

**UNITED STATES TARIFF COMMISSION**

**TOWELING OF FLAX, HEMP, OR RAMIE**

**Report to the President (1961)  
Under Executive Order 10401**



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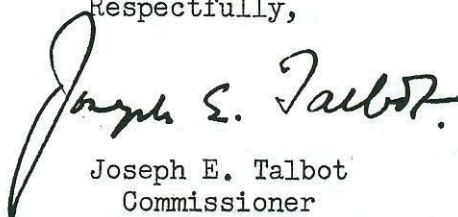
July 25, 1961

Dear Mr. President:

I have the honor to transmit the U.S. Tariff Commission's fourth report under paragraph 1 of Executive Order 10401, with regard to developments in the trade in toweling of flax, hemp, or ramie, classifiable under paragraph 1010 of the Tariff Act of 1930, since the withdrawal of the tariff concession granted in the General Agreement on Tariffs and Trade on such toweling by Proclamation No. 3143, effective after the close of business July 25, 1956.

The Commission is of the view that developments in the trade in toweling of flax, hemp, or ramie, classifiable under paragraph 1010, do not indicate such a change in the competitive situation as to warrant institution at this time of a formal investigation under the provisions of paragraph 2 of Executive Order 10401.

Respectfully,

  
Joseph E. Talbot  
Commissioner

Enclosure

The President

The White House

U.S. TARIFF COMMISSION  
Washington 25, D.C.

Toweling of Flax, Hemp, or Ramie

Report to the President, Under Paragraph 1 of Executive Order 10401,  
on Developments with Regard to Toweling of Flax, Hemp, or Ramie Since  
Withdrawal of the Trade-Agreement Concession on July 25, 1956

Executive Order 10401 of October 14, 1952 (3 CFR, 1949-1953 Comp.,  
p. 901), prescribes procedures for the review of "escape clause" actions  
with a view to determining whether a trade-agreement concession that has  
been modified or withdrawn may be restored in whole or in part without  
causing or threatening serious injury to the domestic industry concerned.  
Paragraph 1 of Executive Order 10401 requires the Tariff Commission to  
keep under review developments with regard to products on which a trade-  
agreement concession has been modified or withdrawn under the escape-  
clause procedure and to make periodic reports to the President concerning  
such developments. The first such report must in each case be made not  
later than 2 years after the modification or withdrawal of the concession,  
and subsequent reports must be made at intervals of 1 year. The Commis-  
sion's first report on toweling, pursuant to paragraph 1 of that Executive  
order, was transmitted to the President on July 25, 1958; this is the  
fourth report.

Customs treatment

The toweling that is the subject of this report is dutiable under  
the provision in paragraph 1010 of the Tariff Act of 1930 for "Woven  
fabrics . . . of flax, hemp, ramie, . . . or of which these substances

or any of them is the component material of chief value, not specially provided for . . ." The rate of duty originally provided in that act for such fabrics (including toweling) was 40 percent ad valorem. That rate was reduced to 30 percent ad valorem pursuant to the trade agreement with the Belgo-Luxembourg Economic Union effective May 1, 1935, and was further reduced to 20 percent ad valorem pursuant to the trade agreement with the United Kingdom, effective January 1, 1939, and to 10 percent ad valorem in the General Agreement on Tariffs and Trade, effective January 1, 1948. The concession in the General Agreement on such toweling was withdrawn by Presidential Proclamation No. 3143, dated June 25, 1956, effective after the close of business on July 25, 1956 (3 CFR, 1956 Supp., p. 33), with a resultant increase in the import duty on such toweling from 10 percent ad valorem to 40 percent ad valorem. The proclamation was issued after an investigation by the U.S. Tariff Commission under section 7 of the Trade Agreements Extension Act of 1951, as amended, and a report of its findings and recommendations was submitted to the President on May 15, 1956. 1/

#### Description and uses

The term "linen toweling" is used in this report to designate fabrics in chief value of flax, hemp, or ramie, or mixtures thereof that are chiefly used in the United States for the manufacture of towels. The imported linen towelings dutiable under tariff paragraph 1010 with which this report is concerned are generally described in the trade as

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1/ U.S. Tariff Commission, Toweling of Flax, Hemp, or Ramie: Report to the President on Escape-Clause Investigation No. 44 . . . , 1956 (processed).

overcount and overwidth in order to distinguish them from the imported toweling dutiable under tariff paragraph 1009(a). "Overcount" refers to towelings that have more than 100 threads to the square inch (counting warp and filling), while "overwidth" refers to towelings that are more than 36 inches in width. The overwidth toweling is generally woven 48 to 51 inches wide, so that it can be split or cut lengthwise into three uniform pieces, each about 16 or 17 inches wide. The imported linen towelings entered under paragraph 1009(a) have 100 threads or less to the square inch and exceed 12 inches but not 36 inches in width; they, like the overcount toweling, are usually 16 to 20 inches wide. The imported linen toweling dutiable under paragraph 1009(a) and that dutiable under paragraph 1010 weigh 4 ounces or more per square yard; they are generally woven with colored yarns of cotton in the warp or filling to form stripes or checks that have long been associated with toweling for kitchen use. Imported linen fabrics that are dutiable under other tariff paragraphs are not chiefly used in the United States for the manufacture of towels.

The linen toweling produced in the United States is generally 16 or 17 inches wide with 45 to 60 threads per square inch and ranges in weight from 5-1/2 to 8-1/2 ounces per square yard. Imported linen toweling of such construction, as indicated above, is entered under tariff paragraph 1009(a). Most of the domestic linen toweling, like the imported toweling, is woven with colored yarns of cotton in the warp or filling to form stripes or checks. In recent years, however, a substantial and increasing portion of the domestic linen toweling has been

woven with no colored yarns in the warp or filling, cut into towel lengths, screen printed, and hemmed. Most of the screen-printed towels made from domestic linen fabric are sold by the domestic producer of the fabric in a form suitable for hanging as wall decorations. The bulk of these wall decorations are calendars.

Production and sales by the U.S. producer

Since the early 1950's a single concern has been the only domestic producer of linen toweling. Domestic production of linen toweling, which amounted to 600,000 to 700,000 pounds annually in the period 1953-56, was 400,000 to 500,000 pounds annually in the period 1957-60. Sales of linen toweling (including that converted into towels and wall decorations) by the U.S. producer, which had declined substantially during the 1950's, moved upward during the fiscal year ending March 31, 1961. <sup>1/</sup> In terms of quantity (both square yards and pounds) sales of domestic linen toweling (and towels) were about 5 percent larger in 1960/61 than in 1959/60 (table 1, in the appendix), and 7 percent larger in terms of value. The 1960/61 sales were about 27 percent smaller in terms of quantity than the 1954/55 sales, and 18 percent greater in terms of value. The rise in the value of sales that accompanied the decline in the quantity was attributable to the marked increase in the sales of screen-printed towels (principally in the form of wall decorations), which have been selling at considerably higher prices than other types. Toweling sold as screen-printed towels and wall decorations accounted

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<sup>1/</sup> The data relating to the sales of this concern have been used with its consent.

for a substantially larger share of the total value of sales of domestic linen toweling in 1960/61 than in 1954/55.

#### Inventories

The domestic producer of linen toweling has continued to follow a policy of tight inventory control. Stocks of finished toweling and towels, as well as stocks of raw materials, have never been permitted to accumulate in substantial quantities.

#### U.S. imports

As indicated in the Commission's earlier reports on toweling, imports of toweling under paragraph 1010 declined substantially subsequent to the 1956 tariff increase. In the period 1957-59, annual imports of linen toweling under paragraph 1010 averaged 133,000 pounds, valued at \$118,000, or about one-tenth of the annual imports in the 4 calendar years preceding the 1956 increase in the duty. Imports were 59,000 pounds, valued at \$55,000, in 1960 but increased to 72,000 pounds, valued at \$42,000, in the 4-month period January-April 1961 (table 2).

Imports of linen toweling classifiable under paragraph 1009(a), like the linen toweling classifiable under paragraph 1010, compete in the U.S. market with domestic linen toweling. Imports of fabrics entered under paragraph 1009(a), consisting almost entirely of linen toweling, averaged 308,000 pounds annually in the period 1957-59, and amounted to 227,000 pounds, valued at \$140,000, in 1960 (table 3). Imports were 103,000 pounds in January-April 1961, compared with 77,000 pounds in the corresponding period of 1960.

Subsequent to the President's withdrawal of the concession granted in the General Agreement on Tariffs and Trade on linen toweling classifiable under paragraph 1010, linen toweling has been dutiable at 40 percent ad valorem whether entered under paragraph 1009(a) or paragraph 1010. A 40-percent rate (in paragraph 1014) also applies to imports of towels made from linen fabric not exceeding 100 threads to the square inch; lower rates apply to towels made from linen fabric exceeding 100 threads but not exceeding 120 threads to the square inch. Such imported towels are dutiable at 30 percent ad valorem if wholly or in chief value of flax and at  $27\frac{1}{2}$  percent ad valorem if wholly or in chief value of hemp or ramie or both.

Toweling dutiable under paragraph 1009(a) and towels made from fabric not exceeding 120 threads to the square inch that are the products of countries or areas specified by the President, pursuant to section 5 of the Trade Agreements Extension Act of 1951, as Communist dominated or controlled are dutiable at the statutory rate of 55 percent ad valorem, rather than the trade-agreement rates of 40 percent, 30 percent, or  $27\frac{1}{2}$  percent mentioned above. Since the withdrawal of the concession on the linen toweling dutiable under paragraph 1010, the duty (40 percent ad valorem) has been the same for products of specified Communist countries as for products of other countries. In recent years the specified countries, particularly Czechoslovakia, Poland, and, beginning in 1959, Hungary, supplied a substantial portion of the combined U.S. imports of linen toweling and towels made from fabric not exceeding 120 threads to the square inch. For products of Poland, including toweling

dutiable under paragraph 1009(a) and the towels described above, the application of trade-agreement rates was restored effective December 16, 1960, by action of the President on November 16, 1960 (3 CFR, 1960 Supp., p. 101).

The combined imports of toweling entered under paragraphs 1010 and 1009(a) declined from about 1.2 million pounds in 1955 to 0.3 million pounds in 1960 (tables 2 and 3). Total imports of towels made from fabrics not exceeding 120 threads per square inch (entered under paragraph 1014) were substantially smaller in 1960 than in any other recent year (table 4).

#### U.S. consumption

Apparent U.S. consumption of linen toweling (domestic production of linen toweling plus imports of linen toweling and towels made from linen fabric not exceeding 120 threads per square inch), <sup>1/</sup> which averaged about 2.5 million pounds annually in 1951-55, declined to less than half that amount in 1957-60. As indicated in the Commission's escape-clause report on linen toweling, the trend of domestic consumption of linen toweling has been downward since the 1930's. The low level of consumption of linen toweling in recent years is attributable to the increasing use of (1) various types of equipment for washing and drying dishes and (2) toweling not in chief value of flax, hemp, or ramie.

From 1955 to 1959, domestic production of linen toweling declined by about 27 percent, whereas imports of linen toweling and towels declined by about 63 percent; and from 1959 to 1960 domestic production rose significantly and imports fell sharply. Accordingly, the share of

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<sup>1/</sup> U.S. exports of linen toweling and towels are negligible, if any; changes in yearend inventories are believed negligible also.

the U.S. market for linen toweling and towels supplied by the domestic producer of linen toweling increased from 25 percent to about 50 percent in the period 1955-60.

#### Prices

The average net price (in cents per linear yard) received by the domestic producer for its principal style of toweling was the same in June 1960 as in June 1959. The average price (also in cents per linear yard) realized by the domestic producer on its sales of each of some other styles of toweling (and towels), including the screen-printed towels for wall decorations that have gained considerable importance, was slightly higher in June 1960 than in June 1959.

## STATISTICAL APPENDIX

Table 1.--Linen toweling produced in the United States: Sales by the domestic producer, fiscal years 1955-61

Year ending Mar. 31--	Sold as toweling		Sold as towels		Total	
	1,000	1,000	1,000	1,000	1,000	1,000
	square	pounds	square	pounds	square	pounds
	yards		yards		yards	
1955-----	1,008	510	260	124	1,268	634
1956-----	844	427	289	138	1,133	565
1957-----	797	403	381	182	1,178	585
1958-----	658	333	333	159	991	492
1959-----	635	314	296	142	931	456
1960-----	457	226	438	210	895	436
1961-----	377	186	567	272	944	458
	:	:	:	:	:	:

Source: Compiled by the U.S. Tariff Commission from data supplied by the domestic producer.

Table 2.--Toweling of flax, hemp, or ramie, or of which these substances or any of them is the component material of chief value (par. 1010): U.S. imports for consumption, by principal sources, 1954-60 and January-April 1961

Period	Total, all countries <sup>1/</sup>	United Kingdom	Czecho- slovakia	Japan	Poland and Danzig	Hungary	Belgium and Luxembourg	All other countries
Quantity (1,000 pounds)								
1954-----	2/ 947	255	-	28	2	-	587	75
1955-----	2/ 838	291	-	56	-	-	471	20
1956:								
Jan. 1-July 25-----	2/ 618	250	-	63	3	-	293	9
July 26-Dec. 31-----	43	28	-	8	2	-	5	-
Total, <sup>1/</sup> 1956-----	660	278	-	71	5	-	298	9
1957-----	153	52	82	4	4	-	1	11
1958-----	115	25	68	-	9	-	4	10
1959 <sup>3/</sup> -----	131	22	14	3	84	4	4	1
1960 <sup>3/</sup> -----	59	17	5	13	18	-	5	1
1961 (January-April) <sup>3/</sup> ---	72	1	12	-	25	33	1	-
Foreign value (1,000 dollars)								
1954-----	2/ 1,062	414	-	29	3	-	583	34
1955-----	2/ 1,035	481	-	53	-	-	465	36
1956:								
Jan. 1-July 25-----	2/ 698	342	-	55	1	-	283	15
July 26-Dec. 31-----	46	32	-	7	2	-	5	-
Total, <sup>1/</sup> 1956-----	744	374	-	62	3	-	289	15
1957-----	136	73	47	4	4	-	1	8
1958-----	106	47	43	-	6	-	3	7
1959 <sup>3/</sup> -----	111	44	11	1	47	3	4	1
1960 <sup>3/</sup> -----	55	30	3	6	9	-	6	1
1961 (January-April) <sup>3/</sup> ---	42	2	8	-	14	17	1	-
Unit value (per pound) <sup>4/</sup>								
1954-----	2/ \$1.12	\$1.62	-	\$1.03	\$1.14	-	\$0.99	\$0.46
1955-----	2/ 1.23	1.66	-	.96	-	-	.99	1.79
1956:								
Jan. 1-July 25-----	2/ 1.13	1.37	-	.88	.55	-	.97	1.72
July 26-Dec. 31-----	1.07	1.12	-	.88	.87	-	1.18	-
Average, 1956-----	1.13	1.34	-	.88	.68	-	.97	1.72
1957-----	.89	1.41	\$0.57	.87	.87	-	1.69	1.06
1958-----	.92	1.90	.63	-	.68	-	.75	.66
1959 <sup>3/</sup> -----	.85	2.03	.75	.43	.57	\$0.62	1.09	1.46
1960 <sup>3/</sup> -----	.98	1.71	.67	.43	-	-	1.14	1.20
1961 (January-April) <sup>3/</sup> ---	.58	1.94	.67	-	.54	.52	1.01	-

<sup>1/</sup> Because of rounding, figures may not add to the totals shown.

<sup>2/</sup> Imports for this period were classified as "woven fabrics of flax, hemp, or ramie, with woven or printed colored stripes in the warp." Information obtained from the trade and from customs officials during the 1956 escape-clause investigation indicated the following: (1) The imports reported in this table from the countries specified by name consisted almost entirely of toweling; (2) such toweling comprised about 75 percent of the total imports of striped toweling entered under par. 1010; and (3) imports from "All other countries" were largely inexpensive fabric for wrapping plants (in 1954) and upholstery fabrics (in 1955 and Jan. 1-July 25, 1956).

<sup>3/</sup> Preliminary. <sup>4/</sup> Computed from the unrounded figures.

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

Table 3.--Woven fabrics, wholly or in chief value of flax, hemp or ramie (par. 1009(a)): U.S. imports for consumption, by principal sources, 1954-60 and January-April 1961

Period	Total, all countries 1/	United Kingdom	Belgium and Luxembourg	Poland and Danzig	Japan	Czecho- slovakia	Hungary	All other countries
	Quantity (1,000 pounds)							
1954	263	22	1	240	-	-	-	2/
1955	132	11	1	111	9	-	-	1
1956	207	17	2/	153	9	24	-	4
1957	330	28	-	129	2	142	-	29
1958	302	19	2/	92	1	183	-	7
1959 3/	293	15	2/	158	3	99	17	1
1960 3/	227	10	-	84	4	110	17	2
1961 (January-April) 3/	103	3	-	36	1	55	9	2/
	Foreign value (1,000 dollars)							
1954	162	29	2	131	-	-	-	1
1955	89	15	1	67	4	-	-	2
1956	142	22	4/	92	9	14	-	5
1957	217	35	-	79	3	86	-	14
1958	197	30	4/	49	2	110	-	6
1959 3/	182	24	4/	83	4	58	11	1
1960 3/	140	16	-	45	5	62	10	1
1961 (January-April) 3/	59	4	-	17	1	31	5	4/
	Unit value (per pound) 5/							
1954	\$0.62	\$1.32	\$1.32	\$0.55	\$0.43	-	-	\$3.69
1955	.67	1.37	1.14	.60	.94	-	-	2.14
1956	.69	1.33	1.31	.60	.94	\$0.60	-	1.05
1957	.66	1.27	-	.61	1.32	.60	-	.66
1958	.65	1.53	.78	.54	1.26	.60	-	1.14
1959 3/	.62	1.66	-	.53	1.29	.59	\$0.65	1.21
1960 3/	.61	1.55	-	.53	1.27	.56	.57	.60
1961 (January-April) 3/	.57	1.60	-	.48	1.29	.56	.58	2.83

1/ Because of rounding, figures may not add to the totals shown.

2/ Less than 500 pounds.

3/ Preliminary.

4/ Less than \$500.

5/ Computed from the unrounded figures.

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

