The Commission instituted the investigations, under the authority of section 406(a) of the Trade Act, on May 16, 1978, following the receipt of a petition under section 406 of the Trade Act for relief from clothespins imported from the People's Republic of China, Poland and Romania filed on behalf of the Clothespin and Veneer Products Association. The Commission held a public hearing on this matter in Portland, Maine, on June 22, 1978. Notice of the institution of the investigation and of the public hearing was published in the Federal Register of May 22, 1978, (43 F.R. 21952).

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

DETERMINATIONS, FINDINGS AND RECOMMENDATIONS OF THE COMMISSION

Determinations

On the basis of information developed during the course of investigation No. TA-406-2, concerning clothespins provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States, that are products of the People's Republic of China, the Commission determines that market disruption exists with respect to an article produced by a domestic industry, within the meaning of section 406 of the Trade Act of 1974. 2/

On the basis of information developed during the course of investigation No. TA-406-3, concerning clothespins provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States, that are products of the Polish People's Republic, the Commission determines that market disruption does not exist, with respect to an article produced by a domestic industry, within the meaning of section 406 of the Trade Act of 1974. 3/

On the basis of information developed during the course of investigation No. TA-406-4, concerning clothespins provided for in item 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States, that are products of the Socialist Republic of Romania, the Commission determines that market disruption does not exist, with respect to an article produced by a domestic industry, within the meaning of section 406 of the Trade Act of 1974. 4/

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

2/ With respect to imports from the People's Republic of China (TA-406-2) the Commission (Chairman Parker, Vice Chairman Alberger, and Commissioners Moore, Bedell, Ablondi, and Minchew) voted unanimously that market disruption does exist within the meaning of section 406.

3/ With respect to imports from the Polish People's Republic (TA-406-3) the Commission by a 5-1 vote determined that market disruption does not exist within the meaning of section 406. Vice Chairman Alberger and Commissioners Moore, Bedell, Ablondi, and Minchew determined that market disruption does not exist within the meaning of section 406. Chairman Parker determined that market disruption exists within the meaning of section 406.

4/ With respect to imports from the Socialist Republic of Romania (TA-406-4), the Commission (Chairman Parker, Vice Chairman Alberger, and Commissioners Moore, Bedell, Ablondi, and Minchew) voted unanimously that market disruption does not exist within the meaning of section 406.

Findings and Recommendations

Chairman Parker and Commissioners Moore and Bedell, having determined that market disruption exists with respect to an article produced by a domestic industry, find and recommend that, in order to remedy such market disruption, it is necessary to impose a quota of 5 years' duration on U.S. imports of clothespins from the Peoples' Republic of China provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States.

The quota should be administered on an annual basis, with the quota for each year established at 431,000 gross, based on the average of the imports of such clothespins from the Peoples' Republic of China for the years 1975, 1976, and 1977. 1/

Commissioner Ablondi, having determined that market disruption exists with respect to an article produced by a domestic industry, finds and recommends that, in order to remedy such market disruption, it is necessary to impose a quota of 3 years' duration on U.S. imports of clothespins from the Peoples' Republic of China provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States.

The quota should be administered on an annual basis, with the quota for each year established at 431,000 gross, based on the average of the imports of such clothespins from the Peoples' Republic of China for the years 1975, 1976, and 1977. 2/

1/ Pursuant to section 330(d)(2) of the Tariff Act of 1930, as amended (19 U.S.C. 1330(d)(2)), the Commission is deemed to have made a remedy finding if three Commissioners agree on a remedy finding.

2/ Commissioner Ablondi, together with Chairman Parker, and Commissioners Moore and Bedell, agree that during the first 3 years of any remedy, an annual quota of 431,000 gross be established for imports of clothespins from the People's Republic of China.

Vice Chairman Alberger and Commissioner Minchew, having determined that market disruption exists with respect to an article produced by a domestic industry, find and recommend that, in order to remedy such market disruption, it is necessary to impose a quota of 5 years' duration on U.S. imports of clothespins from the Peoples' Republic of China provided for in item 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States.

The quota would be administered on a quarterly basis with the first year established at 431,000 gross, based on the average of the imports of such clothespins from the Peoples' Republic of China for the years 1975, 1976, and 1977.

thereafter, as follows:

<u>Year</u>	<u>Quantity of imports to be allowed entry per calendar quarter</u>
1st year-----	107,750 gross (an annual rate of 431,000 gross)
2nd year-----	113,250 gross (an annual rate of 453,000 gross)
3rd year-----	118,750 gross (an annual rate of 475,000 gross)
4th year-----	124,750 gross (an annual rate of 499,000 gross)
5th year-----	131,000 gross (an annual rate of 524,000 gross)

STATEMENT OF REASONS FOR DETERMINATION OF COMMISSIONERS GEORGE M. MOORE,
CATHERINE BEDELL, AND ITALO H. ABLONDI WITH RESPECT TO IMPORTS FROM THE
PEOPLE'S REPUBLIC OF CHINA (INVESTIGATION NO. TA-406-2) 1/

On May 3, 1978, the United States International Trade Commission received a petition filed on behalf of the Clothespin and Veneer Products Association (CVPA), for import relief under section 406 of the Trade Act of 1974. On May 16, 1978, the Commission instituted investigations under section 406(a) of the Trade Act of 1974 to determine, with respect to imports of clothespins provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States, which are the products of the People's Republic of China (China), the Polish People's Republic (Poland), 1/and the Socialist Republic of Romania (Romania), 1/ whether market disruption exists with respect to such articles produced by a 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. like or directly competitive with a domestic product;
3. increasing rapidly, either absolutely or relatively; and
4. a significant cause of material injury or the threat thereof to the domestic industry producing a like or directly competitive product.

Determination

On the basis of information developed during the course of investigation No. TA-406-2, concerning clothespins provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States, that are products of the People's Republic of China, we determine that market disruption exists with respect to an article produced by a domestic industry, within the meaning of section 406 of the Trade Act of 1974.

1/ See our separate statement of reasons for our determinations with respect to imports from Poland and Romania.

The Product and the Domestic Industry

There are four major types of clothespins; spring type clothespins of wood; spring type clothespins of plastic; round or square head non-spring type clothespins of wood; and round or square head non-spring type clothespins of wood that are iron bound. With price often being the determining factor, all of the aforementioned types of clothespins are competitive with each other in the market place. The imported products like and directly competitive with the output of this industry, enter the United States under items 790.05, 790.07 and 790.08 of the Tariff Schedules of the United States (TSUS), and these items define the scope of the investigations. The products in question are the products of a Communist country--the People's Republic of China. The first two criteria for an affirmative determination are met.

The Question of Rapidly Increasing Imports

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/

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

This statement clearly indicates that the market disruption criterion require that the increase in imports must have been in a recent period, taking into consideration historic trade levels and must involve a quantum of imports which would be of a weight necessary to meet the injury requirement of the statute.

During the period covered by the Commission's investigation , wood and plastic spring clothespins imported from China increased in quantity from zero in 1974 to a level higher than that of any other supplying country in 1977. In 1977 the quantity of imports from China and the ratio of imports from China to apparent U.S. consumption both were nearly double their 1976 levels. Imports from China in 1977 exceeded 828 thousand gross and 12 percent of U.S. consumption. The conclusion thus is inescapable that imports of the subject clothespins from China are rising rapidly, both absolutely and relatively, within the meaning of section 406 of the Trade Act of 1974.

The Question of Significant Cause of Material Injury

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/

Capacity Utilization

The domestic industry experienced an extremely low rate of capacity utilization throughout the period of the investigations. The level of capacity utilization for all clothespin production facilities fell from 50 percent in 1973 to 34 percent in 1977; during January-March 1978 the level of capacity utilization was 33 percent. Furthermore, capacity

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

utilization for wood spring clothespins, declined from 67 percent in 1973 to 42 percent in 1977. Virtually all clothespins imported from China are of the wood spring type.

Production and shipments

U.S. production of all clothespins dropped sharply from 5.3 million gross in 1973 to 4.2 million gross in 1977--a decline of 21 percent. U.S. producers' shipments also declined rapidly, falling from 5.4 million gross in 1973 to 4.1 million gross in 1977, a drop of 24 percent.

Employment

The average number of production and related workers engaged solely in the production of clothespins declined irregularly from 429 employees in 1973 to 387 employees in 1977. The total number of person hours worked in the production of clothespins followed a similar pattern, falling from 820 thousand hours in 1973 to 720 thousand hours in 1977.

Profit-and-loss experience

The aggregate net operating profits for all clothespin operations of the four domestic producers of wood spring clothespins fell sharply from \$651 thousand in 1975 to \$81 thousand in 1976 and declined further to \$54 thousand in 1977--a decline of 92 percent from the 1975 level. The ratio of net operating profit to net sales dropped from 8.3 percent in 1975 to 0.7 percent in 1977.

Prices

The prices of the Chinese wood spring clothespins during 1973-77 were the lowest among all importers for their largest volume sales and in the last quarter of 1977 and the first quarter of 1978 were approximately \$1.13

per gross, or a dollar less per gross than those of the largest domestic producers (\$1.91-\$2.24 per gross). These low prices have prevented U.S. producers from increasing their prices to their customers to cover their increasing unit costs of production. Since 1975, when imports of U.S. clothespins from China began to rapidly increase, U.S. producers' prices have held steady or have declined, while unit costs of producing clothespins have increased by 8 percent, resulting in deteriorating profitability for the U.S. producers.

Lost sales

The Commission staff was able to verify lost sales directly attributable to China. Many purchasers of clothespins indicated that they purchase their clothespins primarily on a price basis. The bulk of the sales of clothespins from China are to mass merchandisers.

Conclusion

On the basis of the information and analysis outlined above, we 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 rapidly increasing imports of clothespins from China.

STATEMENT OF REASONS FOR DETERMINATIONS OF COMMISSIONERS GEORGE M. MOORE,
 CATHERINE BEDELL, AND ITALO H. ABLONDI WITH RESPECT TO IMPORTS FROM
 THE POLISH PEOPLE'S REPUBLIC (INVESTIGATION NO. TA-406-3)
 AND THE SOCIALIST REPUBLIC OF ROMANIA
 (INVESTIGATION NO. TA-406-4) 1/

On May 3, 1978, the United States International Trade Commission received a petition filed on behalf of the Clothespin and Veneer Products Association (CVPA), for import relief under section 406 of the Trade Act of 1974. On May 16, 1978, the Commission instituted investigations under section 406(a) of the Trade Act of 1974 to determine, with respect to imports of clothespins provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States, which are the products of the People's Republic of China (China), 1/ the Polish People's Republic (Poland), and the Socialist Republic of Romania (Romania), whether market disruption exists with respect to such articles produced by a 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. like or directly competitive with a domestic product;
3. increasing rapidly, either absolutely or relatively; and
4. a significant cause of material injury or the threat thereof to the domestic industry producing a like or directly competitive product.

If any one of the four criteria are not met, a negative determination must be made.

1/ See our **separate** statement of reasons for our determination with respect to imports from China.

Determinations

On the basis of information developed during the course of investigation No. TA-406-3, concerning clothespins provided for in items 709.05, 790.07, and 790.08 of the Tariff Schedules of the United States, that are products of the Polish People's Republic, we determine that market disruption does not exist, with respect to an article produced by a domestic industry, within the meaning of section 406 of the Trade Act of 1974.

On the basis of information developed during the course of investigation No. TA-406-4, concerning clothespins provided for an item 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States, that are products of the Socialist Republic of Romania, we determine that market disruption does not exist, with respect to an article produced by a domestic industry, within the meaning of section 406 of the Trade Act of 1974.

The Product and the Domestic Industry

There are four major types of clothespins; spring type clothespins of wood; spring type clothespins of plastics; round or square head non-spring type clothespins of wood; and round or square head non-spring type clothespins of wood that are iron bound. With price often being the determining factor, all of the aforementioned types of clothespins are competitive with each other in the market place. The imported products like and directly competitive with the output of this industry, enter the United States under items 790.05, 790.07 and 790.08 of the Tariff Schedules of the United States (TSUS), and these items define the scope of the investiga-

tions. The products in question are the products of Communist countries -- the Polish People's Republic and the Socialist Republic of Romania. The first two conditions for an affirmative determination are met.

The Question of Rapidly Increasing Imports

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 criterion require that the increase in imports must have been in a recent period, taking into consideration historic trade levels and must involve a quantum of imports which would be of a weight necessary to meet the injury requirement of the statute.

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

Poland

During the period 1975-77, imports from Poland increased at only a moderate rate, from 453 thousand gross in 1975 to 506 thousand gross in 1977, a gain of only 17 percent, or less than 10 percent a year. The ratio of imports from Poland to U.S. apparent consumption in 1977 was only 7.8 percent in comparison to 7.7 percent in 1976. Clearly, the recent trend in imports from Poland is not "rapidly increasing," either absolutely or relatively, within the meaning of section 406 of the Trade Act of 1974. Since the criterion of rapidly increasing imports from Poland has not been met, market disruption by reason of those imports cannot have occurred within the meaning of section 406 and a negative determination with respect to imports from Poland must be made.

Romania

During the period covered by the Commission's investigations, imports from Romania fluctuated considerably from year to year, with an average annual increase of about 10 percent from 1973 through 1977. In 1977 however, the level of imports from Romania was 21 percent below the level achieved in 1976, and 12 percent below the level of imports from Romania in 1974. In 1977, the ratio of imports from Romania to apparent U.S. consumption was 22 percent below the 1976 level and 25 percent below the 1974 level. It is clear therefore that the recent trend in imports from Romania is not "rapidly increasing," either absolutely or relatively, within the meaning of section 406 of the Trade Act of 1974. Since the criterion of rapidly increasing imports from Romania has not been met, market disruption by reason of those imports cannot have occurred within the meaning of section 406, and a negative determination with respect to imports from Romania must be made.

ADDITIONAL VIEWS OF COMMISSIONERS GEORGE M. MOORE, CATHERINE BEDELL, AND
ITALO H. ABLONDI ON RECOMMENDATIONS OF REMEDY WITH RESPECT TO
IMPORTS FROM THE PEOPLE'S REPUBLIC OF CHINA
(INVESTIGATION NO. TA-406-2)

Section 406(a)(3) of the Trade Act requires that if the Commission makes an affirmative determination of market disruption it must find the amount of the increase in, or imposition of, any duty or other import restriction which is necessary to remedy such market disruption. It is our view that the import restriction which would best remedy the market disruption of clothespins from the People's Republic of China (China) is a quota. Specifically, we recommend that for a period of five years 1/ an annual quota of 431 thousand gross, based on the average annual quantity of imports during 1975-77, be applied to cumulative imports of clothespins from China classifiable under item 790.05, 790.07, and 790.08 of the TSUS.

Any action taken under section 406 should remedy the market disruption by the Communist country concerned. A remedy should halt the rapid increases in imports that are disrupting the U.S. market and should restore trade to more normal, nondisruptive levels.

Quotas provide the most direct means of regulating imports of clothespins from China. The quota level can be set at no less than the quantity or value of the articles imported during the most recent representative period. The 1975-77 period is the most representative period on which to base a quota. Earlier years are not representative because there were no imports of clothespins from China prior to 1975. A quota based only on 1976 and 1977 would be weighted too heavily by the market disrupting years.

1/ Commissioner Ablon i recommends that the quota be applied only for a period of 3 years. He believes that this shorter quota period is of sufficient duration to preclude the rapidly increasing imports into the United States, which leads to market disruption.

Using a quota based on the 1975-77 period will reduce imports from China by approximately one half. This will allow the U.S. industry to regain some of its market share, particularly in the mass merchandise market segment where disruption is the most prevalent. The domestic industry will also benefit from higher prices.

A reduction in supply of the lowest priced imports, especially those from China, should induce price levels for domestically produced clothespins which will reflect increased costs of domestic production. In addition the prices of clothespins from China should increase. With its market limited to the quota level there will be no incentive for China to lower prices to gain market share and it can be expected to raise prices to levels consistent with filling its quota in order to maximize foreign exchange earnings.

REASONS FOR DETERMINATION OF COMMISSIONER BILL ALBERGER
AND COMMISSIONER DANIEL MINCHEW

On the basis of the evidence developed during these investigations, I determine that clothespins from the People's Republic of China (China), but not from the Polish People's Republic (Poland) or the Socialist Republic of Romania (Romania), are being imported into the United States in such rapidly increasing quantities that market disruption exists within the meaning of section 406.

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.

The product and the domestic industry

There are four major types of clothespins: spring type clothespins of wood; spring type clothespins of plastic; round or square head non-spring type clothespins of wood; and round or square head non-spring type clothespins of wood that are iron bound. With price often being the determining factor, all of the aforementioned types of clothespins are competitive with each other in the market place. The imported products like and directly competitive with the output of this industry, enter the United States under items 790.05, 790.07 and 790.08 of the Tariff Schedules of the United States (TSUS), and these items define

the scope of the investigations. The three countries whose imports of clothespins are under investigation are all clearly "Communist countries" as that term is used in the statute.

Rapidly increasing

In order to determine, with respect to an article from a communist country, whether market disruption exists within a domestic industry, the Commission must find that imports of that article are "increasing rapidly, either absolutely or relatively." 1/ This "increasing rapidly" criterion is unique to section 406 cases and, as such, must be defined in terms of the unique problem that section 406 is intended to address. That problem, as outlined by the Senate Finance Committee Report on the Trade Act of 1974, is as follows:

...a communist country, through control of the distribution process and the price at which articles are sold...could [direct exports] so as to flood domestic markets within a shorter time period than could occur under free market condition. 2/

Section 406, in short, is designed, to protect domestic industry from nonmarket-economy countries that may increase exports suddenly to a very high level. From the language in the Finance Committee Report, it may thus be inferred that "rapidly increasing" imports are sudden increases in imports of such quantity, and occurring over such brief period, as to constitute, or lead to, a flooding of the domestic market. In addition, a determination of whether imports are increasing rapidly should include consideration of the following Senate Finance Committee language:

1/ Public Law 93-618, 88 Stat p. 86 (1974) and 19 U.S.C. 2436 (1974).

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

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. 3/

The statement contains two important points: a) the increase in imports must have occurred during a recent time period--i.e., the increase must be proximate in time to the point at which the relevant information is gathered and the case is decided and b) historical trade levels are to be considered in deciding whether imports are increasing rapidly--i.e., the increasing imports must constitute an abnormal (vis-a-vis previous import-level trends of the country) increase in the level of imports from the communist country.

Based on this discussion, it is clear that imports of the subject clothespins from China are "increasing rapidly" within the meaning of section 406. Over a brief period, 1975-77, imports of wood and plastic spring clothespins from China suddenly increased by more than 800,000 gross. China thus increased its share of the imported clothespin market from a negligible share in 1975 to over 20% in 1977.

It is equally obvious that subject imports from Romania are not "increasing rapidly" within the meaning of section 406. From 1973 to 1977, imports of wood and plastic spring clothespins from Romania fluctuated, increasing irregularly over that time period. Imports from Romania actually dropped during the most recent year-long period covered by the investigations--falling by 21%. In 1977, the ratio of imports from Romania to apparent U.S. consumption was 22% below the 1976 level and 25% below the 1974 level. Such evidence certainly does not warrant a

3/ U.S. Senate, Trade Reform Act of 1974, Report of the Committee on Finance, Rept. No. 93-1298 (93rd Cong., 2nd sess.), 1974, p. 212.

finding of rapidly increasing imports.

The determination with respect to subject imports from Poland is more difficult. Imports of wood and plastic spring clothespins from Poland increased from 281,000 gross in 1973 to 506,000 gross in 1977, after falling to 237,000 gross in 1974. The major increase came from 1974 to 1975, and that jump might be called a rapid increase. But this rate of increase in imports did not continue--imports have been increasing only moderately since 1975. Neither of the annual increases since 1975 was of such a level as to constitute a flooding of the domestic market. Focusing on the recent increases as suggested by the Senate Finance Committee, it is obvious that imports for 1976 and 1977 increased gradually--not rapidly--from 433,000 gross in 1975 to 459,000 gross in 1976 to 506,000 gross in 1977. This was a total increase of only 17%, or less than 10% per year. There has been no abnormal increase in imports of clothespins from Poland during the recent period. In fact, imports for the first quarter of 1978 are 14% below first quarter imports during 1977. On this basis, I determine that imports of clothespins from Poland are not increasing rapidly within the meaning of section 406.

Since the criterion of rapidly increasing imports from Romania and Poland has not been met, market disruption by reason of those imports cannot have occurred within the meaning of section 406, and imports from Romania and Poland will not be discussed further in these views.

Material injury

The term "material injury" is not explicitly defined in the Trade Act. As outlined in its statutory history, however, "material injury" is intended to represent a lesser degree of injury than the "serious injury" standard employed in cases under section 201. ^{4/} Since the market disruption definition is formulated along lines similar to the criteria for import relief in section 201, it is assumed that the economic factors used to determine "serious injury" are also to be considered in determining "material injury." However, these factors are to be analyzed with regard to the fact that they may satisfy the "material injury" criterion without satisfying the more stringent "serious injury" standard.

As outlined in section 201(b)(2) of the Trade Act, the economic factors to be taken into account when determining injury include "...the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment within the industry...."

I have also considered and analyzed other economic developments in the industry to determine whether material injury exists. These include (1) production and shipments, (2) price levels, (3) inventory levels, (4) market share of imports, and (5) lost sales.

Capacity utilization.--U.S. producers of clothespins suffered low levels of capacity utilization during the period of the investigations (1973-1978). The level of capacity utilization for all domestic clothespin production facilities fell from 50% in 1973 to 39% in

^{4/} U.S. Senate, Trade Reform Act of 1974, Report of the Committee on Finance, Rept. No. 93-1298 (93rd Cong., 2nd sess.), 1974, p.212.

1974 and to 33% in 1975. After an increase to 34% in 1977, the level of capacity utilization returned to 33% during the first quarter of 1978.

U.S. capacity increased irregularly from 10.6 million gross in 1973 to 12.4 million gross in 1977. Production dropped from 5.3 million gross in 1973 to 4.2 million gross in 1977 - a decline of 21%. Capacity utilization for wood spring clothespins - which now account for virtually all imports from China - dropped from 67% in 1973 to 42% in 1977.

Profitability.--The four domestic clothespin producers have experienced a dramatic decline in profitability on all their clothespin operations since the peak year of 1975. In that year, the ratio of net operating profit to net sales was 8.3 percent. By 1976 it had dropped to 1.0 percent and by 1977 the ratio had further declined to 0.7 percent.

Employment.--Employment in the domestic clothespin industry has fluctuated during the 1973-77 period. The average number of production and related workers in the clothespin industry declined irregularly from a peak of 429 workers in 1973 to 387 workers in 1977. The total number of person-hours worked in clothespin production experienced the same trend, falling from a high of 820 thousand hours in 1973 to 720 thousand hours in 1977.

Production and shipments.--U.S. producers' shipments of clothespins declined from 5,366,000 gross in 1973 to 4,126,000 in 1977, a drop of 23%. U.S. production of all clothespins dropped from 5,301,000 gross in 1973 to 4,153,000 gross in 1977, a drop of 21%.

Inventories.--U.S. producers' inventories of wood spring clothespins have declined steadily during the 1973-77 period, from a high of 1,037 thousand gross in 1973 to 675 thousand gross in 1977. During the same period, inventories of non-spring type wood clothespins, declined irreg-

ularly from 242 thousand gross in 1973 to 143 thousand gross in 1977. Total inventories of all clothespins have also declined steadily from 1973 to 1977.

Prices and price suppression.--Since the last quarter of 1974, prices of domestic clothespins have remained in the \$2.00 range (with the exception of one firm) despite rising production costs. The first quarter of 1978 saw a decline in the price of wood spring clothespins, attributed by at least one firm as an effort to compete with imported clothespins.

The price of Chinese wood spring clothespins for their largest volume sales to U.S. importers declined gradually from a high of \$1.70 in 1975 to \$1.04 in the first half of 1977. Although prices have increased to \$1.13 as of the first quarter of 1978, prices of Chinese wood spring clothespins are approximately \$1.00 less than the three largest domestic producers' clothespins.

Imports and market share.--Total U.S. imports of wood and plastic spring clothespins increased from 1,911,000 gross in 1973 to 3,098,000 gross in 1977. Imports fell from 1,911,000 gross in 1973 to 1,661,000 gross in 1974; then increased over the next two years to 3,158,000 gross in 1976. In 1977, U.S. imports fell to the 3,098,000 gross level. Imports of wood and plastic spring clothespins from nonmarket economy countries account for 88% of this overall increase in total imports from 1973-77.

Imports of wood and plastic spring clothespins from China, Poland, and Romania (cumulated) have more than tripled from 477,000 gross in 1973 to 1,643,000 gross in 1977 - an increase of 244%. Imports from these

three nonmarket countries increased from 477,000 gross in 1973 to 582,000 gross in 1974 and continued up to 675,000 gross in 1975. The largest percentage increase during the four-year period covered by the investigations came in 1976, when aggregate imports from these three countries jumped 87%--from 675,000 gross in 1975 to 1,264,000 gross in 1976. Increasing imports from China accounted for most of this single year increase.

U.S. imports of wood and plastic spring clothespins from China increased dramatically from 0 in 1974 to a level higher than that of any other supplying country in 1977. China sharply increased its share of the imported clothespin market from a nominal percentage in 1975 to over 26% in 1977.

Total U.S. imports of wood and plastic spring clothespins accounted for 31% of domestic consumption in 1973 and 47% of domestic consumption in 1977. Wood and plastic spring clothespins from nonmarket economy countries accounted for 10% of domestic consumption in 1973 and 25% in 1977.

Wood and plastic spring clothespins from China accounted for 0% of domestic consumption in 1974, but leaped above 12% in 1977.

Lost sales.--One case of lost sales directly attributable to China has been verified by the Commission staff. In addition, three lost sales were partially attributed to imported Chinese clothespins.

Summary.--Considering all these factors, on balance, I believe that material injury does exist. Capacity utilization has been very low for some time and is declining, profitability has been very low for the past two years, employment is down, production and shipments are down, prices have remained almost constant since 1974 in the face of

rising costs, market share has been lost to imports, and specific sales have been verified as lost to lower priced imports from China. Inventories have fallen, but that is the only trend arguing against injury to the domestic industry.

Significant cause

The term "significant cause" was intended by the Finance Committee to be an easier standard to satisfy than the "substantial cause" criterion in section 201. 5/ While "significant cause" requires a direct causal link between increased imports and injury, 6/ it does not require that imports be a cause which is "important and not less than any other cause" of injury (as would be required under "substantial cause" in section 201).

It is assumed that a determination of "significant cause," like "substantial cause," "shall take into account all economic factors which [the Commission] considers relevant, including (but not limited to)... an increase in imports (either actual or relative to domestic production) and a decline in the proportion of the domestic market supplied by domestic producers." 7/

In this case, imports from China have gained a larger share of the U.S. market in the past three years, from a negligible share to well over 12%. There are other factors which may also be contributing causes of injury. Clearly, other imports are a factor; and I have some

5/ U.S. Senate, Trade Reform Act of 1974, Report of the Committee on Finance, Rept. No. 93-1298 (93rd Cong., 2nd sess.), 1974, p. 212.

6/ Ibid., p. 212.

7/ Ibid., p. 35.

concern after detailed study by our staff of the financial reports of the domestic producers, that some management problems and other non-import related losses have also contributed. However, under this statute, since I do not have to find a substantial cause, it is clear to me that imports from China do constitute a significant cause of the material injury to the domestic industry. Thus, I find that market disruption does exist with respect to imports from China.

VIEWS OF VICE CHAIRMAN BILL ALBERGER
AND COMMISSIONER DANIEL MINCHEW ON REMEDY

Section 406(a)(3) of the Trade Act requires that if the Commission makes an affirmative determination of market disruption it must find the amount of the increase in, or imposition of, any duty or other import restriction which is necessary to prevent or remedy such market disruption. It is our view that the import restriction which would best remedy the market disruption of clothespins from the People's Republic of China (China) is a quota. Specifically, we recommend that in the first year a quarterly quota equal to one-fourth the average annual quantity of imports during 1975-77 be applied to cumulative imports from China under the three TSUS categories for clothespins and that the quota amount be increased by five percent each of the following four years as follows:

Quarterly import quota on clothespins from China classifiable
under items 790.05, 790.07, and 790.08 of the TSUS:

(In thousand gross)

<u>1st</u> <u>year</u>	<u>2nd</u> <u>year</u>	<u>3rd</u> <u>year</u>	<u>4th</u> <u>year</u>	<u>5th</u> <u>year</u>
107,500	113,250	118,750	124,750	131,000

Any action taken under 406 should remedy the injury caused or threatened by the market disruption of the Communist country involved. A remedy for disruption, to be beneficial to the domestic clothespin industry must allow it to regain its market share and, and in this case, to raise prices which have been held down since the beginning of 1975. However, import restrictions imposed

on China would benefit other foreign suppliers as well as U.S. producers. Thus, Taiwan, Poland, Hong Kong, West Germany and other exporters would be expected to capture a part of any additional market for clothespins created by a displacement of imports from China as a result of a 406 remedy. Because of other import competition, such a disruption remedy is unlikely to completely restore the health of the domestic industry. The Commission has, in fact, initiated on its own motion, an investigation under section 201 of the Trade Act of 1974 to determine whether imports of clothespins are increasing in such quantities as to be a substantial cause of serious injury to the domestic industry.

Both quotas and tariffs were considered as possible remedy alternatives. Because certain drawbacks in applying tariffs exist in this instance while possible problems of a quota do not, quotas were chosen as the best remedy. In assessing the probable impact of a tariff increase, it is usually assumed that foreign suppliers would pass on a significant part of the increase to importers. This assumption may often be plausible in the case of market economies, but its validity is questionable in the case of Communist countries. Since prices in China are not known to bear a direct relation to production costs, it is possible that China would absorb a large part, or all of a given tariff increase to maintain or expand its present share of the U.S. clothespin market.

In this instance, quotas provide the most direct means of regulating imports of clothespins from China. The quotas would apply only to China and if shortages develop, increased supplies could be obtained from other exporting countries as well as from U.S. producers. With the U.S. industry operating at only 34 percent of capacity, it should be able to sharply increase production.

As stated earlier, the quota level can be set at no less than the quantity or value of the articles imported during the most recent representative period. The 1975-77 period seems to be the most reasonable one on which to base a quota. Including earlier years would not be representative because there were no recent imports of clothespins from China prior to 1975. A quota based on 1976-77 would be weighted too heavily by the market disrupting year.

A quarterly rather than yearly application of the quota was chosen to prevent excessively large shipments in a single quarter which could be disruptive. As a nonmarket-economy country, China is able to control the distribution process and the price at which articles are sold. It is conceivable, therefore, that China could export its entire yearly quota (or a large percentage of that quota) to the U.S. during a single quarter; in which case, the rapid increase in imports might result in market disruption despite China's compliance with the yearly quota level. By applying the quota on a quarterly basis, this potential disruption of the market is avoided.

Using a quota based on the 1975-77 period would reduce imports from China by approximately one half. If the entire displacement was gained by the U.S. industry, its market share based on 1977 consumption would increase from 54 percent to slightly below the 62 percent market share attained in the profitable year of 1975. In fact the displacement would be partly taken up by other imports. However, the domestic industry would benefit not only from an increased market share, but also from higher prices.

A reduction in supply, especially of the lowest priced imports, those from China, should induce higher price levels in the U.S. market. In addition, the prices of clothespins from China should increase. With its market limited to the quota level there would be no incentive to lower prices to gain market share and China could be expected to raise prices to levels consistent with filling its quota in order to maximize foreign exchange earnings.

Remedy restrictions would be in effect for a five year period. If quotas were held fixed, in the sixth year when they were lifted, imports from China might increase markedly, causing market disruption. Increasing the quota by 5 percent a year during the 5 year remedy period assumes a growth in consumption over the next five years at a similar level to the growth in consumption of wood and plastic spring clothespins over the previous five years, and should help the domestic industry adjust gradually toward the ensuing period of trade unrestricted by quotas.

Views of Chairman Joseph O. Parker

Following the receipt of a petition filed on behalf of the Clothespin and Veneer Products Association, the United States International Trade Commission, on May 16, 1978, instituted three investigations under section 406(a) of the Trade Act of 1974 to determine, with respect to imports of clothespins provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States (TSUS) which are the products of the People's Republic of China, the Polish People's Republic (Poland), and the Socialist Republic of Romania (Romania), whether market disruption exists with respect to such articles produced by a domestic industry. The Commission has conducted one other investigation under this section of the Trade Act. 1/

Determination

On the basis of information developed during the course of investigations No. TA-406-2 and TA-406-3 concerning clothespins provided for in items 790.05, 790.07, and 790.08 of the TSUS which are products of the People's Republic of China and Poland, I determine that market disruption, within the meaning of section 406, exists with respect to an article produced by a domestic industry. In investigation No. TA-406-4, with respect to imports of such clothespins from Romania, 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

The imported clothespins which are the subject of these investigations

1/ Certain Gloves from the People's Republic of China, Report to the President on Investigation No. TA-406-1 . . . , USITC Pub. 867, March 1978.

are like or directly competitive with various types of clothespins including spring type clothespins of plastic or wood, nonspring wood clothespins and nonspring wood clothespins which are iron bound. Presently, there are five producers of clothespins in the United States. The production facilities of the three largest producers are located in Maine. One of these three produces only clothespins, while the other two produce other articles. Two of the Maine production facilities are located in Oxford County, which has the highest unemployment rate in Maine. The two producers located outside of Maine are both located in Montpelier, Vt., and of the two, one produces only clothespins.

Statutory criteria

In an investigation under section 406(a) of the Trade Act of 1974, the Commission must determine if there has been "market disruption." That term is defined in section 406(e)(2) as follows:

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.

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." As indicated by the following statement from the report of the Senate Committee on Finance on section 406, a current time frame is to be used in determining if market disruption exists:

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/

The increase in imports must also be rapid and must involve a quantum of imports which would be of a weight necessary to meet the injury requirement of the statute.

In 1974 there were no imports from the People's Republic of China of the types of clothespins covered by the Commission's investigation. In 1976, imports from the People's Republic of China reached over 400,000 gross and in 1977, over 800,000 gross were imported. In 1974, over 230,000 gross of clothespins were imported from Poland. Such imports increased each year thereafter, and in 1977 totaled over 500,000 gross, an increase of over 100 percent since 1974. There has been a substantial percentage increase each year over the preceding year's increasing level of imports. The total of the two countries accounted for over 20 percent of U.S. consumption in 1977. On the basis of these factors, imports from the People's Republic of China and Poland are found to be increasing rapidly, within the meaning of section 406.

In contrast to the rapidly rising trend in imports from the People's Republic of China and Poland, imports from Romania have been irregular. In 1977, imports of clothespins from Romania declined to 302,000 gross from 383,000 gross imported in 1976 and were also less than such imports in 1974. In 1977, imports from Romania were significantly less than imports from either the People's Republic of China or Poland. In my judgment, imports from Romania are not increasing rapidly. 2/

1/ Trade Reform Act of 1974: Report of the Committee on Finance . . ., Report No. 93-1298, Nov. 1974, p. 212.

2/ Since imports from Romania are not increasing rapidly, the statutory criteria for an affirmative determination of market disruption with respect to imports from Romania cannot be satisfied.

Significant cause of material injury.--The statutory phrase "significant cause of material injury" is different from that which appears in section 201 of the Trade Act of 1974. In explanation of these differences, the report of the Senate Committee on Finance states:

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, it is clear from the legislative history that it is intended to be an easier standard to satisfy than the "substantial cause" standard of section 201, which is defined in that section as "a cause which is important and not less than any other cause." 2/ The "significant cause" standard of section 406 is, however, a higher standard than that required in adjustment assistance cases. In adjustment assistance cases, the causation standard "contribute importantly" is defined in the relevant sections of the Trade Act of 1974 as " a cause which is important but not necessarily more

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

2/ 19 U.S.C. 2251(b)(4).

important than any other cause." 1/ The causal connection between the imports of clothespins and any material injury to the domestic industry must be factually identifiable.

The term "material injury" is also not defined in the statute. The statutory history indicates, however, that "material injury" is intended to represent a lesser degree of injury than the "serious injury" standard of section 201.

Imports of clothespins from the People's Republic of China increased from negligible in 1975 to over 800,000 gross in 1977. In this 3-year period, as a percentage of domestic consumption, imports from the People's Republic of China increased from a negligible level to more than 12 percent. There were substantial increases each year from 1975 to 1977. Imports from Poland more than doubled between 1974 and 1977, and in the latter year captured more than 7 percent of the U.S. market. These imports also increased substantially each year during the period 1974-77. The two countries together captured more than 20 percent of U.S. consumption in 1977.

The clothespins imported from both the People's Republic of China and Poland were sold by U.S. importers at prices well below those of U.S. producers. The lowest prices charged by U.S. importers on their largest volume sales of wood spring clothespins 2/ imported from the People's Republic of China dropped sharply in the fourth quarter of 1976 and remained well below those of all U.S. producers through the first quarter of 1978. These prices have been as much as 50 percent below the prices of U.S. producers. Similar price comparisons between clothespins imported from Poland

1/ 19 U.S.C. 2272, 2341, 2371.

2/ Wood spring clothespins comprise virtually the only type of clothespin exported by the countries under examination. This type of clothespin accounted for approximately 80 percent of U.S. production for 1973-77.

and those charged by U.S. producers established that in all but one quarter of 1977, the imported clothespins undersold domestically produced clothespins, in some cases by margins of over 25 percent.

Lower priced imports from the People's Republic of China and Poland have resulted in their increased penetration of the U.S. market, and the domestic producers' share of the U.S. market has declined. U.S. producers accounted for over two-thirds of domestic consumption in 1973. In 1977, their share was reduced to approximately one-half. U.S. producers' shipments of 3.4 million gross in 1977 were over 500,000 gross less than shipments in 1974, and almost 800,000 gross less than in 1973. Domestic producers' capacity utilization decreased from 50 percent in 1973 to 33 percent in 1977.

In general, U.S. producers prices have increased only slightly since 1975, and in some cases during 1977 they were lower than in previous years. However, the average unit cost of producing clothespins of all domestic producers has increased.

With static sales prices and a declining market share, the domestic producers have experienced reduced profits. The aggregate net operating profit for all domestic clothespin operations fell from \$651,000 in 1975 to \$54,000 in 1977, a 92 percent decrease. The ratio of net operating profit to net sales declined from 8.3 percent to 0.7 percent during 1975-77. Employment in the clothespin industry has followed the above mentioned trends. The number of workers exclusively engaged in the manufacture of clothespins also declined irregularly from 429 workers in 1973 to 387 workers in 1977. The number of hours worked by the remaining workers also diminished.

In my judgment the Commission's investigations have established that, with respect to imports of clothespins from the People's Republic of China and Poland, market disruption exists with respect to an article produced by a domestic industry.

Additional Views of Chairman Joseph O. Parker
With Respect to Remedy

Pursuant to section 406(a)(3) of the Trade Act, if the Commission makes an affirmative determination of market disruption, it must find the amount of the increase in, or imposition of, any duty or other import restriction which will remedy such market disruption. In my judgment, the imposition of a quota, as recommended herein, on imports of clothespins from the People's Republic of China will remedy the market disruption which has been found to exist. Specifically, I recommend that, for a period of 5 years, an annual total quota of 431,000 gross, based on the average annual quantity of imports during 1975-77, be applied to cumulative imports of clothespins from the People's Republic of China classifiable under items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States.

A quota provides a direct means of regulating imports of clothespins from the People's Republic of China. If a quota is imposed by the President, by statute the quota level can be set at no less than the quantity or value of the articles imported during the most recent representative period. 1/ My recommended quota is, therefore, based on my judgment that the 1975-77 period is the most representative period on which to base a quota. Earlier years are not representative because there were no imports of clothespins from the People's Republic of China prior to 1975. A quota based only on 1976 and 1977 would be weighted too heavily by the market disrupting years.

1/ 19 U.S.C. 2253(d)(2).

A quota based on 1975 alone, as urged by petitioners, would reduce imports from the People's Republic of China to almost zero. Using a quota based on the 1975-77 period would reduce imports from China by approximately one half and would remove the market disruption caused by the imports from the People's Republic of China.

Whether a reduction in supply of the lower priced imports from the People's Republic of China will induce higher price levels for domestically produced clothespins is uncertain because of the supply of clothespins from other sources and the inability to accurately predict the price at which imports from the People's Republic of China will be sold. There are several other foreign suppliers of clothespins to the U.S. market and with the ease with which production of this product can be increased or transferred to other countries, it is possible the effect of the quota on imports from the People's Republic of China may be offset by increased imports from other countries.

INFORMATION OBTAINED IN THE INVESTIGATION

Summary

Following receipt of a petition filed on behalf of the Clothespin & Veneer Products Association (CVPA), the U.S. International Trade Commission, on May 16, 1978, instituted investigations under section 406(a) of the Trade Act of 1974 to determine, with respect to imports of clothespins which are the products of the People's Republic of China, 1/ the Polish People's Republic, and the Socialist Republic of Romania, whether market disruption exists with respect to such articles produced by a domestic industry.

There are four major types of clothespins: wood spring clothespins, plastic spring clothespins, roundhead or squarehead nonspring clothespins of wood, and nonspring ironbound clothespins of wood.

Clothespins are provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States (TSUS). Virtually all U.S. imports of clothespins from China, Poland, and Romania are classified under TSUS item 790.05. The column 1 (most-favored-nation) rate of duty for wood and plastic spring clothespins (TSUS item 790.05) is 10 cents per gross; the column 2 rate is 20 cents per gross. Both Poland and Romania receive most-favored-nation treatment for their products exported to the United States. U.S. imports of clothespins for consumption, by types and by principal sources are shown in the table on the following page.

Five U.S. firms currently produce clothespins; three have plants in Maine, and two have plants in Vermont. The average number of production and related workers employed in the production of clothespins declined irregularly from 429 workers in 1973 to 387 workers in 1977. U.S. capacity, production, and capacity utilization are shown in the table on page A-3.

1/ The People's Republic of China is hereafter referred to in the report as China; the Republic of China is referred to as Taiwan.

Clothespins: U.S. imports for consumption, by types and principal sources, 1973-77,
January-March 1977, and January-March 1978

Type and source	(In thousands of gross)						Jan.-March	
	1973	1974	1975	1976	1977	1977	1978	
Wood and plastic spring clothespins:								
From nonmarket-economy countries:								
China-----	***	***	***	***	***	***	***	
Poland-----	281	237	433	459	506	127	109	
Romania-----	***	***	***	***	***	***	***	
Subtotal-----	477	582	675	1,264	1,643	301	310	
All other nonmarket-economy countries-----	136	130	116	146	18	18	0	
Total-----	613	712	791	1,410	1,661	319	310	
From market-economy countries:								
Taiwan-----	1	4	342	743	828	245	201	
All other market-economy countries-----	1,297	945	1,208	1,005	609	371	309	
Total-----	1,298	949	1,550	1,748	1,437	616	510	
Total, all countries-----	1,911	1,661	2,341	3,158	3,098	935	820	
Other clothespins:								
From nonmarket-economy countries:								
China-----	0	0	3	6	0	0	1/	
All other-----	0	0	0	0	0	0		
Total-----	0	0	3	6	0	0	1/	
From market economy countries:								
Taiwan-----	1/	0	7	1	25	0	1	
Hong Kong-----	5	2	10	6	6	2	2	
West Germany-----	176	151	158	220	299	134	63	
All other market-economy countries-----	22	32	4	16	29	0	2	
Total-----	203	163	179	243	359	136	68	
Total, all countries-----	203	163	182	249	359	136	68	
Total:								
From nonmarket-economy countries:								
China-----	***	***	***	***	***	***	***	
Poland-----	281	237	433	459	506	127	109	
Romania-----	***	***	***	***	***	***	***	
Subtotal-----	477	582	678	1,270	1,643	301	310	
All other nonmarket-economy countries-----	136	130	116	146	18	18	0	
Total-----	613	712	794	1,416	1,661	319	310	
From market-economy countries:								
Taiwan-----	1	4	349	744	853	247	202	
All other market-economy countries-----	1,500	1,108	1,380	1,247	943	505	376	
Total-----	1,501	1,112	1,729	1,991	1,796	752	578	
Total, all countries-----	2,114	1,824	2,523	3,407	3,457	1,071	888	

1/ Less than 500 gross.

Source: Imports from China and Romania compiled from responses to questionnaires of the U.S. International Trade Commission; all other imports, including totals, compiled from official statistics of the U.S. Department of Commerce.

Clothespins: U.S. capacity, production, and capacity utilization,
by types, 1973-77

Type and year	Capacity : 1,000 : gross	Production : 1,000 gross	Capacity : utilization : Percent
Wood and plastic spring clothespins:			
1973-----	6,623	4,342	66
1974-----	8,387	3,943	47
1975-----	8,379	3,198	38
1976-----	8,353	3,307	40
1977-----	8,432	3,472	41
Other clothespins:			
1973-----	3,950	959	24
1974-----	3,950	898	23
1975-----	3,950	840	21
1976-----	3,950	798	20
1977-----	3,950	681	17
Total:			
1973-----	10,573	5,301	50
1974-----	12,337	4,841	39
1975-----	12,329	4,038	33
1976-----	12,303	4,105	33
1977-----	12,382	4,153	34

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

Data on U.S. producers' shipments, imports, and apparent consumption of clothespins are shown in the table on page A-4.

Data on the profit-and-loss experience of the domestic producers on all clothespin operations and pricing data for wood spring clothespins are shown in the tables on pages A-5 and A-6.

Clothespins: U.S. producers' shipments, imports from market-economy countries, imports from nonmarket-economy countries and apparent consumption, 1973-77, January-March 1977, and January-March 1978

Type and period	Imports				Ratio of--			
	Producers' shipments	From market-economy countries	From nonmarket-economy countries	Total	Apparent consumption	Imports from market-economy countries to consumption	Imports from nonmarket-economy countries to consumption	Ratio of all imports to consumption
	: : 1,000 gross:	: : 1,000 gross:	: : 1,000 gross:	: : 1,000 gross:	: : 1,000 gross:	: : Percent	: : Percent	: : Percent
Wood and plastic spring clothespins:								
1973-----	4,289	1,298	613	1,911	6,200	21	10	31
1974-----	3,977	949	712	1,661	5,638	16	13	29
1975-----	3,262	1,550	791	2,341	5,603	28	14	42
1976-----	3,375	1,748	1,410	3,158	6,533	36	22	48
1977-----	3,422	1,437	1,661	3,098	6,520	22	25	47
January-March:								
1977-----	699	616	319	935	1,634	37	20	57
1978-----	809	510	310	820	1,629	31	19	50
All other clothespins:								
1973-----	1,077	203	0	203	1,280	16	0	16
1974-----	920	163	0	163	1,083	15	0	15
1975-----	838	179	3	182	1,020	17	1	18
1976-----	803	243	6	249	1,052	23	1	24
1977-----	704	359	0	359	1,063	34	0	34
January-March:								
1977-----	144	136	0	136	280	49	0	49
1978-----	159	68	1/	68	227	30	2/	30
Total:								
1973-----	5,366	1,501	613	2,114	7,480	20	8	28
1974-----	4,897	1,112	712	1,824	6,721	16	11	27
1975-----	4,100	1,729	794	2,523	6,623	26	12	38
1976-----	4,178	1,991	1,416	3,407	7,585	26	19	45
1977-----	4,126	1,796	1,661	3,457	7,583	24	22	46
January-March:								
1977-----	843	752	319	1,071	1,919	39	17	56
1978-----	968	578	310	888	1,856	30	17	47

1/ Less than 500 gross.

2/ Less than 0.5 percent.

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

Aggregate profit-and-loss experience of the CVPA companies,
on all their clothespin operations, 1973-77

Year and firm	Net sales	Cost of goods sold	Gross profit	Administrative and selling expenses	Net operating profit or (loss) before taxes	Ratio of net operating profit or (loss) to net sales
						Percent
1973:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	6,473,678	5,380,494	1,093,184	1,432,018	(338,834)	(5.2)
1974:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	7,898,542	6,244,393	1,654,149	1,646,749	7,400	.1
1975:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	7,862,559	5,521,205	2,341,354	1,690,019	651,335	8.3
1976:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	8,199,307	6,351,647	1,847,660	1,820,485	81,045	1.0
1977:						
National 1/-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	8,030,673	6,301,952	1,728,721	1,674,851	53,870	.7

1/ Data are based on the first 9 months of National's fiscal year.

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

Wood spring clothespins: Lowest prices of U.S. producers and importers on their largest volume sales to their U.S. customers, by quarters, January 1973-March 1978

(Per gross)

Period	U.S. producers				Importers of clothespins from nonmarket-economy countries			Weighted average price of importers of clothespins from all market-economy countries
	Forster	Diamond	Penley	National	Poland	China	Romania	
1973:								
Jan.-Mar---	***	***	***	***	***	***	***	\$1.0
Apr.-June--	***	***	***	***	***	***	***	1.0
July-Sept--	***	***	***	***	***	***	***	1.0
Oct.-Dec---	***	***	***	***	***	***	***	1.1
1974:								
Jan.-Mar---	***	***	***	***	***	***	***	1.1
Apr.-June--	***	***	***	***	***	***	***	1.1
July-Sept--	***	***	***	***	***	***	***	1.3
Oct.-Dec---	***	***	***	***	***	***	***	1.3
1975:								
Jan.-Mar---	***	***	***	***	***	1.70	***	1.4
Apr.-June--	***	***	***	***	***	1.70	***	1.3
July-Sept--	***	***	***	***	***	1.70	***	1.3
Oct.-Dec---	***	***	***	***	***	1.70	***	1.3
1976:								
Jan.-Mar---	***	***	***	***	***	1.46	***	1.3
Apr.-June--	***	***	***	***	***	1.46	***	1.2
July-Sept--	***	***	***	***	***	1.46	***	1.3
Oct.-Dec---	***	***	***	***	***	1.18	***	1.4
1977:								
Jan.-Mar---	***	***	***	***	***	1.04	***	1.4
Apr.-June--	***	***	***	***	***	1.04	***	1.4
July-Sept--	***	***	***	***	***	1.11	***	1.4
Oct.-Dec---	***	***	***	***	***	1.13	***	
1.49								
1978:								
Jan.-Mar---	***	***	***	***	***	1.13	***	1.5

1/ Quantity sold at this price was less than 1,000 gross.

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

Introduction

On May 3, 1978, the United States International Trade Commission received a petition filed on behalf of the Clothespin & Veneer Products Association (CVPA), for import relief under section 406 of the Trade Act of 1974. On May 16, 1978, the Commission instituted investigations under section 406(a) of the Trade Act of 1974 to determine, with respect to imports of clothespins provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States (TSUS), which are the products of the People's Republic of China, 1/ the Polish People's Republic, and the Socialist Republic of Romania, whether market disruption exists with respect to such articles produced by a domestic industry. Section 406(e)(2) of the Trade Act defines market disruption to exist within a domestic industry if--

* * * 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.

By statute, the Commission must render its determination to the President within 3 months of receipt of the petition or, in this case, by August 3, 1978.

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, United States International Trade Commission, Washington, D.C., and in the Commission's New York Office, and by publishing the notice in the Federal Register of May 22, 1978 (43 F.R. 21952). 2/ In accordance with the notice, a public hearing was held on June 22, 1978, in Portland, Maine.

Description and Uses

There are four major types of clothespins: spring-type clothespins of wood, spring-type clothespins of plastic, roundhead or squarehead nonspring-type clothespins of wood, and round or squarehead non-spring type clothespins of wood that are iron bound. With price often being the determining factor, all the aforementioned types of clothespins are competitive with each other in the marketplace. Other key consumer factors are size, strength, and durability.

U.S.-produced clothespins are manufactured primarily from beech, with maple being substituted if beech is unavailable. Polish clothespins are

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/ A copy of the Commission's notice of investigation and hearing is presented in app. A.

manufactured from hornbeam or beech, and clothespins from Taiwan, Hong Kong, and China are made of jelutong or ramin. All these woods are hardwood.

In the domestic manufacturing process for wood spring clothespins, the wood is sawed to the length of the prospective clothespins and then grooved. The wood is then sawed or sliced to the required widths. The unassembled clothespin parts are tumble dried for 8 to 10 hours in large dryers, with small amounts of paraffin wax added. This drying process provides the clothespin parts with a smooth, "finished" appearance. Finished unassembled clothespin parts are then fed into an assembly machine, where small galvanized steel wire springs are attached to complete the wood spring clothespins. The galvanized steel wire from which the springs are made is primarily from Belgium.

Unassembled plastic spring clothespin parts are made by the injection-molding process and then assembled on the same assembly machines as the wood spring clothespins. The first plastic clothespin was pioneered by Vermont Plastics, Inc., Montpelier, Vt., in 1946. In 1959, Vermont Plastics introduced a hanger-shaped clothespin. However, the cost of producing plastic spring-type clothespins has been rapidly increasing because of rising petroleum prices. Thus, plastic spring clothespins are currently too costly, in relation to the wooden product, to manufacture and sell. Plastic spring-type clothespins accounted for only 6.4 percent of U.S. clothespin consumption during January-March 1978.

Domestic roundhead nonspring clothespins of wood are manufactured from the same hardwoods as wood spring clothespins. However, in the manufacturing process, the wood is sawed and shaped into thin poles, which are then cut to clothespin size. The round head of the clothespin is formed on a wood-molding machine, and the slit is made by a grooving process. Like the unassembled wood spring clothespin parts, the roundhead clothespins are put in large dryers with paraffin wax added to give the clothespins a smooth, finished appearance.

Ironbound wooden clothespins are actually roundhead clothespins with a wrapping of steel wire, which prevents the clothespins from splitting. Currently, only Forster Manufacturing Co., Wilton, Maine, manufactures ironbound clothespins, which cost more per gross than any other type of clothespin.

Besides being used on clotheslines, clothespins may be used in certain agricultural applications and in film developing.

U.S. Tariff Treatment

Clothespins are provided for eo nomine in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States. The column 1 (most-favored-nation) rate of duty for wood and plastic spring-type clothespins (TSUS item 790.05) is 10 cents per gross; the column 2 rate is 20 cents per gross. All nonspring-type clothespins of plastic (TSUS item 790.07) are dutiable at the column 1 rate of 8.5 percent ad valorem and the column 2 rate of 80 percent ad valorem. Wooden roundhead (i.e., nonspring-type) clothespins

(TSUS item 790.08) are dutiable at the column 1 rate of 7.5 percent ad valorem and the column 2 rate of 35 percent ad valorem.

Both Poland and Romania receive most-favored-nation treatment for their products exported to the United States. Also, prior to January 1978, TSUS item 790.05 did not have a separate statistical breakdown for wood spring clothespins and plastic spring clothespins. The ad valorem equivalents of the rates of duty applicable to imports of spring-type clothespins of wood or plastic from China, Poland, and Romania under TSUS item 790.05 are as follows (in percent):

Country	1973	1974	1975	1976	1977
Poland-----	15	15	11	11	10
Romania-----	36	43	<u>1/</u>	16	15
China-----	<u>2/</u>	<u>2/</u>	21	35	30

1/ Romania received most-favored-nation status on Aug. 3, 1975.

2/ No importations.

U.S. Producers

There are currently five producers of clothespins in the United States. Their names and locations are as follows:

- (1) Diamond International Corp.
733 Third Avenue
New York, N.Y.
(Production plant in Peru, Maine)
- (2) Forster Manufacturing Co., Inc.
Wilton, Maine
- (3) Penley Corp.
West Paris, Maine
- (4) National Clothespin Co., Inc.
Montpelier, Vt.
- (5) Vermont Plastics, Inc.
Montpelier, Vt.

Only Diamond International is a publicly owned corporation; the four other companies are basically family-owned corporations. The following tabulation shows the clothespin product lines of the five domestic producers:

Company	Wood spring clothespins	Roundhead or squarehead wood clothespins	Plastic spring clothespins	Ironbound roundhead wood clothespins	Articles other than clothespins
Diamond Inter- national-----	X	<u>1/</u> X			X
Forster-----	X	X	X	X	X
Penley-----	X	X	X		
National Clothespin---	X	<u>2/</u>			
Vermont Plastics-----			X		X

1/ ***

2/ ***

* * * * *

U.S. Importers

Approximately 150 firms currently import clothespins. A number of large importers are general housewares importers, with clothespins being only a very minor product. A few discount department store chains such as * * *, * * *, and * * *, have become importers of the product. However, * * * still purchases most of its clothespins from a domestic producer. Many of the other importers are primarily small entrepreneurs, usually with only a few employees.

In most cases, importers will switch their import sourcing from country to country in order to secure the lowest price. They will also import clothespins from several countries in order to assure themselves a steady supply of the product. * * * has been importing clothespins from Poland for more than * * * years. * * * six large importers (in alphabetical order) are as follows:

- (1) G & S Metal Products Co.
Cleveland, Ohio
- (2) Metropolitan Housewares Corp.
Ozone Park, N.Y.
- (3) Nevco, Division of U.S. Industries, Inc.
Lyndhurst, N.J.
- (4) SAC Imports, Ltd.
Chicago, Ill.

- (5) S. S. Kresge Co.
Troy, Mich.
- (6) Wall Trading Co.
Central Islip, N.Y.

U.S. Market

Clothespins are generally sold in supermarkets, hardware stores, and discount, chain, or variety stores. Sales of clothespins are more concentrated in less affluent areas where electric clothes dryers would be luxuries, or in areas, where the climate is favorable for the use of outdoor household clotheslines.

According to industry sources, clothespins are considered to be an "impulse product." In other words, consumers do not go to the supermarket or discount chainstore specifically to buy clothespins, but rather they buy them on impulse after seeing them on a clothespin display. Furthermore, clothespins are usually bought by consumers only once or twice a year. Supermarket or department store managers reportedly decide to place an order for clothespins primarily on the basis of price and availability, with price being the key factor. Thus, a rapid influx of low-priced imports can cause severe problems to the domestic industry in a very short period of time, according to the U.S. producers.

The Question of Rapidly Increasing Imports

U.S. imports

U.S. imports of wood and plastic spring clothespins declined from 1.9 million gross in 1973 to 1.7 million gross in 1974 (tables 1 and 2 and tables A-1 and A-2 in app. B) and then rapidly increased over the next 2 years (fig. 1) to 3.2 million gross in 1976. In 1977, however, imports declined slightly to 3.1 million gross. China supplied the largest quantity of U.S. imports of wood and plastic spring clothespins in 1977, while Taiwan and Poland accounted for 27 percent and 16 percent, respectively, in the same year.

Imports of wooden roundhead clothespins (nonspring type), after declining slightly from 1973 to 1974, almost doubled from 1974 to 1977, rising from 162,000 gross to 305,000 gross (table 3). West Germany accounted for 98 percent of such imports in 1977. Although plastic nonspring clothespins are imported in very small amounts, such imports nevertheless almost tripled from 1976 to 1977 (table 4).

Imports from nonmarket-economy countries

U.S. imports of wood and plastic spring clothespins from nonmarket-economy countries almost tripled between 1973 and 1977, rising from 613,000 gross to 1.6 million gross. In contrast, imports from market-economy countries in the same period increased irregularly from 1.3 million gross in 1973 to 1.4 million gross in 1977 (table 2 and fig. 2).

Table 1.--Wood and plastic spring clothespins (TSUS item 790.05): U.S. imports for consumption, by country, 1973-77, January-March 1977, and January-March 1978 ^{1/}

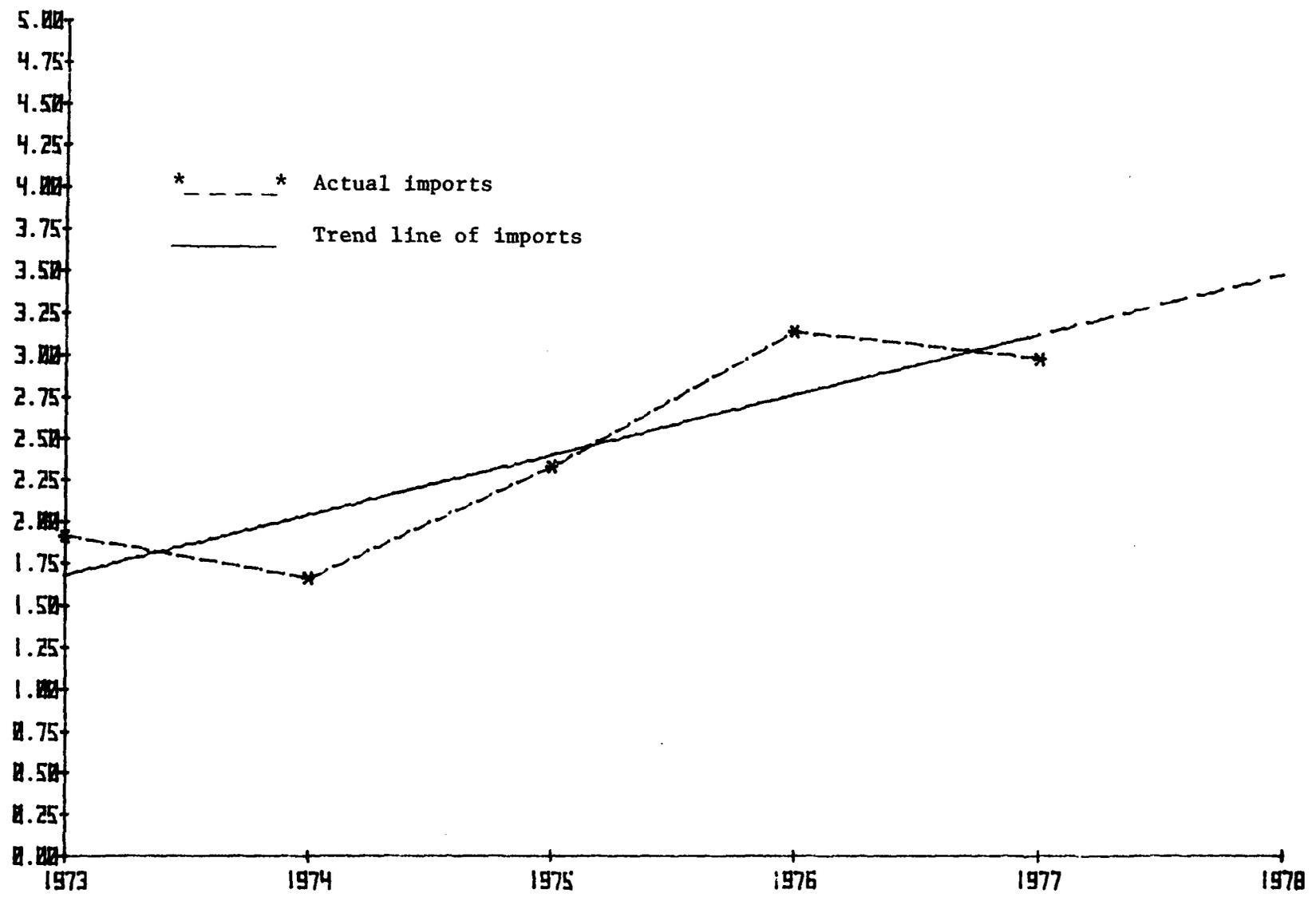
Country	1973	1974	1975	1976	1977	Jan.-March	
						1977	1978
Quantity (1,000 gross)							
From nonmarket economy countries:							
China-----	***	***	***	***	***	***	***
Poland-----	281	237	433	459	506	127	109
Romania-----	***	***	***	***	***	***	***
Subtotal-----	477	582	675	1,264	1,643	301	310
Czechoslovakia-----	136	130	116	141	18	18	0
Bulgaria-----	0	0	0	5	0	0	0
Total-----	613	712	791	1,410	1,661	319	310
From market-economy countries:							
Taiwan-----	1	4	342	743	828	245	201
All other market-economy countries-----	1,297	945	1,208	1,005	609	371	309
Total-----	1,298	949	1,550	1,748	1,437	616	510
Total, all countries-----	1,911	1,661	2,341	3,158	3,098	935	820
Value (1,000 dollars)							
From nonmarket-economy countries:							
China-----	***	***	***	***	***	***	***
Poland-----	185	163	413	428	513	123	107
Romania-----	***	***	***	***	***	***	***
Subtotal-----	342	391	603	995	1,331	248	259
Czechoslovakia-----	70	64	73	99	11	11	0
Bulgaria-----	0	0	0	3	0	0	0
Total-----	412	455	676	1,097	1,342	259	259
From market-economy countries:							
Taiwan-----	4	4	249	560	707	212	186
All other market economy countries-----	1,004	865	1,332	1,098	784	347	298
Total-----	1,008	869	1,581	1,658	1,491	559	484
Total, all countries-----	1,420	1,324	2,257	2,755	2,833	818	743
Unit value (Per gross)							
From nonmarket-economy countries:							
China-----	***	***	***	***	***	***	***
Poland-----	\$0.66	\$0.69	.95	.93	1.01	.96	.98
Romania-----	***	***	***	***	***	***	***
Czechoslovakia-----	.52	.49	.63	.70	.58	.61	0
Bulgaria-----	0	0	0	.66	0	0	0
Average-----	.67	.64	.85	.78	.81	.81	.84
From market-economy countries:							
Taiwan-----	6.55	.94	.73	.75	.85	.87	.93
All other market-economy countries-----	.77	.92	1.10	1.09	1.29	.94	.96
Total-----	.78	.92	1.02	.95	1.04	.91	.95
Total, all countries-----	.74	.80	.96	.87	.91	.87	.91

^{1/} See table A-4, app. B, for imports from all countries, as reported by the Bureau of the Census.

Source: Imports from China and Romania, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports from all other specified countries and total imports from all countries, compiled from official statistics of the U.S. Department of Commerce.

Figure 1.--Wood and plastic spring clothespins: U.S. imports for consumption, 1973-77.

Million
gross



Source: Derived from data presented in table 1.

Table 2.--Wood and plastic spring clothespins: U.S. imports for consumption from nonmarket-economy countries and market-economy countries, 1973-77, January-March 1977, and January-March 1978

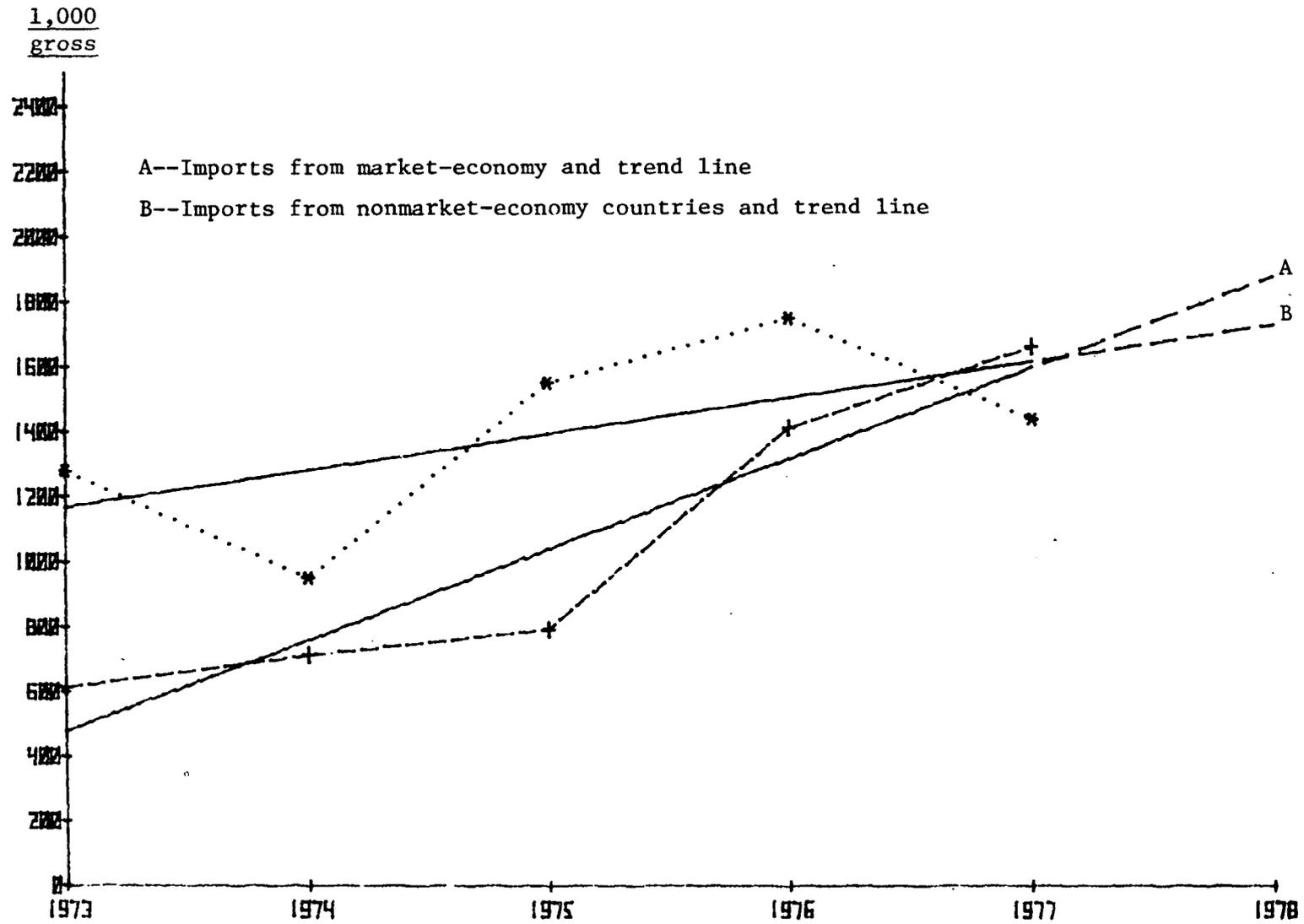
Source	1973	1974	1975	1976	1977	Jan.-March	
						1977	1978
Quantity (1,000 gross)							
Nonmarket-economy countries-----	613	712	791	1,410	1,661	319	310
Market-economy countries-----	1,298	949	1,550	1,748	1,437	616	510
Total-----	1,911	1,661	2,341	3,158	3,098	935	820
Value (1,000 dollars)							
Nonmarket economy countries (Communist countries)-----	412	455	676	1,097	1,342	259	259
Market economy countries-----	1,008	869	1,581	1,658	1,491	559	484
Total-----	1,420	1,324	2,257	2,755	2,833	818	743
Unit value (per gross)							
Nonmarket-economy countries-----	\$0.67	\$0.64	\$0.85	\$0.78	\$0.81	\$0.81	\$0.84
Market-economy countries-----	.78	.92	1.10	1.00	1.29	.94	.96
Average-----	.74	.80	.96	.87	.91	.87	.91

Source: Compiled from official statistics of the U.S. Department of Commerce and from responses to the questionnaires of the U.S. International Trade Commission.

Imports of wood and plastic spring clothespins from China rose sharply from a mere * * * gross in 1975 to * * * gross in 1977 (fig. 3), and China increased its share of the imports of spring clothespins from * * * percent in 1975 to * * * percent in 1977. China also has by far the lowest unit value per gross of imported spring clothespins of any of the large exporting countries (table 1).

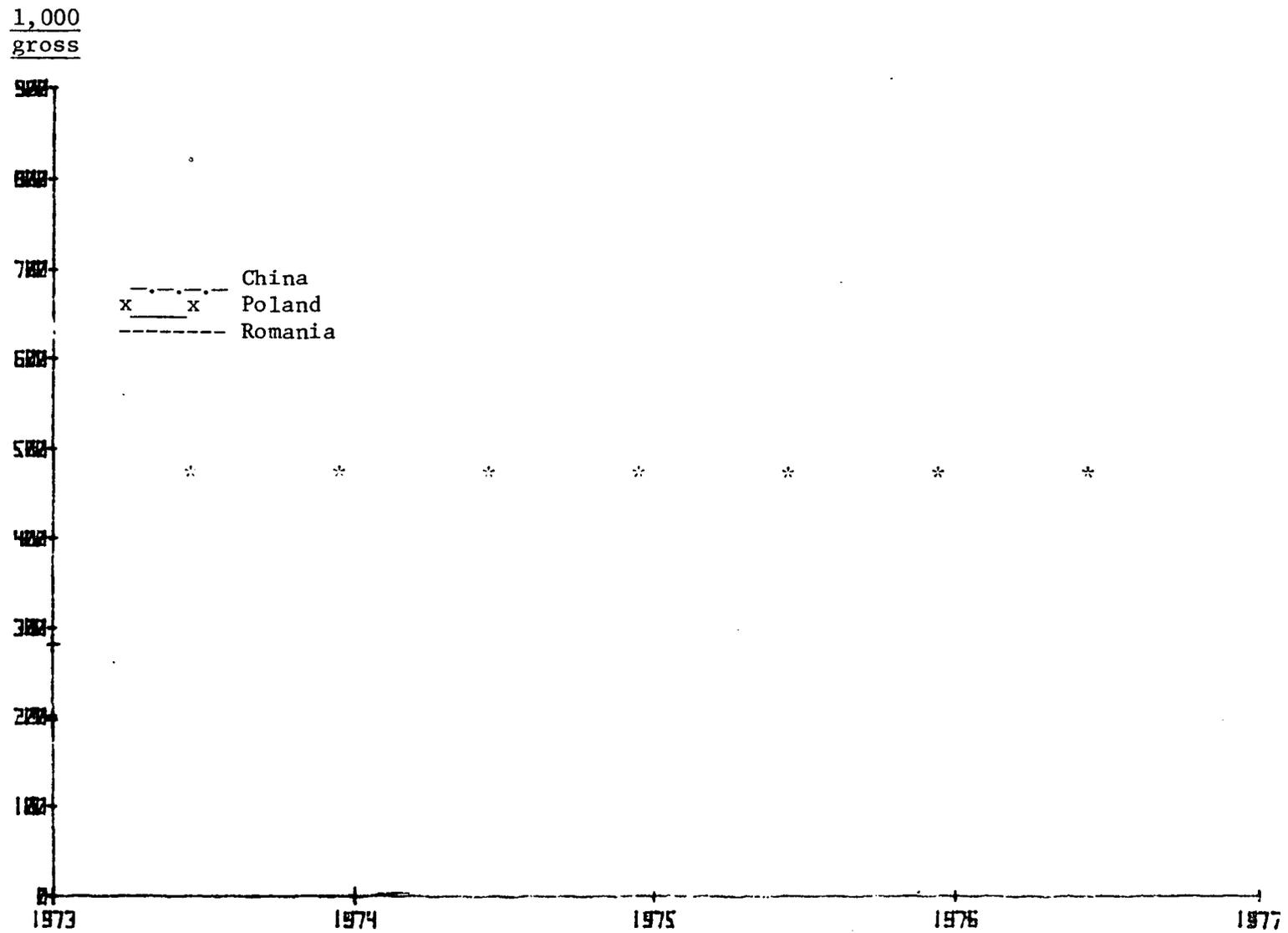
According to industry sources, a majority of the clothespin imports from China are first exported from China to independent trading companies in Hong Kong and then exported to the United States. The Hong Kong trading firms (e.g., * * *, * * *, and * * *) contract for the Chinese clothespins at the Canton Fair, and then resell them to other countries, including the United States. China has only * * * contracted directly with U.S. firms for the sale

Figure 2.--Wood and plastic spring clothespins: U.S. imports for consumption from market-economy countries and nonmarket-economy countries, 1973-77.



Source: Derived from data presented in table 1.

Figure 3.--Wood and plastic spring clothespins: U.S. imports for consumption certain nonmarket-economy countries, 1973-77.



Source: Derived from data presented in table 1.

of clothespins. * * *

In 1976 and 1977 China reported that it had raised its world clothespin prices by more than 60 percent, to levels higher than the prices of most other supplying countries. The prices that Hong Kong traders charge to their U.S. purchasers, however, apparently do not reflect these price increases, but these traders account for the greatest quantity of U.S. imports from China.

U.S. imports of wood and plastic spring clothespins from Poland declined slightly from 1973 to 1974, but then more than doubled, rising from 237,000 gross in 1974 to 506,000 gross in 1977 (fig. 3). A.M.P.A.G. Furniture & Wooden Products Corp., New York, N.Y., has advised the Commission that it is the exclusive U.S. sales agent for P.A.G.E.D., the corporation designated by the Polish People's Republic as the sole exporter of Polish clothespins. Furthermore, since January 1, 1972, Metropolitan Housewares Corp., by contractual rights, has been the only authorized importer of Polish clothespins (for A.M.P.A.G.), although there are other importers of record. It has come to the attention of A.M.P.A.G. and Metropolitan, moreover, that Polish clothespins are being exported to West Germany in bulk and then packaged and reexported to the United States. A.M.P.A.G. stated at the public hearing that it would advise P.A.G.E.D. to take whatever steps are necessary to prevent future transshipments. The following tabulation shows U.S. imports of wood spring clothespins made in Poland, both those shipped directly and those allegedly transshipped, during 1973-77 and January-March 1978 (in thousands of gross):

Item	: 1973	: 1974	: 1975	: 1976	: 1977	: Jan.-Mar. 1978--
Directly shipped:	:	:	:	:	:	:
Metropolitan-----	: * * *	: * * *	: * * *	: * * *	: * * *	: * * *
Allegedly transshipped imports:	:	:	:	:	:	:
* * *-----	: * * *	: * * *	: * * *	: * * *	: * * *	: * * *
Other-----	: * * *	: * * *	: * * *	: * * *	: * * *	: * * *
Subtotal-----	: * * *	: * * *	: * * *	: * * *	: * * *	: * * *
Total-----	: 281	: 237	: 433	: 459	: 506	: 109
	:	:	:	:	:	:

Imports of wood and plastic spring clothespins from Romania increased from * * * gross in 1973 to * * * gross in 1974, but dropped sharply to * * * gross in 1975 (fig. 3). In 1976 (the year after most-favored-nation status was granted), Romanian imports again increased to * * * gross, but fell to * * * gross in 1977.

Table 3.—Nonspring clothespins of wood: U.S. imports for consumption, by principal sources, 1973-77, January-March 1977, and January-March 1978

Source	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
Quantity (gross)							
Nonmarket-economy countries:							
China-----	0	0	3,205	6,000	0	0	0
Total-----	0	0	3,205	6,000	0	0	0
Market-economy countries:							
Belgium-----	9,932	0	0	0	0	0	0
Hong Kong-----	0	1,200	0	3,108	0	0	0
Switzerland-----	0	10,250	0	0	0	0	0
Taiwan-----	0	0	6,750	1,067	6,550	0	1,483
West Germany-----	173,640	150,618	158,028	219,453	298,567	134,261	63,321
Total-----	183,572	162,068	164,778	223,628	305,117	134,261	64,804
Total, all countries-----	183,572	162,068	167,983	229,628	305,117	134,263	64,804
Value							
Nonmarket-economy countries:							
China-----	0	0	\$1,000	\$5,000	0	0	0
Total-----	0	0	1,000	5,000	0	0	0
Market-economy countries:							
Belgium-----	\$4,000	0	0	0	0	0	0
Hong Kong-----	0	\$1,000	0	4,000	0	0	0
Switzerland-----	0	7,000	0	0	0	0	0
Taiwan-----	0	0	2,000	1,000	7,000	0	1,000
West Germany-----	76,000	87,000	109,000	163,000	255,000	105,000	70,000
Total-----	80,000	95,000	111,000	168,000	262,000	105,000	71,000
Total for all countries-----	80,000	95,000	112,000	173,000	262,000	105,000	71,000
Unit value (per gross)							
Nonmarket-economy countries:							
China-----	0	0	\$0.44	\$0.77	0	0	0
Average-----	0	0	.44	.77	0	0	0
Market-economy countries:							
Belgium-----	\$0.43	0	0	0	0	0	0
Hong Kong-----	0	\$1.00	0	1.41	0	0	0
Switzerland-----	0	.63	0	0	0	0	0
Taiwan-----	0	0	.27	1.29	\$1.14	0	\$0.55
West Germany-----	.44	.58	.69	.74	.85	0.78	1.11
Average-----	.44	.59	.67	.75	.86	.78	1.10
Average, all countries-----	.44	.59	.67	.75	.86	.78	1.10

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

Table 4.—Nonspring clothespins of plastic: U.S. imports for consumption, by principal sources, 1973-77 and January-March 1978

	1973	1974	1975	1976	1977	Jan.-Mar. 1978
Quantity (gross)						
China-----	0	0	0	0	0	354
Denmark-----	4,500	0	0	0	0	0
Netherlands-----	5,785	100	3,290	12,900	22,050	0
France-----	885	0	0	0	684	0
West Germany-----	2,750	0	0	999	0	0
Hong Kong-----	5,110	878	10,259	3,227	5,654	2,375
Taiwan-----	334	0	84	84	25,000	0
Japan-----	510	0	0	0	0	0
Switzerland-----	0	0	0	0	96	35
Italy-----	0	0	0	2,460	0	0
Total-----	19,874	978	13,633	19,670	53,484	2,764
Value						
China-----	0	0	0	0	0	\$1,000
Denmark-----	\$4,000	0	0	0	0	0
Netherlands-----	5,000	\$2,000	\$6,000	\$5,000	\$27,000	0
France-----	1,000	0	0	0	2,000	0
West Germany-----	3,000	0	0	1,000	0	0
Hong Kong-----	8,000	3,000	18,000	8,000	13,000	1,000
Taiwan-----	1,000	0	1/	1/	27,000	0
Japan-----	1/	0	0	0	0	0
Switzerland-----	0	0	0	0	0	1/
Italy-----	0	0	0	1,000	0	0
Total-----	22,000	5,000	24,000	15,000	69,000	2,000
Unit value (per gross)						
China-----	0	0	0	0	0	\$3.75
Denmark-----	\$0.79	0	0	0	0	0
Netherlands-----	.95	\$20.00	\$1.95	\$0.39	\$1.23	0
France-----	1.36	0	0	0	3.25	0
West Germany-----	1.02	0	0	1.30	0	0
Hong Kong-----	1.53	3.33	1.76	2.37	2.39	.40
Taiwan-----	2.70	0	4.69	4.56	1.09	0
Japan-----	.83	0	0	0	0	0
Switzerland-----	0	0	0	0	0	11.11
Italy-----	0	0	0	.60	3.81	0
Total-----	1.12	5.51	1.83	.80	1.32	.96

1/ Less than \$500.

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

Imports from market-economy countries

As previously stated, imports of wood and plastic spring clothespins from market-economy countries increased slightly from 1973 to 1977. While imports from Taiwan rose from 556 gross in 1973 to 828,000 gross in 1977 (fig. 4), imports from most other major market-economy countries declined during the same period (fig. 5). Taiwan and China together accounted for over 50 percent of all U.S. imports of wood and plastic spring clothespins in 1977.

Consideration of Market Disruption

U.S. capacity, production, and capacity utilization

U.S. capacity to produce all types clothespins increased irregularly from 10.6 million gross in 1973 to 12.4 million gross in 1977. Production dropped sharply, however, from 5.3 million gross in 1973 to 4.2 million gross in 1977, or by 21 percent. As a consequence, capacity utilization plummeted to 34 percent in 1977 from 50 percent in 1973 (table 5).

Of the four types of clothespins, the wood spring variety accounts for 65 percent of U.S. capacity and approximately 80 percent of total U.S. production. The nonspring wood clothespins account for 30 percent of U.S. capacity, but only 18 percent of U.S. clothespin production. The remaining 5 percent of U.S. capacity and 2 percent of U.S. production are divided between plastic spring and wood ironbound clothespins.

U.S. capacity, production, and capacity utilization for the five domestic producers of clothespins are set forth in table 6. Forster Manufacturing Co. is * * * . In 1977 Forster accounted for * * * percent of U.S. capacity and *** percent of total U.S. production of clothespins; however, in the same year * * * . Diamond International is the * * * .

The capacity data shown in tables 5 and 6 are not precise estimates because of significant differences among the various firms in their operating procedures. The figures presented in the tables were based on two shifts a day, 5 days a week, 50 weeks a year.

* * * * *

Capacities of the firms for 1977, based on two shifts per day, 5 days a week, the practical capacity levels, the optimum production levels, and the ratio of 1977 production to capacity and optimum production levels are presented in table 7.

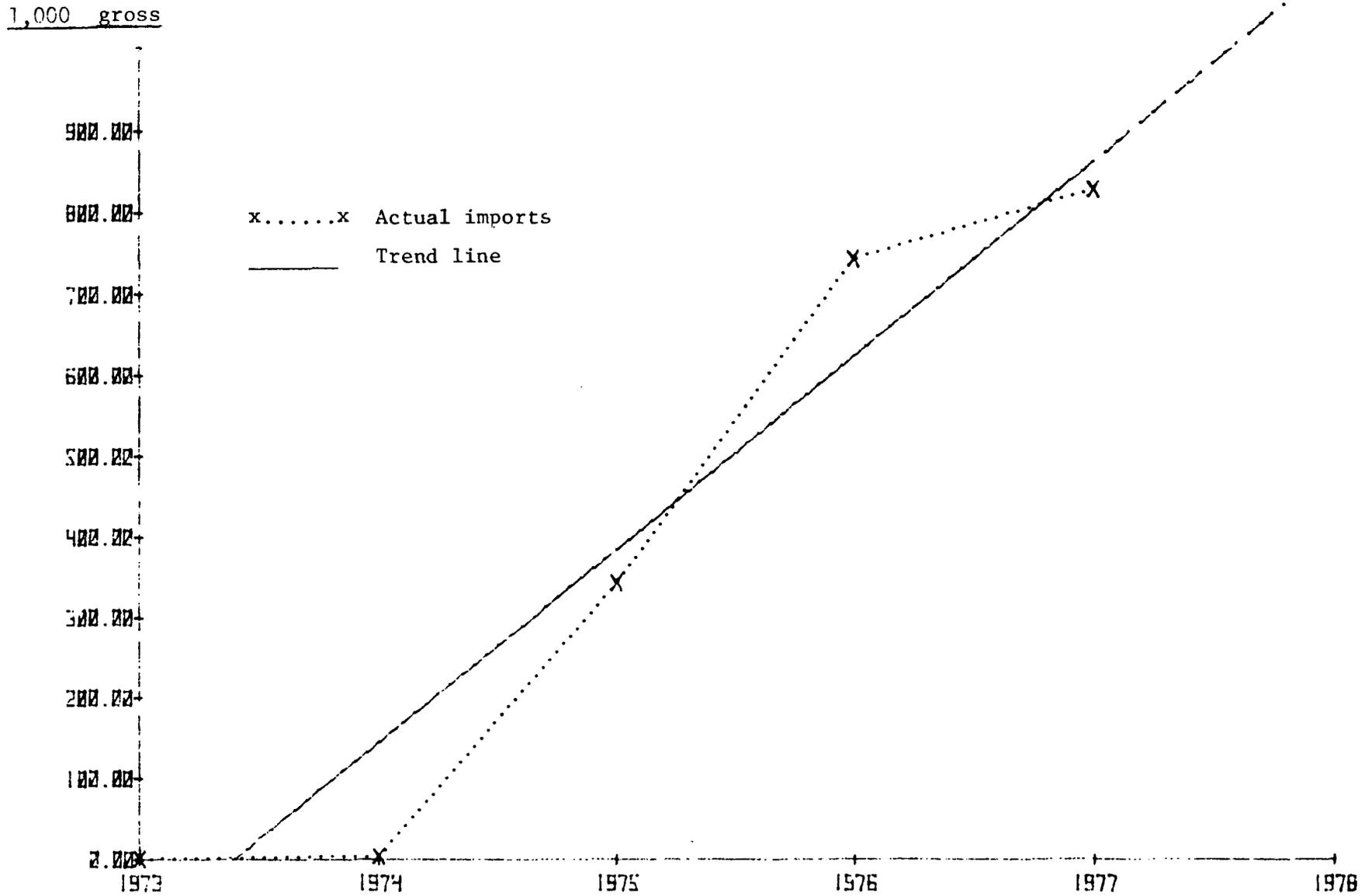
Table 5.--Clothespins: U.S. capacity, production, and capacity utilization, by types, 1973-77, January-March 1977, and January-March 1978.

Period and type	Capacity 1/	Production	Capacity utilization
	<u>1,000</u> <u>gross</u>	<u>1,000</u> <u>gross</u>	<u>Percent</u>
1973:			
Wood spring-----	6,267	4,185	67
Plastic spring-----	356	157	44
Nonspring wood-----	***	***	***
Ironbound-----	***	***	***
Total-----	10,573	5,301	50
1974:			
Wood spring-----	7,978	3,821	48
Plastic spring-----	409	122	30
Nonspring wood-----	***	***	***
Ironbound-----	***	***	***
Total-----	12,337	4,841	39
1975:			
Wood spring-----	7,970	3,101	39
Plastic spring-----	409	97	24
Nonspring wood-----	***	***	***
Ironbound-----	***	***	***
Total-----	12,329	4,038	33
1976:			
Wood spring-----	7,993	3,201	40
Plastic spring-----	360	106	29
Nonspring wood-----	***	***	***
Ironbound-----	***	***	***
Total-----	12,303	4,105	33
1977:			
Wood spring-----	3,097	3,378	42
Plastic spring-----	335	94	28
Nonspring wood-----	***	***	***
Ironbound-----	***	***	***
Total-----	12,382	4,153	34
January-March:			
Wood spring-----	2,016	755	37
Plastic spring-----	84	20	24
Nonspring wood-----	***	***	***
Ironbound-----	***	***	***
Total-----	3,094	914	30
January-March 1978:			
Wood spring-----	2,046	816	40
Plastic spring-----	75	22	29
Nonspring-----	***	***	***
Ironbound-----	***	***	***
Total-----	2,995	999	33

1/ Capacity data based on two shifts a day, 5 days a week.

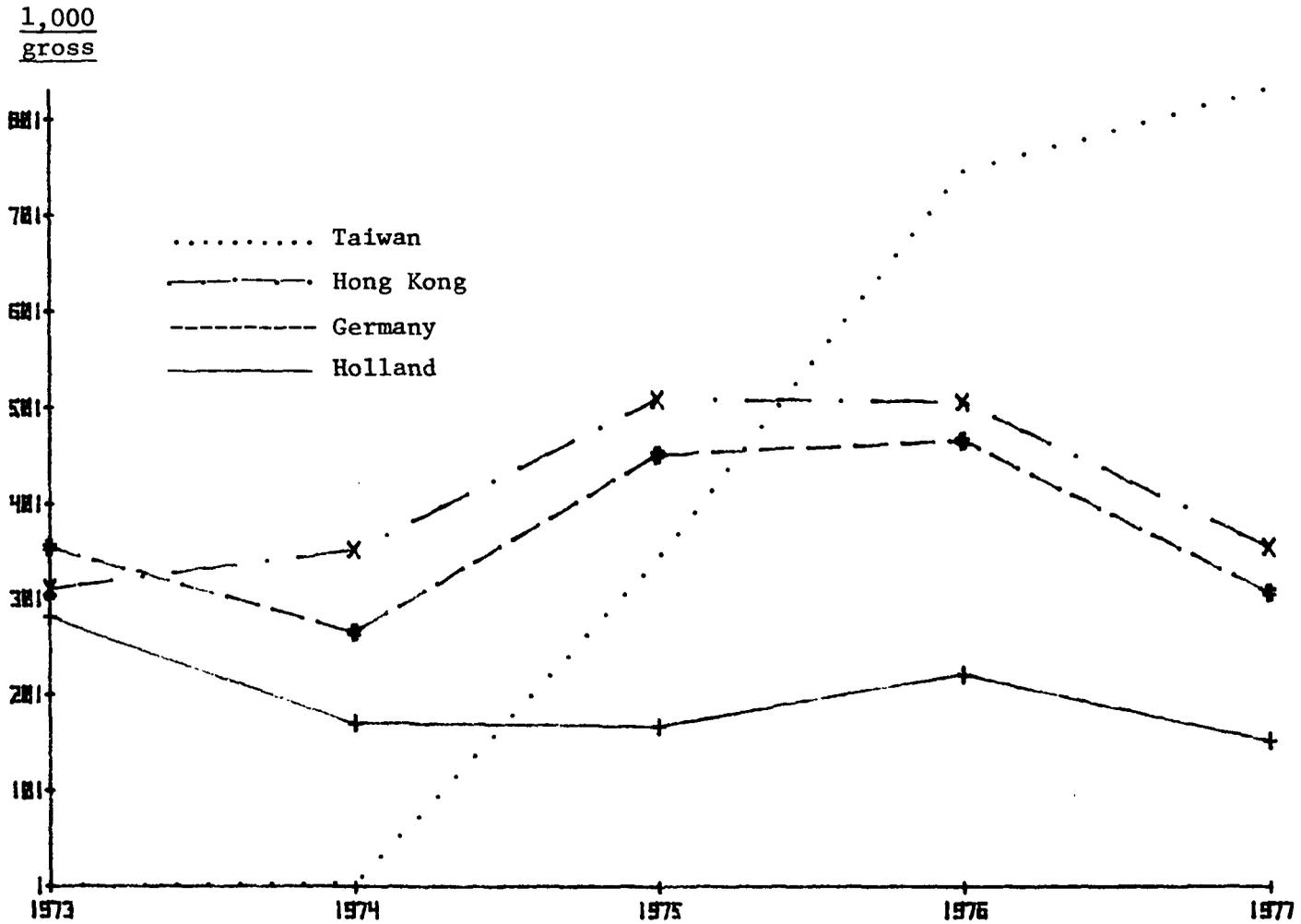
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure 4.--Wood and plastic spring clothespins: U.S. imports
for consumption from Taiwan, 1973-77.



Source: Derived from data presented in table 1.

Figure 5.--Wood and plastic spring clothespins: U.S. imports from certain market-economy countries, 1973-77.



Source: Derived from data presented in table A-4.

Table 6.--Clothespins: U.S. production, production capacity, and capacity utilization, by firm, 1973-77, January-March 1977, and January-March 1978

* * * * *

Table 7.--Clothespins: U.S. capacity, practical capacity, optimum production levels, and production, by types and by firms, 1/ 1977

Article and firm	1977				Ratio of 1977 production to--		
	Capacity based on 2 shifts per day, 5 days a week 2/	Practical capacity	Optimum production level	Production	Capacity based: on 2 shifts a day, 5 days a week 2/	Practical capacity	Optimum production level
	1,000 gross	1,000 gross	1,000 gross	1,000 gross	Percent	Percent	Percent
Wood spring clothespins:							
Forster-----	***	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***	***
National-----	***	***	***	***	***	***	***
Total-----	8,097	8,553	8,553	3,378	12	39	39
Plastic spring clothespins:							
Forster-----	***	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***	***
Vermont-----	***	***	***	*** P	*** P	*** P	***
Total-----	335	335	335	94	28	28	28
Nonspring clothespins of wood, except iron- bound:							
Forster-----	***	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Nonspring clothespins of wood, ironbound:							
Forster-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Total:							
Forster-----	***	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***	***
National-----	***	***	***	***	***	***	***
Vermont-----	***	***	***	***	***	***	***
Total-----	11,902	12,358	12,358	4,111	35	33	33

1/ * * *

2/ The figures in this table have been adjusted to eliminate such clothespin production and capacity data, as reported in tables 5 and 6.

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

U.S. consumption, producers' shipments, and foreign trade

U.S. consumption of wood and plastic spring clothespins (table 8) fell from 6.2 million gross in 1973 to 5.6 million gross in both 1974 and 1975, or by 10 percent. However, consumption rebounded to 6.5 million gross in 1976 and 1977. U.S. producers' shipments of wood spring clothespins irregularly declined from 4.1 million gross in 1973 to 3.3 million gross in 1977 (table 9). U.S. producers' shipments of nonspring wood clothespins declined from 1.1 million gross in 1973 to 704,000 gross in 1977. Plastic spring clothespin shipments also declined during 1973-77. U.S. producers' shipments, by firms, are shown in table 10.

While U.S. shipments of wood and plastic spring clothespins were falling, U.S. imports from nonmarket-economy countries were increasing sharply, rising from 613,000 gross in 1973 to 1.6 million gross in 1977. In addition, imports from nonmarket-economy countries increased from 10 percent of U.S. consumption of spring clothespins in 1973 to 25 percent in 1977, with an increase from 22 percent to 25 percent of consumption between 1976 and 1977. In contrast, imports from market-economy countries decreased between 1976 and 1977, and their market share fell from 36 percent to 22 percent. Nonmarket-economy countries have entered the U.S. nonspring clothespin market only minimally.

U.S. inventories

During 1973-77, U.S. producers' yearend inventories of wood spring clothespins declined steadily from a high of 1 million gross in 1973 to 675,000 gross in 1977. In that period, * * * (table 11). Inventories of nonspring type clothespins of wood declined irregularly from * * * gross in 1973 to * * * gross in 1977. Total inventories of all clothespins also declined. As inventories have declined, however, the ratios of inventories to shipments have also declined, as shown in table A-3 in appendix B.

Table 8.--Clothespins: U.S. producers' shipments, imports from market-economy countries, imports from nonmarket-economy countries and apparent consumption, 1973-77, January-March 1977, and January-March 1978

Type and period	Imports				Ratio of--			
	Producers' shipments	From market-economy countries	From nonmarket-economy countries	Total	Apparent consumption	Imports from market-economy countries to consumption	Imports from nonmarket-economy countries to consumption	Ratio of all imports to consumption
		1,000 gross	1,000 gross			Percent	Percent	
Wood and plastic spring clothespins:								
1973-----	4,289	1,298	613	1,911	6,200	21	10	31
1974-----	3,977	949	712	1,661	5,638	16	13	29
1975-----	3,262	1,550	791	2,341	5,603	28	14	42
1976-----	3,375	1,748	1,410	3,158	6,533	26	22	48
1977-----	3,422	1,437	1,661	3,098	6,520	22	25	47
January-March:								
1977-----	699	616	319	935	1,634	37	20	57
1978-----	309	510	310	820	1,629	31	19	50
All other clothespins:								
1973-----	1,077	203	0	203	1,280	16	0	16
1974-----	920	163	0	163	1,083	15	0	15
1975-----	838	179	3	182	1,020	17	1	18
1976-----	803	243	6	249	1,052	23	1	24
1977-----	704	359	0	359	1,063	34	0	34
January-March:								
1977-----	144	136	0	136	280	49	0	49
1978-----	159	68	1/	68	227	30	2/	30
Total:								
1973-----	5,366	1,501	613	2,114	7,480	20	8	28
1974-----	4,897	1,112	712	1,824	6,721	16	11	27
1975-----	4,100	1,729	794	2,523	6,623	26	12	38
1976-----	4,178	1,991	1,416	3,407	7,585	26	19	45
1977-----	4,126	1,796	1,661	3,457	7,583	24	22	46
January-March:								
1977-----	843	752	319	1,071	1,919	39	17	56
1978-----	968	578	310	888	1,856	30	17	47

1/ Less than 500 gross.

2/ Less than 0.5 percent.

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

Table 9.--Clothespins: U.S. producers' shipments, by types,
1973-77, January-March 1977, and January-March 1978

(In thousands of gross)

Period	Spring type		Nonspring type		Total
	Of wood	Of other materials	Of wood, except iron-bound	Of wood, iron-bound	
1973-----	4,132	157	***	***	5,366
1974-----	3,854	123	***	***	4,897
1975-----	3,163	99	***	***	4,100
1976-----	3,271	104	***	***	4,178
1977-----	3,328	94	***	***	4,126
January-March--					
1977-----	679	20	***	***	843
1978-----	789	20	***	***	968

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

Table 10.--Clothespins: U.S. producers' shipments, by companies, and by types, 1973-77, January-March 1977, and January-March 1978

Period and time	Spring type		Nonspring type		Total
	Of wood	Of wood	Of wood, except ironbound	Of wood ironbound	
1973:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	4,132	157	***	***	5,366
1974:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	3,854	123	***	***	4,897
1975:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	3,163	99	***	***	4,100
1976:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	3,271	104	***	***	4,178
1977:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	3,328	94	***	***	4,126
January-March 1977:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	679	20	***	***	843
January-March 1978:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	789	20	***	***	968

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

Table 11.--Clothespins: U.S. producers' yearend inventories, by firms,
Dec. 31 of 1973-77, Mar. 31, 1977 and Mar. 31, 1978

(In thousands of gross)

Date and firm	Spring type		Nonspring type		Total
	Of wood	Of other materials	Of wood, except iron-bound	Of wood, iron-bound	
Dec. 31, 1973:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	1,037	23	***	***	1,306
Dec. 31, 1974:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	958	25	***	***	1,205
Dec. 31, 1975:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	837	22	***	***	1,048
Dec. 31, 1976:					
Foster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	720	18	***	***	942
Dec. 31, 1977:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	675	14	***	***	833

Table 11.--Clothespins: U.S. producers' yearend inventories, by firms,
Dec. 31 of 1973-77, Mar. 31, 1977 and Mar. 31, 1978--Continued

(In thousands of gross)

Date and firm	Spring type		Nonspring type		Total
	Of wood	Of other materials	Of wood, except iron-bound	Of wood, iron-bound	
Mar. 31, 1977:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	900	23	***	***	1,121
Mar. 31, 1978:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	702	13	***	***	855

1/ Less than 500 gross.

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

Employment

The average number of persons employed by the five domestic producers of clothespins declined irregularly from 731 employees in 1973 to 713 employees in 1977, (table 12). The average number of production and related workers engaged in manufacturing all products at the five domestic establishments declined sharply from 659 in 1973 to 576 in 1976, but then increased to 653 in 1977. There was a similar decline in the number of workers engaged solely in the manufacture of clothespins--from 429 in 1973 to 370 in 1975. However, this downward trend was reversed in 1976, and by March 1978 the number of employees engaged solely in the manufacture of clothespins had increased to 421, which was slightly below the 1973 level.

Table 12.--Average number of employees in U.S. establishments 1/ producing clothespins, and total production and related workers engaged in the manufacture of all products and of clothespins, 1973-77, January-March 1977, and January-March 1978

Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
All persons-----	731	725	627	639	713	648	790
Production and related workers engaged in the manufacture of--							
All products of the establishment-----	659	657	561	576	653	588	727
Clothespins-----	429	422	370	382	387	354	421

1/ Includes all five domestic producers of clothespins.

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

The total number of person-hours worked by production and related workers in the production of clothespins paralleled the trend in employment (table 13). Total person-hours worked in the production of clothespins declined from a high of 820,000 hours in 1973 to a low of 690,000 hours in 1975, climbed slightly in 1976, and reached 720,000 hours in 1977, which was still below the 1973 and 1974 levels.

Table 13.--Person-hours worked in establishments 1/ producing clothespins, 1973-77, January-March 1977, and January-March 1978

(In thousands of person-hours)							
Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
Person-hours worked by production and related workers engaged in the production of--							
All products of the establishment-----	1,302	1,420	1,163	1,052	1,214	296	342
Clothespins-----	820	811	690	702	720	164	223

1/ Does not include Vermont Plastics.

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

Profit-and-loss experience of domestic producers

Profit-and-loss data were received from four of the five domestic producers of clothespins. 1/ These firms accounted for 100 percent of total domestic shipments of wood spring and wood nonspring clothespins.

The aggregate net operating loss for all clothespin operations of the four domestic producers in 1973 amounted to \$339,000 but a net profit of \$7,000 was experienced in 1974. Industry sources blame price controls for the net loss in 1973. In 1975 the industry experienced its best year of the period, as the net operating profit shot up to \$651,000. Thereafter, the net operating profit fell sharply to \$81,000 in 1976 and to \$54,000 in 1977, which represents a decline of 92 percent from the 1975 level (table 14).

The ratio of net operating loss to net sales was 5.2 percent in 1973, but almost a break-even ratio of 0.1 percent occurred in 1974. In 1975, the ratio of net operating profit to net sales was at its zenith during the period, 8.3 percent; it declined to 1 percent in 1976 and to 0.7 percent in 1977. As shown in table 15, the trends of aggregate net operating profit and of the ratio of net operating profit to net sales for wood spring clothespin operations paralleled those for all clothespin operations.

In contrast to their experience on clothespin operations, the aggregate net operating profit for all operations at the reporting establishments of the domestic producers increased from * * * in 1973 to * * * in 1974 and then increased again to * * * in 1975 (table 16). Net operating profit tumbled to * * * in 1976, but then rebounded to * * * in 1977.

The aggregate ratio of net operating profit to net sales increased from 8.9 percent in 1973 to 14.5 percent in 1975, fell to 8.1 percent in 1976, and then recovered to 11.5 percent in 1977.

The profit-and-loss experiences of National and Penley are the same for all clothespin operations and for all operations of the reporting establishments, since both manufacture only clothespins. Diamond (plant in Peru, Maine) and Forster (plant in Wilton, Maine) manufacture other products at their clothespin plants; * * * (table 17).

1/ Vermont Plastics is the only firm not to report its profit-and-loss data. Vermont Plastics does not produce clothespins of wood.

Table 14.--Aggregate profit-and-loss experience of the CVPA companies on all their clothespin operations, 1973-77

Year and firm	Net sales	Cost of goods sold	Gross profit	Administrative and selling expenses	Net operating profit or (loss) before taxes	Ratio of net operating profit or (loss) to net sales
						Percent
1973:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	6,473,678	5,380,494	1,093,184	1,432,018	(338,834)	(5.2)
1974:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	7,898,542	6,244,393	1,654,149	1,646,749	7,400	.1
1975:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	7,862,559	5,521,205	2,341,354	1,690,019	651,335	8.3
1976:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	8,199,307	6,351,647	1,847,660	1,820,485	81,045	1.0
1977:						
National 1/-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	8,030,673	6,301,952	1,728,721	1,674,851	53,870	.7

1/ Data are based on the first 9 months of National's fiscal year.

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

Table 15.--Aggregate profit-and-loss experience of the CVPA companies, on their wood spring clothespin operations, 1973-77

Year and firm	Net sales	Cost of goods sold	Gross profit (loss)	Administrative and selling expenses	Net operating profit or (loss) before taxes	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
973:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	5,177	4,243	933	1,127	(194)	(3.7)
974:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	6,296	5,027	1,269	1,283	(14)	(.2)
975:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	6,251	4,385	1,866	1,313	533	8.9
976:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	6,566	5,156	1,411	1,408	3	<u>1/</u>
977:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	6,536	5,195	1,341	1,315	26	.4

1/ Less than 0.05 percent.

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

Table 16.--Aggregate profit-and-loss experience of the CVPA companies, on all products manufactured at their reporting establishments, 1973-77

Year and firm	Net sales	Cost of goods sold	Gross profit	Administrative and selling expenses	Net operating profit or (loss) before taxes	Ratio of net operating profit or (loss) to net sales
	<u>1,000</u> dollars	<u>1,000</u> dollars	<u>1,000</u> dollars	<u>1,000</u> dollars	<u>1,000</u> dollars	Percent
1973:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	13,568	10,295	3,274	2,069	1,205	8.9
1974:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	17,000	12,507	4,493	2,406	2,087	12.3
1975:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	15,252	10,568	4,684	2,470	2,214	14.5
1976:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	17,112	13,107	4,005	2,614	1,391	8.1
1977:						
National-----	***	***	***	***	***	***
Diamond-----	***	***	***	***	***	***
Forster-----	***	***	***	***	***	***
Penley-----	***	***	***	***	***	***
Total-----	18,301	13,617	4,684	2,571	2,113	11.5

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

Table 17.--Profit-and-loss experience of two CVPA companies on all their clothespin operations and on all operations of the reporting establishments, 1973-77

Year and firm	All clothespin operations		All operations of the reporting establishments	
	Net operating profit or (loss) before taxes	Ratio of net operating profit or (loss) to net sales	Net operating profit or (loss) before taxes	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	Percent	1,000 dollars	Percent
1973:				
Diamond----	***	***	***	***
Forster----	***	***	***	***
1974:				
Diamond----	***	***	***	***
Forster----	***	***	***	***
1975:				
Diamond----	***	***	***	***
Forster----	***	***	***	***
1976:				
Diamond----	***	***	***	***
Forster----	***	***	***	***
1977:				
Diamond----	***	***	***	***
Forster----	***	***	***	***

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

* * * * *

* * * * *

Table 18.--Other factory costs for CVPA companies, total and as a share of net sales, 1973-77

Year	Forster		Diamond		Penley		National	
	Other factory costs	Percent of net sales	Other factory costs	Percent of net sales	Other factory costs	Percent of net sales	Other factory costs	Percent of net sales
1973-----	***	***	***	***	***	***	***	***
1974-----	***	***	***	***	***	***	***	***
1975-----	***	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***	***
1977-----	***	***	***	***	***	***	***	***

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

* * * * *

Table 19.--Selected financial ratios for the CVPA companies, 1977

(In percent)

Company	Current ratio	Quick ratio ("acid test ratio")	Debt-equity ratio	Inventory turnover
Forster-----	***	***	***	***
Penley-----	***	***	***	***
Diamond-----	***	***	***	***
National-----	***	***	***	***
Industrial average ^{1/} -----	2.98	1.47	.71	4.46 (32 days)

^{1/} Weighted average based on net sales for 1977.

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

* * * * *

In summary, the clothespin industry presents a picture of varied levels of financial performance. Although sales increased during the 5-year period, so did expenses. The industry as a whole has managed to control the proportionate growth of these expenses, except for other factory costs. Except for 1973, when all companies experienced losses (attributed by the companies to price controls), the industry's aggregate net losses are attributable to * * *.

Prices of wood spring clothespins

Domestic producers.--In 1973, prices for wood spring clothespins were held down by price controls, but when the wage and price controls were lifted in 1974, the price for domestic wood spring clothespins increased rapidly (table 20). In 1974 Forster raised its prices by * * * percent; Diamond, by *** percent; Penley, by * * * percent; and National, by * * * percent. Prices continued to rise in the first two quarters of 1975, but thereafter declined to about the level experienced at the end of 1974. During 1976, 1977, and January-March 1978, Forster's prices * * * .

* * * * *

Nonmarket-economy countries.--* * *

* * * * *

Market-economy countries-- * * *

* * * * *

Table 20.--Wood spring clothespins: Lowest prices of U.S. producers and importers on their largest volume sales to their U.S. customers, by quarters, January 1973-March 1978

Period	(Per gross)								Weighted average price of importers of clothespins from all market-economy countries
	U.S. producers				Importers of clothespins from nonmarket-economy countries				
	Forster	Diamond	Penley	National	Poland	China	Romania		
1973:									
Jan.-Mar---	***	***	***	***	***	***	***	***	\$1.06
Apr.-June--	***	***	***	***	***	***	***	***	1.05
July-Sept--	***	***	***	***	***	***	***	***	1.09
Oct.-Dec---	***	***	***	***	***	***	***	***	1.17
1974:									
Jan.-Mar---	***	***	***	***	***	***	***	***	1.18
Apr.-June--	***	***	***	***	***	***	***	***	1.18
July-Sept--	***	***	***	***	***	***	***	***	1.34
Oct.-Dec---	***	***	***	***	***	***	***	***	1.39
1975:									
Jan.-Mar---	***	***	***	***	***	1.70	***	***	1.41
Apr.-June--	***	***	***	***	***	1.70	***	***	1.38
July-Sept--	***	***	***	***	***	1.70	***	***	1.36
Oct.-Dec---	***	***	***	***	***	1.70	***	***	1.39
1976:									
Jan.-Mar---	***	***	***	***	***	1.46	***	***	1.37
Apr.-June--	***	***	***	***	***	1.46	***	***	1.29
July-Sept--	***	***	***	***	***	1.46	***	***	1.37
Oct.-Dec---	***	***	***	***	***	1.18	***	***	1.41
1977:									
Jan.-Mar---	***	***	***	***	***	1.04	***	***	1.40
Apr.-June--	***	***	***	***	***	1.04	***	***	1.40
July-Sept--	***	***	***	***	***	1.11	***	***	1.49
Oct.-Dec---	***	***	***	***	***	1.13	***	***	1.49
1978:									
Jan.-Mar---	***	***	***	***	***	1.13	***	***	1.51

1/ Quantity sold at this price was less than 1,000 gross.

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

Table 21.--Wood roundhead clothespins: Prices of U.S. producers and importers on their largest volume sales to their U.S. customers, by quarters, January 1973-March 1978

Period	(Per gross)				Importers of clothespins from West Germany 1/
	U.S. producers	Forster	Diamond	Penley	
1973:					
January-March-----	***	***	***	***	***
April-June-----	***	***	***	***	***
July-September-----	***	***	***	***	***
October-December-----	***	***	***	***	***
1974:					
January-March-----	***	***	***	***	***
April-June-----	***	***	***	***	***
July-September-----	***	***	***	***	***
October-December-----	***	***	***	***	***
1975:					
January-March-----	***	***	***	***	***
April-June-----	***	***	***	***	***
July-September-----	***	***	***	***	***
October-December-----	***	***	***	***	***
1976:					
January-March-----	***	***	***	***	***
April-June-----	***	***	***	***	***
July-September-----	***	***	***	***	***
October-December-----	***	***	***	***	***
1977:					
January-March-----	***	***	***	***	***
April-June-----	***	***	***	***	***
July-September-----	***	***	***	***	***
October-December-----	***	***	***	***	***
1978:					
January-March-----	***	***	***	***	***

1/ There are virtually no imports from nonmarket-economy countries, and virtually all imports from market-economy countries are from West Germany

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

Prices of wood roundhead clothespins

Domestic producers.--

* * * * *

West Germany.--Virtually all imports of wood roundhead clothespins originate in West Germany. The prices for the West German product rose steadily from 1973 through early 1978. The upward revaluation of the German mark may be the main reason for the increase in price.

Prices of plastic spring clothespins

Prices of domestically produced plastic spring clothespins are set forth in table 22.

* * * * *

Table 22.--Plastic spring clothespins: Prices of U.S. producers and importers on their largest volume sales to their U.S. customers, by quarters, January 1973-March 1978

Period	(Per gross)			Weighted average price of importers of clothespins from market-economy countries 1/
	U.S. producers			
	Forster	Penley	Vermont	
1973:				
January-March-----	***	***	***	\$1.94
April-June-----	***	***	***	1.91
July-September-----	***	***	***	1.96
October-December-----	***	***	***	2.02
1974:				
January-March-----	***	***	***	1.88
April-June-----	***	***	***	1.38
July-September-----	***	***	***	1.87
October-December-----	***	***	***	1.89
1975:				
January-March-----	***	***	***	2.82
April-June-----	***	***	***	2.77
July-September-----	***	***	***	2.85
October-December-----	***	***	***	2.86
1976:				
January-March-----	***	***	***	2.80
April-June-----	***	***	***	2.85
July-September-----	***	***	***	2.56
October-December-----	***	***	***	2.87
1977:				
January-March-----	***	***	***	2.84
April-June-----	***	***	***	2.84
July-September-----	***	***	***	2.83
October-December-----	***	***	***	2.87
1978:				
January-March-----	***	***	***	2.87

1/ There are virtually no imports from nonmarket-economy countries.

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

Prices and unit costs for wood spring clothespins

As shown in table 23, the aggregate unit cost of CVPA companies for producing wood spring clothespins increased rapidly from \$1.23 in 1973 to \$1.78 in 1977. Thereafter the unit cost continued to creep upward to \$1.85 in January-March 1978. While the prices for wood spring clothespins also increased from 1973 through 1975, the domestic producers have not raised their prices very much since 1975, (table 20). In fact, a few have cut their prices, despite rising unit costs, to meet what they allege to be import competition.

Table 23.--Aggregate average unit costs incurred in manufacturing wood spring clothespins of CVPA companies, 1973-77, January-March 1977, and January-March 1978

(In cents per gross)								
Period	Labor	Fuel	Wood	Wire	Other	Overhead	Total	
1973-----	23.5	2.4	26.0	17.7	8.7	44.4	122.7	
1974-----	22.5	2.8	30.9	27.2	11.6	52.0	153.0	
1975-----	28.3	5.0	28.0	32.4	12.7	63.4	170.8	
1976-----	32.7	5.4	29.8	28.0	19.8	65.5	176.2	
1977-----	25.0	5.4	33.2	28.6	13.1	72.2	177.5	
January-March:								
1977-----	1/ 31.7	1/ 5.3	31.1	27.4	9.3	70.7	175.5	1/
1978-----	1/ 25.3	1/ 5.3	35.0	29.5	14.9	75.3	185.3	1/

1/ Only partial data available.

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

Market penetration of imports from China, Poland, and Romania

U.S. imports of wood and plastic spring clothespins from nonmarket-economy countries almost tripled between 1973 and 1977, rising from 613,000 gross to 1.6 million gross, and increased their share of the U.S. wood and plastic spring clothespin market from 10 percent in 1973 to 25 percent in 1977, as shown in table 24.

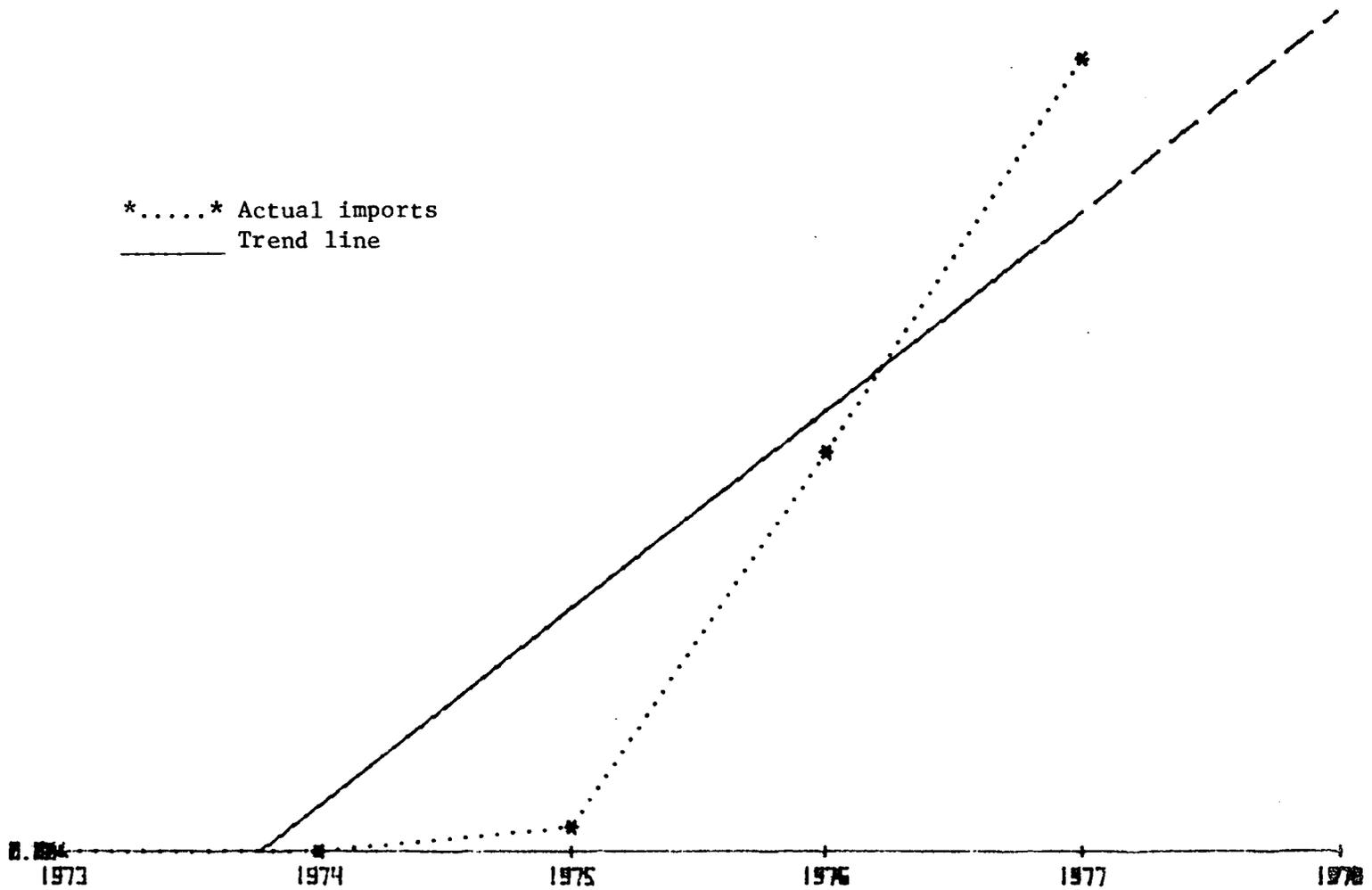
Wood and plastic spring clothespins from China increased their share of the U.S. market from * * * percent in 1975 to * * * percent in 1977. Romanian imports increased their share of the U.S. market from * * * percent in 1973 to * * * percent in January-March of 1978. Imports of wood and plastic spring clothespins from Poland irregularly increased their share of the U.S. market from 4.5 percent in 1973 to 7.8 percent in 1977. The trends of U.S. imports of wood and plastic spring clothespins from China, Poland and Romania are shown in figures 6, 7, and 8.

Table 24.--Wood and plastic spring clothespins: U.S. consumption, U.S. imports from China, Poland, Romania, and all nonmarket-countries, 1973-77, January-March 1977, and January-March 1978

	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
	Quantity (1,000 gross)						
Apparent U.S. consumption-----	6,200	5,638	5,603	6,533	6,520	1,634	1,629
Imports from China-----	***	***	***	***	***	***	***
Imports from Poland-----	281	237	433	459	506	127	108
Imports from Romania-----	***	***	***	***	***	***	***
All imports from nonmarket- economy countries-----	613	712	791	1,410	1,661	319	310
	Ratio of imports to consumption (percent)						
Imports from China-----	***	***	***	***	***	***	***
Imports from Poland-----	4.5	4.2	7.7	7.0	7.8	7.8	6.6
Imports from Romania-----	***	***	***	***	***	***	***
All imports from nonmarket- economy countries-----	9.9	12.6	14.1	21.6	25.5	19.5	19.0

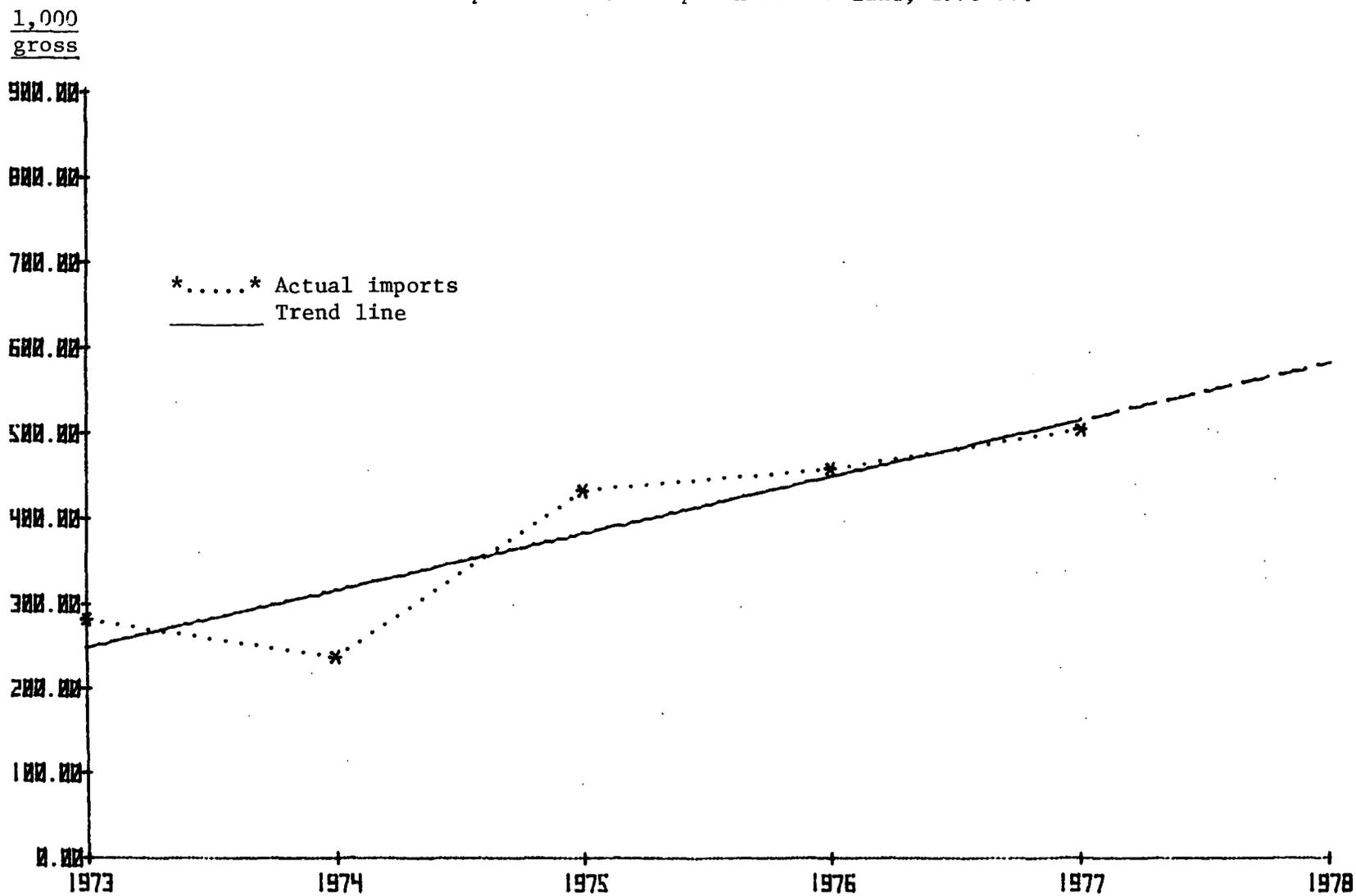
Source: Compiled from official U.S. Census statistics and from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure 6.--Wood and plastic spring clothespins: U.S.
imports for consumption from China, 1973-77.



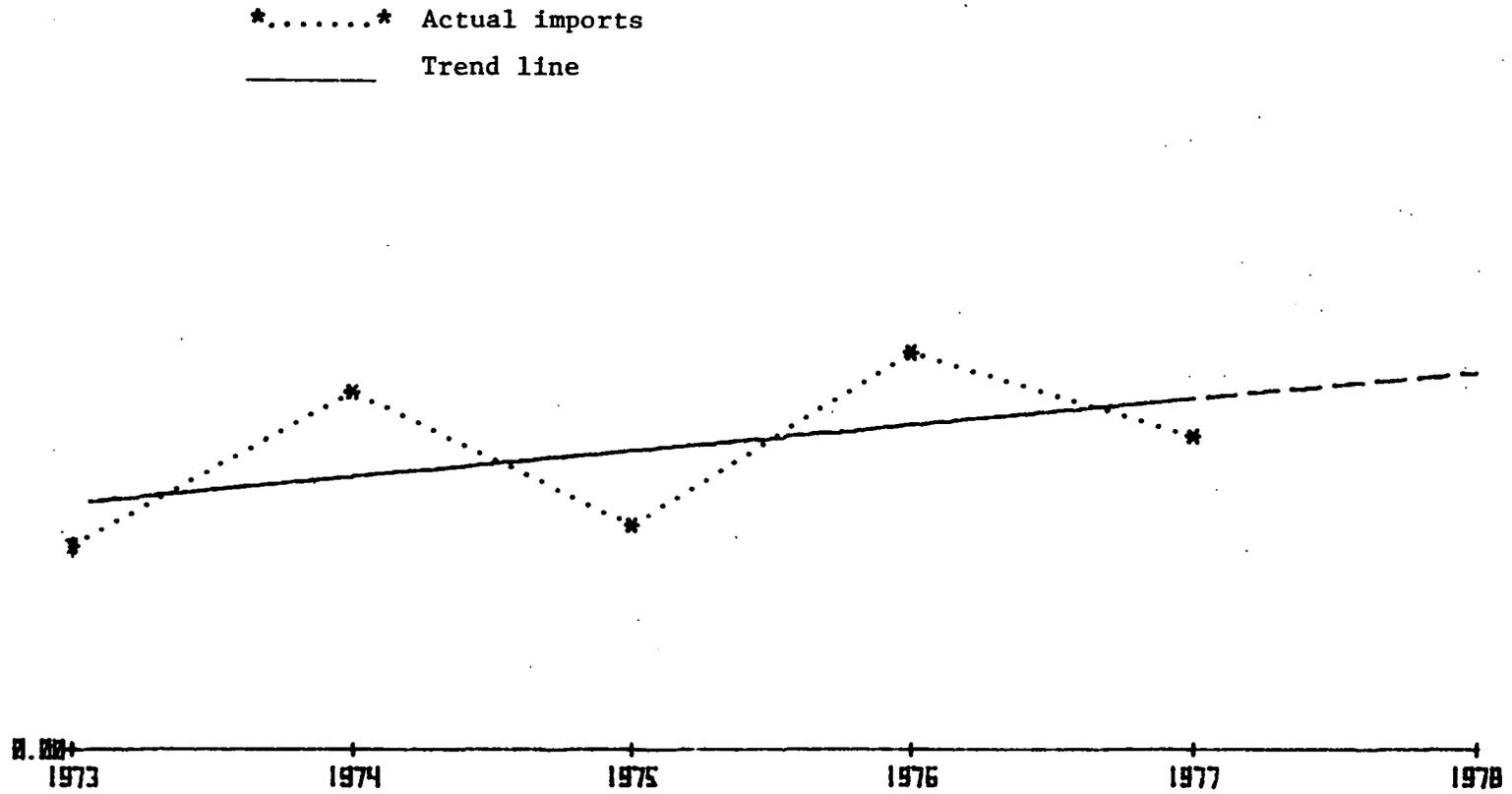
Source: Compiled from data presented in table 1.

Figure 7.--Wood and plastic spring clothespins: U.S.
imports for consumption from Poland, 1973-77.



Source: Compiled from data presented in table 1.

Figure 8.--Wood and plastic spring clothespin: U.S. imports
for consumption from Romania, 1973-77.



Source: Compiled from data presented in table 1.

Loss of sales

The four domestic producers (the CVPA companies) of wood spring clothespins supplied the Commission with a list of 25 firms they had allegedly lost either partially or wholly as customers to imports from nonmarket-economy countries. All 25 of the firms were contacted by the Commission, with actual confirmation of lost sales to imports resulting from 16 of these contacts. In only three instances, however, were the lost sales directly attributable to imports from nonmarket-economy countries. Details of the three cases of lost sales to nonmarket-economy countries are as follows:

<u>Purchasing company</u>	-----	<u>Nonmarket-economy source</u>
* * *		Poland
* * *		
* * *		Romania
* * *		
* * *		China
* * *		

A number of importers have advised the Commission that they have several foreign sources of supply, both market-economy and nonmarket-economy countries. Furthermore, the clothespins are usually imported in packages of 50, 60, or 72 clothespins, which are warehoused according to package size. When a purchaser places an order for 5,000 dozen packages of 60 clothespins, he usually receives whatever the importer has in stock in that package size, and thus, receives clothespin packages from several foreign sources. Rarely does the purchaser specify the country of origin of the clothespins he has ordered from the importer. Details of the 13 cases of sales lost to imports from market-economy countries or mixed foreign sources are as follows:

<u>Purchasing company</u>	<u>Source</u>
(1) * * *	West Germany and Poland
* * *	
(2) * * *	Unknown market economy
* * *	countries.
(3) * * *	Taiwan
* * *	
* * *	
(4) * * *	Taiwan
* * *	

- | | | |
|------|-------|--------------------------|
| (5) | * * * | Taiwan, Hong Kong, |
| | * * * | China, and Romania. |
| (6) | * * * | Hong Kong |
| | * * * | |
| (7) | * * * | Taiwan and Hong Kong |
| | * * * | |
| (8) | * * * | Houston Light House for |
| | * * * | the Blind. |
| (9) | * * * | China, Taiwan, and Hong |
| | * * * | Kong. |
| (10) | * * * | Hong Kong and Romania |
| | * * * | |
| (11) | * * * | Holland and other market |
| | * * * | economy countries. |
| (12) | * * * | Market-economy countries |
| | * * * | and China. |
| (13) | * * * | Hong Kong and Taiwan |
| | * * * | |

China, the largest nonmarket-economy source of clothespin imports, appears in very few of the lost-sale allegations because most imports from China are accounted for by very few high-volume sales. * * *, sold all its 1977 imports from China (* * * gross) to * * *. In addition, * * * imported * * * gross in 1976 and * * * gross in 1977, all of which was for its internal consumption. Thus, over half of 1977 imports of wood spring clothespins from China were purchased by * * *. Furthermore, * * * did not purchase clothespins from any domestic supplier during the past 5 years. However, * * * has been and still is the largest customer of * * * (a CVPA member company).

APPENDIX A

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF
INVESTIGATIONS AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[TA-406-2, TA-406-3, and TA-406-4]

CLOTHESPINS FROM THE PEOPLE'S REPUBLIC OF CHINA, THE POLISH
PEOPLE'S REPUBLIC, AND THE SOCIALIST REPUBLIC OF ROMANIA

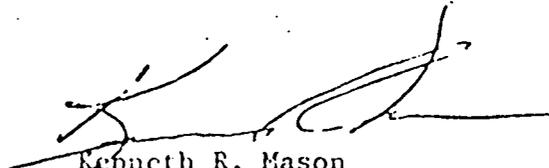
Notice of Investigations and Hearing

Investigations instituted. Following receipt of a petition on May 3, 1978, filed by the Clothespin and Veneer Products Association (CVPA), the U.S. International Trade Commission on May 16, 1978, instituted investigations under section 406(a) of the Trade Act of 1974 to determine, with respect to imports of clothespins provided for in items 790.05, 790.07, and 790.08 of the Tariff Schedules of the United States, which are the products of the People's Republic of China, the Polish People's Republic, and the Socialist Republic of Romania, whether market disruption exists with respect to such articles produced by a domestic industry. Section 406(e)(2) of the Trade Act defines market disruption to exist within a domestic industry if "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.

Public hearing. A public hearing in connection with these investigations will be held in Portland, Maine, at 9:30 a.m., e.d.t., on Thursday, June 22, 1978. The location of the hearing will be announced later. Requests for appearances at the hearing should be received in writing by the Secretary of the Commission at his office in Washington, D.C., not later than noon, Thursday, June 15, 1978.

Inspection of petition. The petition filed in this case is available for public inspection at the Office of the Secretary, U.S. International Trade Commission and at the New York City office of the Commission located at 6 World Trade Center.

By order of the Commission:



Kenneth R. Mason
Secretary

Issued: May 16, 1978

APPENDIX B
SUPPLEMENTARY STATISTICAL TABLES

Table A-1.--Wood spring clothespins: U.S. imports for consumption,
by principal sources and by months, January-April 1978

Source	January	February	March	April	Total
Quantity (gross)					
Nonmarket-economy countries:					
China-----	45,788	77,808	28,924	35,070	187,590
Poland-----	39,696	43,278	25,849	25,683	134,506
Romania-----	0	90,169	5,000	0	95,169
Total-----	85,484	211,255	59,773	60,753	417,265
Market economy countries:					
Hong Kong-----	31,677	14,839	16,537	4,611	67,664
Japan-----	0	0	18,000	0	18,000
Republic of Korea-----	0	9,300	0	0	9,300
Malaysia-----	11,352	0	0	0	11,352
Singapore-----	0	0	0	10,083	10,083
Taiwan-----	43,150	84,476	50,925	117,792	296,343
West Germany-----	10,250	18,603	55,369	19,883	104,105
Total-----	96,429	127,218	140,831	152,369	516,847
Total, all countries--	181,913	338,473	200,604	213,122	934,112
Value (1,000 dollars)					
Nonmarket-economy countries:					
China-----	32	50	15	26	123
Poland-----	38	44	25	25	132
Romania-----	0	64	4	0	68
Total-----	70	158	44	51	323
Market-economy countries:					
Hong Kong-----	34	18	15	9	76
Japan-----	0	0	5	0	5
Republic of Korea-----	0	7	0	0	7
Malaysia-----	8	0	0	0	8
Singapore-----	0	0	0	8	8
Taiwan-----	35	78	49	90	251
West Germany-----	12	22	65	20	119
Total-----	89	125	134	127	474
Total, all countries--	158	283	178	178	797

Table A-1.--Wood spring clothespins: U.S. imports for consumption,
by principal sources and by months, January-April 1978--Continued

Source	January	February	March	April	Total
	Unit value (per gross)				
Nonmarket-economy countries:					
China-----	\$0.71	\$0.64	\$0.51	\$0.75	\$0.66
Poland-----	.94	1.02	.98	.98	.98
Romania-----	0	.71	.78	0	.71
Average-----	.82	.75	.74	.84	.77
Market economy countries:					
Hong Kong-----	1.07	1.20	.94	2.02	1.13
Japan-----	0	0	.28	0	.28
Republic of Korea-----	0	.77	0	0	.77
Malaysia-----	.67	0	0	0	.67
Singapore-----	0	0	0	.70	.70
Taiwan-----	.80	.92	.95	.76	.85
West Germany-----	1.17	1.16	1.18	1.03	1.14
Average-----	.92	.98	.95	.83	.92
Average, all countries-----	.87	.84	.89	.84	.85

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

Table A-2.--Plastic spring clothespins: U.S. imports for consumption, by principal sources and by months, January-April 1978

	January	February	March	April	Total
	Quantity (gross)				
Nonmarket-economy countries:					
China-----	4,725	38	0	0	4,763
Romania-----	0	0	0	17,206	17,206
Total-----	4,725	38	0	17,206	21,969
Market-economy countries:					
Denmark-----	540	0	900	0	1,440
France-----	0	0	277	1,845	2,122
Hong Kong-----	4,782	9,910	5,777	5,796	26,265
Japan-----	69	0	0	0	69
Netherlands-----	10,050	1,377	25,660	11,670	48,757
Taiwan-----	12,638	1,000	8,505	21,700	43,843
West Germany-----	1,800	9,000	2,267	1,800	14,867
Total-----	29,879	21,287	43,386	42,811	137,363
Total, all countries--	34,604	21,325	43,386	60,017	159,332
	Value (1,000 dollars)				
Nonmarket-economy countries:					
China-----	3	2	0	0	5
Romania-----	0	0	0	12	12
Total-----	3	2	0	12	17
Market-economy countries:					
Denmark-----	1	0	2	0	3
France-----	0	-	1	7	8
Hong Kong-----	9	5	13	7	34
Japan-----	<u>1/</u>	-	-	-	<u>1/</u>
Netherlands-----	13	1	33	16	63
Taiwan-----	16	1	9	21	46
West Germany-----	2	11	3	2	18
Total-----	41	18	60	53	171
Total, all countries--	44	20	60	65	189

Table A-2.--Plastic spring clothespins: U.S. imports for consumption, by principal sources and by months, January-April 1978--Continued

	January	February	March	April	Total
	Unit value (per gross)				
Nonmarket-economy countries:					
China-----	\$0.70	\$44.79	0	0	\$41.05
Romania-----	0	0	0	\$0.72	.72
Average-----	.70	44.79	0	.72	.77
Market-economy countries:					
Denmark-----	1.72	0	\$1.85	0	1.80
France-----	0	0	2.82	3.63	3.53
Hong Kong-----	1.95	.47	2.30	1.22	1.31
Japan-----	6.04	0	0	0	6.04
Netherlands-----	1.25	1.04	1.28	1.38	1.29
Taiwan-----	1.23	1.08	1.02	.96	1.06
West Germany-----	1.24	1.26	1.17	1.20	1.24
Average-----	1.37	.85	1.38	1.24	1.24
Average, all countries-----	1.27	.94	1.38	1.08	1.19

1/ Less than \$500.

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

Table A-3.--Clothespins: Ratios of inventories at period end to U.S.-producers' shipments during the preceding 12-month or 4-month period, by firms, 1973-77, January-March 1977, and January-March 1978

Period	Spring type		Nonspring type		Total
	Of wood	Of other materials	Of wood, except iron-bound	Of other, iron-bound	
1973:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	25.1	14.6	***	***	24.3
1974:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	24.9	20.3	***	***	24.6
1975:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	26.5	22.2	***	***	25.6
1976:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	22.0	17.3	***	***	22.5
1977:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	20.3	14.9	***	***	21.4

Table A-3.--Clothespins: Ratios of inventories at period end to U.S.-producers' shipments during the preceding 12-month or 4-month period, by firms, 1973-77, January-March 1977, and January-March 1978--Continued

Period	Spring type		Nonspring type		Total
	Of wood	Of other materials	Of wood, except iron-bound	Of other, iron-bound	
January-March 1977:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	33.1	28.8	***	***	33.2
January-March 1978:					
Forster-----	***	***	***	***	***
Diamond-----	***	***	***	***	***
Penley-----	***	***	***	***	***
National-----	***	***	***	***	***
Vermont-----	***	***	***	***	***
Total-----	22.2	16.2	***	***	22.1

1/ Did not report shipments.

2/ On an annual basis.

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

Table A-4. --Wood and plastic spring clothespins (TSUS item 790.05): U.S. imports for consumption, by country, 1973-77

Country	1973	1974	1975	1976	1977
Quantity (gross)					
Denmark-----	221,529	87,457	68,975	26,500	1,740
Netherlands-----	282,400	170,896	167,069	220,612	151,788
Belgium-----	131,122	82,977	69,402	53,635	-
West Germany-----	355,272	266,017	450,641	464,791	306,447
Czechoslovakia-----	135,800	130,217	116,367	141,383	18,000
Poland-----	281,275	237,177	432,557	458,623	506,116
Romania-----	20,000	240,848	82,292	181,308	244,930
Hong Kong-----	312,313	352,478	508,112	505,127	353,812
Taiwan-----	556	4,200	341,721	742,716	827,687
Sweden-----	82,974	68,523	28,000	155,202	500
Norway-----	4,000	1,000	-	-	-
United Kingdom-----	1,998	-	-	21	480
France-----	12,417	417	934	1,661	5,432
Italy-----	52,707	10,650	-	30,668	-
Korea (Republic)---	8,750	-	-	-	-
Japan-----	7,650	600	18,015	5,138	35
Switzerland-----	-	6,000	-	-	-
Portugal-----	-	1,327	10,851	1,932	-
Spain-----	-	-	20,000	2,400	2,400
Thailand-----	-	-	104	-	-
China-----	-	-	25,675	160,931	669,009
Columbia-----	-	-	-	100	-
Bulgaria-----	-	-	-	5,000	-
Dominican Republic--	-	-	-	-	1,375
Singapore-----	-	-	-	-	8,175
Total-----	1,910,763	1,660,784	2,340,715	3,157,748	3,097,926
Value (1,000 dollars)					
Denmark-----	168	91	94	28	3
Netherlands-----	230	168	226	250	226
Belgium-----	87	71	79	50	-
West Germany-----	253	207	439	429	338
Czechoslovakia-----	70	64	73	99	11
Poland-----	185	163	413	428	513
Romania-----	11	112	51	113	167
Hong Kong-----	261	362	521	504	394
Taiwan-----	4	4	249	560	707
Sweden-----	61	56	32	135	1
Norway-----	4	1	-	-	-
United Kingdom-----	1	-	-	2	*
France-----	10	1	3	4	15
Italy-----	63	15	-	44	-
Korea (Republic)---	6	-	-	-	-
Japan-----	6	1	11	9	1
Switzerland-----	-	5	-	-	-
Portugal-----	-	3	12	2	-
Spain-----	-	-	29	3	3
Thailand-----	-	-	1	-	-
China-----	-	-	24	92	447
Columbia-----	-	-	-	1	-
Bulgaria-----	-	-	-	3	-
Dominican Republic--	-	-	-	-	2
Singapore-----	-	-	-	-	5
Total-----	1,420	1,323	2,257	2,756	2,833

Table A-4.--Wood and plastic spring clothespins (TSUS item 790.05): U.S. imports for consumption, by country, 1973-77--Continued

Country	1973	1974	1975	1976	1977
	Unit value (per gross)				
Denmark-----	\$0.76	\$ 1.04	\$ 1.36	\$ 1.06	\$ 1.60
Netherlands-----	.81	.98	1.35	1.13	1.49
Belgium-----	.66	.85	1.14	.93	-
West Germany-----	.71	.78	.97	.92	1.10
Czechoslovakia-----	.52	.49	.63	.70	.58
Poland-----	.66	.69	.95	.93	1.01
Romania-----	.57	.47	.62	.62	.68
Hong Kong-----	.84	1.03	1.03	1.00	1.11
Taiwan-----	6.55	.94	.73	.75	.85
Sweden-----	.73	.82	1.14	.87	1.18
Norway-----	.94	1.23	-	-	-
United Kingdom-----	.60	-	-	89.57	1.00
France-----	.82	2.15	2.76	2.64	2.81
Italy-----	1.19	1.45	-	1.44	-
Korea (Republic)-----	.72	-	-	-	-
Japan-----	.72	.98	.62	1.73	24.11
Switzerland-----	-	.77	-	-	-
Portugal-----	-	2.05	1.10	1.00	-
Spain-----	-	-	1.44	1.13	1.18
Thailand-----	-	-	7.80	-	-
China-----	-	-	.95	.57	.67
Columbia-----	-	-	-	7.20	-
Bulgaria-----	-	-	-	.66	-
Dominican Republic-----	-	-	-	-	2.70
Singapore-----	-	-	-	-	.64
Total-----	.74	.80	.96	.87	.91

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

APPENDIX C

Probable Economic Effects of Tariff Changes Under
Title I and Title V of the Trade Act of 1974 for
Trade Agreement Digest No. 70236, July 1975

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Library Cataloging Data

U.S. International Trade Commission.

Clothespins from the People's Republic of China, the Polish People's Republic, and the Socialist Republic of Romania. Report to the President on Investigations nos. TA-406-2, TA-406-3, and TA-406-4, under section 406 of the Trade act of 1974. Washington, 1978.

38, A-64 p. 28 cm. (USITC Publication 902)

Bibliographical footnotes.

1. Clothespins. 2. Clothespins--Tariff.

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

OFFICIAL BUSINESS

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 - Change as Shown
- Please detach address label and mail to address shown above.