UNITED STATES TARIFF COMMISSION

EYEGLASS FRAMES

Report to the President on Investigation
No. TEA-I-10 Under Section 301(b) of
the Trade Expansion Act of 1962

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UNITED STATES TARIFF COMMISSION

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C O N T E N T S

TABLES

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
October 6, 1967

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made under section 301(b) of that act relating to frames and mountings for eyeglasses, lorgnettes, goggles and similar articles.

Introduction

The purpose of the investigation to which this report relates was to determine whether--

> frames and mountings for eyeglasses, lorgnettes, goggles, and similar articles, provided for in item 708.47 of the Tariff Schedules of the United States (TSUS),

are, as a result in major part of concessions granted thereon under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing like or directly competitive articles.

The investigation was instituted on April 12, 1967, upon petition filed under section 301(a)(1) of the Trade Expansion Act on April 7, 1967, by the International Union of Electrical, Radio and Machine Workers (IUE) and its affiliate, the Optical Council. Public notice of the institution of the investigation and of a public hearing to be held in connection

therewith was given by publication of the notice in the Federal Register (32 F.R. 6114). The public hearing was held on July 11, 1967, and all interested parties were afforded opportunity to be present, to produce evidence, and to be heard. A transcript of the hearing and copies of formal briefs submitted by interested parties in connection with the investigation are attached.

Finding of the Commission

On the basis of its investigation, the Commission unanimously finds that frames and mountings for eyeglasses, lorgnettes, goggles, and similar articles, provided for in item 708.47 of the Tariff Schedules of the United States (hereinafter generally referred to as eyeglass frames) are not, as a result in major part of concessions granted thereon under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing like or directly competitive articles.

Considerations in Support of the Commission's Finding

Statement by all Commissioners

In the case here under consideration the Commission determined that increased imports, whatever the reason for the increase, are not causing and do not threaten to cause serious injury to the domestic industry engaged in the production of eyeglass frames. Pertinent data obtained in the investigation revealed no general condition that would support a finding of actual or threatened injury to the industry.

With an increase of about 38 percent in the annual U.S. consumption of eyeglass frames from 1962 to 1966, domestic production was 7.7 million units greater, and imports 2.5 million units greater, in 1966 than in 1962. The ratio of imports to U.S. consumption, which averaged 19 percent in 1962-66, did not change significantly during the period.

Employment in the domestic industry, in terms of man-hours worked by production and related workers, increased about 10 percent from 1962 to 1966, while production of frames increased about 33 percent. The greater increase in production than in employment reflects principally mechanization, plant modernization and consolidation, and an increasing output of plastic frames in relation to the output of other types that require more labor per unit.

The trend of prices received by the domestic producers on their sales of frames has been upward in recent years. In instances where price declines have occurred, they have reflected primarily close-outs or disposal of unpopular models at reduced prices.

Aggregate net operating profits of establishments in the domestic industry that accounted for about 80 percent of the output of frames in 1966 increased steadily in 1962-66; the ratio of net operating profit to net sales for such establishments rose from 6.3 percent in 1962 to 11.9 percent in 1966.

The petitioner in this case-a labor organization and its affiliate representing less than a third of the workers in the industry--reported that numerous frame-producing firms in the New York metropolitan area had gone out of business in recent years and that more than 1,000 workers had lost their jobs. Actually, most of the firms reported to have gone out of business combined with, or sold their assets to, other frame manufacturers, wholesale prescription laboratories, or newly organized firms; a few firms moved from the New York metropolitan area to other areas where production costs were expected to be lower; and some discontinued operations because of the death or retirement of the owners. At least nine new firms (six of them in the New York metropolitan area) have begun production of frames since 1962. Although there has been a net reduction in the number of firms in the industry, the total output of frames has increased substantially and the number of workers employed has increased moderately in recent years.

Additional Statement by Commissioners Thunberg and Clubb

We concur in the determination of the Commission that this industry has not suffered serious injury, but feel that a more complete statement of our views is desirable.

I.

From the beginning of the Trade Agreements Program there has been concern that in some instances a decrease in import restrictions would generate such an increase in imports that the damage to competing domestic producers would outweigh the benefits to United States consumers and exporters arising from the freeing of trade. In 1934 the President committed himself to use the authority to reduce import restrictions such that "no sound and important American interests will be injuriously disturbed." 1/ It soon became apparent, however, that in some instances domestic interests would be seriously injured, 2/ and accordingly, an "escape clause" was included in trade

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1/ See, H. R. Rep. No. 1000, 73rd Cong., 2d Sess. 13 (1934).

2/ One of the more important early instances involved furs from Canada. In 1938 the U. S. made an agreement with Canada reducing the duty on certain furs. (See, Trade Agreement with Canada, November 17, 1938, Art. XIV, 53 Stat. 2348 (1939), E.A.S. No. 149 (provisionally effective January 1, 1939).) At the time Canada shipped a large portion of its output to the London market, and a smaller part to the United States. When World War II began it appeared that Canada, Norway and other countries would all sell in the United

agreements, permitting the United States to withdraw a concession if this occurred. 3/ After 1945 the procedure for protecting domestic industries became more formalized, first in an Executive Order designed to make the procedure more certain, 4/ and then in statutes designed to make relief more readily available. 5/

2/ Cont'd.

States market, thereby demoralizing it. After considerable negotiations with Canada, a supplemental agreement was concluded whereby the United States imposed a quota on the amount of furs which could be imported. (See, Hearings on H. J. Res. 111 before the Comm. on Ways and Means, 78th Cong., 1st Sess., at 316 (1943).

3/ The early "escape clauses" (known as "third country clauses") required that there be a shift of dominant suppliers and serious injury to a domestic industry. (See, Trade Agreement with Canada, November 17, 1938, Art. XIV, 53 Stat. 2348 (1939), E.A.S. No. 149 (provisionally effective January 1, 1939).) Later versions required only a finding of serious injury to permit a withdrawal of the concession. (See, Trade Agreement with Mexico, December 23, 1942, 57 Stat. 833, (1944), E.A.S. 311 (effective January 30, 1943).) This form was ultimately written into the General Agreement on Tariffs and Trade, October 30, 1947, Art. XIX, 61 Stat. A3 (1948); T.I.A.S., No. 1700 (effective January 1, 1948).

4/ Issued after discussions between certain Senators and Administration officials which resulted in what is often called the Milliken-Vandenberg Compromise. (See, 93 Cong. Rec. 912 (1947) (remarks of Senator Milliken); Executive Order No. 9832, 3 C.F.R., 1943-1948 Comp., 621 (1957).) Executive Order 9832 required an escape clause to be included in every trade agreement thereafter entered into and set up a procedure for processing complaints by domestic industries. Executive Order No. 10082, (3 C.F.R., 1949-1953, Comp., 283 (1949)) further refined the procedure.

5/ Unlike the Executive Order, the Trade Agreements Extension Act of 1951 required the Tariff Commission to investigate all escape clause applications; imposed a time limit of one year on investigations; and allowed an actual as well as a relative increase in

(Continued on next page.)

In the Trade Expansion Act of 1962 Congress enacted a sweeping reorganization of the post-agreement safeguard procedure, which increased the types of relief provided, and made a new form of relief available to large groups of prospective claimants not covered by earlier Acts. Pre-1962 legislation provided only for tariff or quota relief, i.e., in order to remedy the injury to an industry the President had to withdraw or modify a trade agreement concession. 6/ The 1962 Act, on the other hand, provides that in cases of injury to an industry the President may either withdraw or modify the concession as in the past, or he may grant trade adjustment assistance (i.e., loans, tax relief, and technical assistance) to the injured

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5/ Cont'd.

imports to satisfy the procedural criteria. (Act of June 16, 1951, Ch. 141, § 6(a), 7(a)(b), 65 Stat. 74; S. Rep. No. 299, 82d Cong., 1st Sess. 6 (1951); 97 Cong. Rec. 5951(1951); Act of June 16, 1951, Ch. 141, § 6(a), 7(a)(b), 65 Stat. 74.) In the Trade Agreements Extension Act of 1955, a nine months time limit was imposed; the Commission was permitted to find injury when imports had "contributed substantially" to the injury and to find injury to a segment of a multiproduct industry (Act of June 21, 1955, Ch. 169 § 6, 69 Stat. 1966; 101 Cong. Rec. 5292 (1955) (Summary by Senator Byrd); 101 Cong. Rec. 5299-5300 (1955) (Remarks of Senator Milliken); 101 Cong. Rec. 8159-8160, 8162 (1955); 101 Cong. Rec. 8294 (1955)); in 1958 the time for the Commission's investigation was further reduced to six months, employees were authorized to file petitions, and petitions regarding duty-free products were authorized (Act of Aug. 20, 1958, Pub. L. No. 85-686, § 5, 72 Stat. 676; S. Rep. No. 1838, 85th Cong., 2d Sess. 9 (1958); H. R. Rep. No. 1761, 85th Cong., 2d Sess. 6, 7 (1958).

6/ Act of June 16, 1951, Ch. 141, § 7(c), 65 Stat. 74.

industry. 7/ More importantly, the 1962 Act provides for trade adjustment relief for individual firms and groups of workers injured by concession generated imports, whether or not their industries have been injured. 8/

One result of these innovations is to make relief available to marginal firms. 9/ For example, if there are twenty firms in an industry, and two of the smaller ones are unable to withstand the competition from concession generated increased imports, these two may be granted trade adjustment assistance, in spite of the fact that the other eighteen are successfully competing and continuing to prosper. Under the

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7/ 19 U. S. C. § 1902 (a) (1964), provides,

> After receiving a report from the Tariff Commission containing an affirmative finding under section 1901(b) with respect to any industry, the President may--
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> (1) provide tariff adjustment for such industry pursuant to Section 1981 or 1982 of this title,
>
> (2) provide . . . that its firms may request the Secretary of Commerce for certifications of eligibility to apply for adjustment assistance . . .,
>
> (3) provide . . . that its workers may request the Secretary of Labor for certifications of eligibility to apply for adjustment assistance . . ., or
>
> (4) take any combination of such actions.

8/ 19 U. S. C. § 1902(c) (1964).

9/ See the statement of the Chairman of the House Ways and Means Committee in response to questions during the House debate on the 1962 Act. 108 Cong. Rec. 11957-8 (1962). See also: H. R. Rep. No. 1818, 87th Cong., 2d Sess. 22 (1962); Hearings on H. R. 11970 Before the Committee on Finance, U. S. Senate, 87th Cong., 2d Sess., Part 4, at 2,084-86.

pre-1962 legislation relief would not have been available since the industry as a whole had not been seriously injured.

Another result of the 1962 changes is that individual groups of workers, not provided for under previous legislation may now obtain trade adjustment assistance. For example, a firm which has been engaged in production in the United States might decide, as a result of concessions, to begin importing rather than to continue its production in the United States, and therefore may lay off a number of its production staff. Under the 1962 Act the workers who are thus unemployed may be eligible for trade adjustment assistance, in spite of the fact that the industry of which they are a part, and the firm for which they work, have suffered no injury at all. Under the pre-1962 escape clause legislation, of course, no relief of any kind would have been available to the unemployed workers unless they could show that the entire industry had been injured.

Perhaps the most important result of the 1962 changes is their influence on the mobility of productive resources. In theory the reduction of trade barriers should increase the amount and variety of goods available. But this is at least in part dependent upon the ability of resources to move quickly to more efficient pursuits. In fact, such resources--labor, capital, and management--may be highly immobile, especially in the short term, and therefore the shift to the more efficient pursuit may be delayed and the enhanced productivity that theoretically will follow from a lowering of trade

barriers may not be achieved for some time. Adjustment assistance, in aiding import-impacted resources to move to more efficient uses, enhances mobility, and thus helps to establish in fact a basic assumption of theory.

II.

Turning to the present case, it should be noted that the Petitioner, a labor union representing less than one-third of the workers in the industry, has chosen to ask for industry-wide "tariff or other appropriate relief"--a choice which requires that injury to the industry as a whole be established. It did not choose to ask for adjustment assistance for specific groups of workers--a simpler procedure under which it would only be necessary to establish that the individual groups of workers had become unemployed as a result of concession generated imports.

As we have frequently pointed out in previous industry investigations, the statute provides four requirements for relief, 10/ i.e.,

(1) imports must be increasing;

(2) the increased imports must be a result in major part of concessions granted under trade agreements;

10/ 19 U. S. C. § 1901 (b)(1) (1964)

> . . . [T]he Tariff Commission shall promptly make an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing an article which is like or directly competitive with the imported article.

(3) the domestic industry producing the like or directly competitive article must be seriously injured, or threatened with serious injury;

(4) the increased imports resulting from trade agreement concessions must be the major factor in causing or threatening to cause, serious injury to the domestic industry.

It may be worthwhile to explore each of these tests so that each will be understood as it affects petitions filed on behalf of industries on the one hand, and firms and workers on the other.

A. Increasing Imports.

The first test arises from the statutory language directing the Commission to determine whether "an article is being imported into the United States in such increased quantities as to cause, . . . serious injury to a competing domestic industry." We need not dwell long on this test in this case since it is clear that the general trend of imports has been upward for some years, and that by any conceivable standard the requirement of the statute is satisfied. 11/

B. Causal Connection between Concessions and Increased Imports.

The second test is whether the increased imports have occurred "as a result in major part of concessions granted under trade agreements."

11/ Our information reveals that annual U. S. imports of eyeglass frames rose from about 3 million units in 1960, to 4.6 million in 1962, and then to 7 million in 1966. (See, Table 1 of this report.)

At the outset it is necessary to determine what concessions are involved, and what effect concessions have on imports. In this connection, it should be noted that the legislative history of the 1962 Act makes clear that the term "concessions granted under trade agreements" means the aggregate of all concessions which have been granted since 1934. 12/ Accordingly, in determining whether imports have increased in major part as a result of concessions, we must consider the total reductions made since the beginning of the trade agreement program, not just the most recent reduction. Moreover, we note that a "concession" normally includes both a lowering of a duty and an implicit assurance that the duty will not be increased above the new level. The former tends to lower the price of the imported product in the United States market, and the latter encourages foreign producers to make long range plans for marketing in the United States. Both these factors must be considered in determining whether imports have increased in major part as a result of concessions.

12/ This language was written into the bill in the House, and both the House and Senate Committee reports contain the identical statement explaining it as follows:

> The phrase "as a result of concessions granted under trade agreements," as applied to concessions involving reductions in duty, means the aggregate reduction which has been arrived at by means of a trade agreement or trade agreements (whether entered into under sec. 201 of this bill or under sec. 350 of the Tariff Act of 1930). H. R. Rep. No. 1818, 87th Cong., 2d Sess. 46 (1962); S. Rep. No. 2059, 87th Cong., 2d Sess. 20 (1962).

The statutory language relating to the causal relationship between the concessions and increased imports in the 1962 Act is different from earlier acts. Under previous legislation this requirement was satisfied if increased imports resulted "in whole or in part" [13] from the concessions. The required causal connection was deemed to have been satisfied if an increase in imports followed a duty reduction, since it was presumed that the reduction was at least a partial cause. [14] The Administration version of the 1962 Act [15] the House bill [16] required a finding that imports were increasing "as a result of concessions." When the bill reached the Senate it was noted that this language could be interpreted to require that concessions be the sole cause of the increased imports. [17]

13/ Act of June 16, 1951, Ch. 141, § 7 (a) 65 Stat. 74.

14/ H. R. No. 1761, supra, Note 5 at 9.

15/ H. R. 9900, 87th Cong., 1st Sess. § 302-03, 305.

16/ 19 U. S. C. § 1901 (b)(c) (1964); /H. R. 11970, 87th Cong., 1st Sess. § 301 (1962)./

17/ S. Rep. No. 2059, supra, Note 12 at 20 (1962).

Accordingly, the bill was amended to make clear that the increased imports need only result "in major part" from the concessions. 18/

While noting that in the end, the "in whole or in part" language of the earlier legislation was changed to the "in major part" language of the present Act, we also note that the term "in major part" was included by the Senate in order to liberalize the language of the

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18/ The Senate Finance Committee made several amendments designed to make it less difficult to qualify for relief. These amendments were described as follows in the Committee report:

> Section 301 of the bill was amended to clarify and make more specific the application of the escape clause. The language of the bill as passed by the House (sec. 301(b)(1)) provided that the Tariff Commission--
>
> > shall promptly make an investigation to determine whether, as a result of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause or threaten to cause, serious injury to the domestic industry.
>
> The amended language provides that the Tariff Commission investigation shall be made to determine whether "as a result in major part of concessions granted under trade agreements" the article is being imported in such quantities as to cause or threaten serious injury to the domestic industry.
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> Paragraph (b)(2) provides that "in making its determination under paragraph (1) the Tariff Commission shall take into account all economic factors which it considers relevant including idling of production facilities, inability to operate at a profit and unemployment or underemployment." The phrase "inability to operate at a profit" was broadened to read "inability to operate at a reasonable profit level."
>
> The above changes were incorporated wherever applicable in section 301. The bill as it came to the committee might have made it difficult for industries which felt that they had been injured to prove their

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House bill, not to make it more restrictive. Moreover, we note that neither body appears to have focused on this difference between the final language of the 1962 Act and previous legislation in a way which persuades us that vastly different end results were intended. Accordingly, we feel that the Commission must interpret the phrase "in major part" in the light of the intent of the whole statute, assigning to it a meaning which will implement, not frustrate, the intent of Congress.

The interpretation of the phrase must also be practical. In this connection we note that any increase in imports is caused by a multitude of factors. The relative importance of each is almost impossible to ascertain, and can become especially blurred when long periods of time are involved (and Congress clearly realized they would be) during which dramatic changes in technology, tastes, and income distribution have occurred. If the Commission were to attempt to rank each cause of increased imports in every case, it is doubtful that it could ever find that any one of them was the most important.

18/ Cont'd.

> case under the escape clause. The language of the bill could have been interpreted to mean that the increased imports as a result of concessions were the sole cause of the injury. While this may not have been the intent of the bill, the amendment makes it clear that the Tariff Commission need find only that the tariff concessions have been the major cause of increased imports and that such imports have been the major cause of the injury. S. Rep. No. 2059, supra, Note 12 at 5.

Relief thus would have to be denied in virtually every case if this approach were adopted. But Congress clearly did not intend such a result and, accordingly, an interpretation must be adopted which is more in accord with the purpose of the statute.

Considering that the general intent of the legislation is to remedy injury brought about by concessions granted under the trade agreements program, and that Congress intended that there be an important causal relationship between the concession and the injury, but did not intend that impossible requirements be imposed on either petitioners or the Commission, we feel that the overall congressional intent can best be implemented if, in interpreting the term "in major part," we ask only whether, absent the aggregate of concessions granted since 1934, imports would now be at substantially their present levels. If they would not, then the increased imports have resulted "in major part" from trade agreement concessions within the meaning of the Act.

Applying this test in this case, it seems clear that imports have increased "in major part" as a result of trade agreement concessions within the meaning of the Act. The several concessions granted on eyeglass frames since 1934 have caused the rate to be reduced, from roughly 50% to 17%. If the higher rate were applied during the period in which these reductions have been in effect, the price of imported frames no doubt would have been substantially

higher, and the variety of frames offered by European exporters would have been significantly curtailed. This effect on price and the resulting more limited choice of styles, colors, and decorations would have operated to considerably restrain the growth of imports. Under these circumstances we have no difficulty in finding that imports have increased "in major part" as a result of the concessions.

C. Serious Injury.

The Congress has directed the Commission to determine whether the industry has been "seriously injured," taking into consideration all economic factors which it considers relevant including idling of productive facilities, inability to operate at a reasonable level of profit, and unemployment or underemployment.

While there is no definition of serious injury other than the vague language of the statute, and we adopt none at this time, it seems clear that injury of any kind must involve loss of something. Here, as is well established by the Commission statement, the domestic industry has lost nothing. Employment, production, and profits have all increased in recent years. Under such circumstances we could not find injury of any kind to the industry, much less serious injury.

As noted above the petitioning union chose to proceed under the section of the statute providing for industry-wide relief--a course which requires the Commission to test injury on an industry-wide basis, and we have been unable to find it here. However, the fact that we have been unable to find serious injury to the industry, and

therefore industry-wide relief is not available, does not preclude relief on a more selective basis to the individual firms and groups of workers which may have been injured by concession generated increased imports. 19/ Our investigation has not revealed any obvious instances in which either firms or workers have been seriously injured or unemployed as a result of concession generated increased imports, but should such a case exist, the adjustment assistance provisions of the TEA do provide a remedy.

19/ In order to find favorably on such a petition the Commission would, of course, have to find that the fourth test had also been met, i.e., that the imports had been the major factor in causing the injury. As noted above, however, this test was included for the same reason that the "in major part" test was included (Note 18, infra) and the same considerations apply to the interpretation of it as to the term "in major part" discussed above. Accordingly, all that need be found is that, absent the concession generated increased imports, the injury would not have occurred.

Information Obtained in the Investigation

U.S. tariff treatment

The imported products covered by this investigation are frames and mountings for eyeglasses, lorgnettes, goggles, and similar articles. The current rate of duty applicable to frames and mountings 1/ is 17 percent ad valorem (TSUS item 708.47).

Before the effective date of the TSUS (August 31, 1963) eyeglass frames as well as spectacles, eyeglasses, and goggles, and parts were dutiable together under paragraph 225 of the Tariff Act of 1930 at the same three rates of duty, which depended upon the value of the imported article Under the TSUS this multiple rate structure was eliminated for frames and a single rate (17 percent ad valorem) was imposed; this was the rate at which virtually all imports had entered for several years before the effective date of the TSUS.

1/ The term "mountings" refers to a particular component of some styles of eyeglass frames designed for the attachment of lenses by means of screws. The term is seldom used in the trade. Hereinafter in this report references to eyeglass frames encompass mountings.

The original rates on frames, the rates proclaimed pursuant to trade-agreement concessions, and the TSUS rate are summarized in the following tabulation:

Tariff provision	Statutory rate	Modified rate	Effective date and basis of change
Par. 225 (Tariff Act of 1930):			
Valued at not over 65¢ per dozen	20¢ per dz. + 15% ad val.	10¢ per dz. + 7-1/2% ad val.	9-10-55; GATT.
Valued over 65¢ but not over $2.50 per dozen	60¢ per dz. + 20% ad val.	40¢ per dz. + 10% ad val.	1-1-48; GATT.
		30¢ per dz. + 10% ad val.	9-10-55; GATT.
Valued over $2.50 per dozen	40% ad val.	20% ad val.	1-1-48; GATT.
		19% ad val.	6-30-56; GATT.
		18% ad val.	6-30-57; GATT.
		17% ad val.	6-30-58; GATT.
Item 708.47 (TSUS)	50% ad val.	17% ad val.	8-31-63; TSUS
Do.	50% ad val.	15% ad val.	1/

1/ The 15-percent rate shown is the final stage of a concession granted in the Kennedy Round of tariff negotiations. Under the Trade Expansion Act of 1962, this U.S. concession is expected to be placed into effect in four annual stages. Thus, the full concession can be expected to become effective three years after the date (expected to be January 1, 1968) on which the initial stage is made effective.

Description and uses

Eyeglass frames consist of a front for holding and positioning lenses for eyeglasses and a pair of temples fastened to the front with hinges and screws, of sufficient length to rest on the ears of the wearer. Frames are made in a variety of sizes, qualities and styles, which are subject to rapid absolescence at the whims of shifting fashion. Manufacturers in France, Italy, and West Germany, in fact, talk in terms of each year's "collection" in the same sense as dress designers use the term. The eyeglass frames that enter into commerce as such generally are frames for lenses that compensate for defective vision or those for better quality nonprescription sunglasses.

More than three-fourths of the eyeglass frames in use in the United States are made of plastic, and most of the remainder are made of a combination of materials, principally plastic, aluminum and other metals. Some styles of frames incorporate a decorative piece attached to the upper part of the front; others have metal trim along the temples or rhinestones or other decorations on both the front and temples.

U.S. consumption

In the period 1962-66 apparent annual consumption of eyeglass frames increased by more than one-third--from 26 million frames in 1962 to 36 million frames in 1966 (table 3). 1/ In each of these years domestically produced frames supplied about four-fifths of the consumption and imported frames about one-fifth.

1/ Inasmuch as it was not possible to obtain complete coverage on domestic production, these data understate U.S. consumption.

The growing demand for eyeglass frames has resulted from the population growth; the development of eyeglasses as a fashion accessory; more widespread and more frequent vision screening in the schools in conjunction with health programs, and by States in connection with automobile driver's licenses; educational and promotional programs developed by the American Optometric Association, the Guild of Prescription Opticians, the Better Vision Institute, the Foundation for Visual Care and the Fashion Eyewear Group of America; and the establishment of medicare and medicaid.

U.S. producers

Between 40 and 45 firms currently manufacture eyeglass frames in the United States; the number of establishments is slightly greater. In 1966 ten firms accounted for 70 percent of the domestic production. Although frames are manufactured in several regions of continental United States and in Puerto Rico, the establishments located in the States of New York, New Jersey, Massachusetts, Rhode Island and Maryland probably account for 85 percent of domestic production.

The two largest domestic manufacturers of eyeglass frames make a variety of other products, both in the United States and foreign countries; the products include eyeglass lenses, sunglasses, miscellaneous ophthalmic articles, optical components for use with missiles and rockets, and precision metal components for the aerospace field. Eight other large producers of eyeglass frames make one or more products related to eye care other than eyeglass frames. Thirty smaller concerns, which accounted for about 30 percent of the domestic output in 1966, manufacture only eyeglass frames.

In recent years a number of firms have gone out of business. Most of these have combined with, or sold their assets to, other frame manufacturers, wholesale prescription laboratories, or newly organized firms. Some discontinued operations because of the death or retirement of the owners. A few firms moved their production of eyeglass frames from the New York-New Jersey area to other areas where manufacturing costs were expected to be lower. At least nine new firms have begun production of frames since 1962.

In 1962-66 there was a steady rise in expenditures for improved machines and equipment and in research and development. Much of this has resulted in labor saving as well as improvement of the product.

U.S. production and shipments

Domestic production of eyeglass frames increased in each year of the period 1962-66 (table 3); it was about one-third greater in 1966 than in 1962 Data on domestic production, reported in terms of fronts and temples, was received from 41 firms operating 42 establishments. These firms are believed to account for 90 percent of U.S. production of eyeglass frames. Their aggregate production was as follows:

Year	Fronts Million units	Temples Million pairs
1962	23.4	23.8
1963	25.0	25.5
1964	26.8	27.2
1965	27.9	29.5
1966	31.1	32.3

Shipments of fronts by the domestic producers who reported data to the Commission rose annually, from 23.0 million units in 1962 to 30.5 million

units in 1966. Likewise, shipments of temples increased, from 23.4 million pairs in 1962 to 30.6 million pairs in 1966. These data include shipments of a small quantity of fronts and temples contained in eyeglasses. In 1966 about 25 percent of the total shipments of eyeglass frames were valued at less than $1.50 per unit and 80 percent were valued at less than $3.00 per unit. 1/

U.S. exports

U.S. exports of eyeglass frames were not reported separately in official statistics prior to 1965. Exports amounted to 1.82 million frames valued at $1.87 million in 1965, and 1.85 million frames valued at $2.03 million in 1966 (table 2). Canada was the principal market for exports; other important foreign markets were the Netherlands, Australia, Sweden and Italy.

U.S. imports

Annual U.S. imports of eyeglass frames rose from about 3 million units in 1960 to 4.6 million in 1962, and then to 7.1 million in 1966 (table 1). In each of the years 1962-66 the ratio of imports to U.S. consumption changed little, annual imports accounting for nearly a fifth of consumption

Statistical data are not available on annual imports of eyeglass frame prior to 1960. U.S. imports of frames in those years were recorded in a statistical class that also included complete eyeglasses, sunglasses, goggles, and parts. Based on these data it appears that imports of frames were materially less than $1 million dollars in 1954. By 1960 the imports of frames had increased to $2-1/2 million.

1/ Data from 34 domestic firms.

In recent years styling of frames has become increasingly important. Importers offer a great variety of new shapes, colors and decorations which have stimulated the demand for their products.

In each of the past 5 years, France accounted for more than half of the imports of eyeglass frames. In 1966, France supplied 58 percent of the imports in terms of quantity and 52 percent in terms of value. Italy was the most important secondary foreign source, followed by West Germany, Japan, Spain, Austria, the United Kingdom, Switzerland and the Republic of Korea.

Employment

The Commission was able to obtain data on employment from 41 domestic firms manufacturing eyeglass frames in 42 establishments. Between 1962 and 1966 the average number of production and related workers employed in these establishments increased by 9 percent, from about 4,100 in 1962 to about 4,500 in 1966. In the same period the number of man-hours worked on all products rose from 8.8 million to 9.7 million, and the number of man-hours devoted to the manufacture of eyeglass frames rose from 7.9 million to 8.7 million.

The following tabulation compares the indexes of production of eyeglass frames with the indexes of man-hours, in 1962-66.

(1962=100)

Year	Indexes of--	
	Production	Man-hours
1962	100	100
1963	107	102
1964	114	107
1965	119	108
1966	133	110

The more rapid growth in output than in man-hours worked is attributable to increased mechanization, the increased share of production accounted for by the larger, more modern plants, and the increased production of plastic frames which require less labor than those made of other materials.

Prices

The Commission obtained price information from about half of the firms producing eyeglass frames for their best selling models, as well as from other sources. Although in 1962-66 the prices of some models remained the same and others declined, the general trend of prices received by the domestic producers was upward. When declines occurred, they reflected primarily close-outs or disposal of unpopular models at reduced prices.

Profit-and-loss experience of U.S. producers

The Commission obtained profit-and-loss data on the operations of 25 firms producing eyeglass frames during 1962-66. Total sales of eyeglass frames by these firms accounted for at least 80 percent of the total sales of such frames by the domestic industry. For most of the firms, the profit-and-loss data reported to the Commission were for operations on eyeglass

frames alone or for the operations of establishments whose output of eyeglass frames constituted all or nearly all of their total production; a few firms, however, including one large producer, were unable to separate profit-and-loss data for eyeglass frames or for establishments producing frames, so that the data for these firms pertain to their overall operations.

The aggregate net sales and operating profit reported by the 25 firms described above were as follows:

Item	1962	1963	1964	1965	1966
Net sales 1,000 dollars----	158,537	170,402	182,777	194,363	219,959
Net operating profit 1,000 dollars----	10,304	11,352	15,506	17,689	26,245
Net operating profit as percent of net sales percent----	6.5	6.7	8.5	9.1	11.9

Aggregate net sales of the 25 firms or establishments rose steadily from $159 million in 1962 to $220 million in 1966, an increase of nearly 40 percent. In the same period their net operating profit rose from 6.5 percent to 11.9 percent of net sales, an increase of about 80 percent.

A P P E N D I X

Table 1.--Eyeglass frames: U.S. imports by country of origin, 1962-66

Country	1962	1963	1964	1965	1966
	Quantity (1,000 units)				
France	3,303	3,830	3,731	3,569	4,135
Italy	423	529	696	1,010	1,399
West Germany	114	320	431	377	537
Japan	467	389	582	284	337
Spain	13	14	28	76	130
All other	1/ 318	360	330	522	577
Total	4,637	5,442	5,798	5,837	7,114
	Value (1,000 dollars)				
France	3,099	3,884	3,778	3,536	4,046
Italy	522	678	910	1,259	1,607
West Germany	247	495	762	823	1,127
Japan	289	261	307	205	206
Spain	15	18	36	106	173
All other	459	562	478	601	659
Total	4,630	5,896	6,270	6,530	7,819

1/ Partly estimated.

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

Note.--Total imports for the years 1960 and 1961 were 3,193,000 and 2,930,000 units, respectively.

Table 2.--Eyeglass frames: U.S. exports of domestic merchandise, 1965-66

Country	1965		1966	
	Quantity	Value	Quantity	Value
	1,000 units	$1,000	1,000 units	$1,000
Canada	534	713	440	854
Netherlands	174	157	130	125
Australia	32	39	104	91
Sweden	196	115	139	84
Italy	-	-	189	57
All other	879	850	844	815
Total	1,815	1,875	1,848	2,027

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

Table 3.--Eyeglass frames: U.S. production, imports, exports, and apparent consumption, 1962-1966

Year	Production	Imports	Exports	Apparent consumption	Ratio of import to consumption
	1,000 units	1,000 units	1,000 units	1,000 units	Percent
1962	23,429	1/ 4,637	1/ 1,800	26,266	17.7
1963	24,990	5,442	1/ 1,800	28,632	19.0
1964	26,796	5,798	1/ 1,800	30,794	18.8
1965	27,914	5,837	1,815	31,936	18.3
1966	31,124	7,114	1,848	36,390	19.5

1/ Estimated.

Source: Compiled from data furnished the U.S. Tariff Commission by domestic producers and from official statistics of the U.S. Department of Commerce, excep as noted.

UNITED STATES TARIFF COMMISSION
Washington, D.C.

[APTA-W-18]

TC Publication 220

October 17, 1967

TARIFF COMMISSION SUBMITS REPORT TO THE AUTOMOTIVE AGREEMENT ADJUSTMENT ASSISTANCE BOARD IN ADJUSTMENT ASSISTANCE CASE PERTAINING TO CERTAIN WORKERS OF ROCKWELL-STANDARD CORPORATION'S BUMPER DIVISION PLANT IN MISHAWAKA, INDIANA

The Tariff Commission today reported to the Automotive Agreement Adjustment Assistance Board the results of its investigation No. APTA-W-18, conducted under section 302(e) of the Automotive Products Trade Act of 1965. The Commission's report contains factual information for use by the Board, which determines the eligibility of the workers concerned to apply for adjustment assistance. The workers in this case were employed in the Mishawaka, Indiana, plant of Rockwell-Standard Corporation.

Only certain sections of the Commission's report can be made public since much of the information it contains was received in confidence. Publication of such information would result in the disclosure of certain operations of individual firms. The sections of the report that can be made public are reproduced on the following pages.

U.S. Tariff Commission
October 17, 1967

Introduction

In accordance with section 302(e) of the Automotive Products Trade Act of 1965 (79 Stat. 1016), the U.S. Tariff Commission herein reports the results of an investigation (APTA-W-18) concerning the dislocation of certain workers engaged in the production of automotive bumpers at the Mishawaka, Indiana, plant of the Bumper Division of Rockwell-Standard Corp. The Commission instituted the investigation on August 29, 1967, upon receipt of a request for investigation on August 28, 1967, from the Automotive Assistance Committee of the Automotive Agreement Adjustment Assistance Board. Public notice of the investigation was given in the Federal Register (32 F.R. 12702) on September 1, 1967.

The Automotive Assistance Committee's request for the investigation resulted from a petition for determination of eligibility to apply for adjustment assistance that was filed with the Assistance Board on August 23, 1967, by the International Union, United Automobile Aerospace & Agricultural Implement Workers of America (U.A.W.) and its Local No. 586, on behalf of a group of workers at the Mishawaka plant of the Bumper Division of Rockwell-Standard Corp. Neither the petitioners nor any other party requested a hearing before the Commission, and none was held.

The petition stated that on June 26, 1967, Rockwell-Standard Corp., advised the U.A.W. that it would discontinue operations at the Mishawaka plant on or before July 31, 1967, with some 554 employees to be affected by permanent layoffs. The petition further stated that approximately 12 percent of the annual volume of work performed at the Mishawaka plant was shifted to Canada as a result of the Mishawaka plant's closing. The petition, therefore, attributes the layoff of 66 employees or 12 percent of the 554 employees affected by the plant closing to the United States-Canadian Automotive Trade Agreement.

The information reported herein was obtained from a variety of sources, including Rockwell-Standard Corp., U.A.W. Local 586, the Commission's files, and through fieldwork by members of the Commission's staff.

The automotive product involved--bumpers

Bumpers are devices which are secured to the front and rear of most motor vehicles for the purpose of absorbing shocks and preventing damage in minor collisions. They are generally produced from carbon steel sheets by blanking and drawing processes. Subsequent to forming, bumpers are nickel plated, buffed, chrome plated, and polished in order to improve their appearance and corrosion resistance.

The aforementioned articles are dutiable under item 692.27 of the Tariff Schedules of the United States at 8.5 percent ad valorem unless they are Canadian articles for use as "original motor-vehicle equipment", in which event they are entered duty free under item 692.28.

Rockwell-Standard Corp.

Rockwell-Standard Corp., with headquarters in Pittsburgh, Pennsylvania, is a large corporation that operates 32 plants in the United States and 11 in Canada. It had net sales of $636 million in 1966; parts for trucks, trailers, and buses accounted for 43 percent of 1966 sales, and parts of passenger automobiles for 22 percent. In addition to bumpers, Rockwell-Standard produces such automotive products as axles, brakes, universal joints, transmissions, springs, seats, wheel covers, and lamp assemblies.1/

Prior to the closing of the Mishawaka plant Rockwell-Standard produced bumpers at Mishawaka, Indiana, Newton Falls, Ohio, and Chatham, Ontario. All three of these plants had produced bumpers for several years prior to the enactment of the Automotive Products Trade Act of 1965. The two United States plants were operated by the Corporation's Bumper Division and the Canadian plant by Ontario Steel Products Co., Ltd., a subsidiary company * * *.

* * * * * * *

1/ The information contained in this paragraph is applicable to Rockwell-Standard Corp. prior to September 22, 1967, when it merged with North American Aviation, Inc., to form a new company known as North American Rockwell Corp.

Production and trade between the United States and Canada

The Tariff Commission obtained information from the major North American motor-vehicle producers that was representative of production and trade between the United States and Canada in bumpers for use as original equipment in the assembly of motor vehicles. Apparent U.S. production of such bumpers increased from 17.6 million units in model year 1964 to 19.8 million units a year in 1965 and 1966, then declined to about 17.4 million units in 1967 (table 1.). Canadian production increased from an average of 1.1 million units in 1964-66 to 1.6 million units in model year 1967.

United States imports of bumpers from Canada and United States exports thereto both increased in 1964-67, however, the increase in imports was much larger than the increase in exports. U.S. imports of bumpers from Canada totalled 112,510 units in 1964, 240,830 units in 1966, and 824,470 units in 1967. U.S. exports of bumpers to Canada increased from 294,400 units in 1964, to 755,950 units in 1967.

For the purpose of comparing the most recent representative four-month period with the corresponding period of the 1964 model year, March-June was selected in order to avoid the effect of production variations that occur during model changeover periods. Nevertheless, July and August data were obtained by the Commission and are reported in Table 1. The difference between the production and trade data for the shorter periods in 1964 and 1967 correspond with those which have been noted in the data for the full model years.

* * * * * * *

Table 1.--Bumpers: United States and Canadian production, and United States exports to and imports from Canada for use as original equipment in the assembly of motor vehicles, model years 1964-67, and monthly March-August 1964 and 1967

(Number of bumpers)

Model year ending July 31--	United States production	Canadian production	U.S. imports from Canada	U.S. exports to Canada
1964	17,648,930	1,064,540	112,510	294,400
1965	19,815,860	1,116,250	183,880	390,000
1966	19,790,950	1,039,570	240,830	685,640
1967	17,350,220	1,579,710	824,470	755,950
1964:				
March, 1964	1,628,250	100,110	12,160	28,280
April	1,769,520	105,740	12,150	31,940
May	1,630,700	97,470	10,740	30,150
June	1,754,640	103,680	9,940	32,030
Sub Total	6,783,110	407,000	44,990	122,400
July	1,327,570	29,560	1,980	12,560
August	385,860	14,730	5,470	7,200
Total	8,496,540	451,290	52,440	142,160
1967:				
March, 1967	1,543,950	145,480	82,240	61,420
April	1,493,210	125,970	59,600	55,630
May	1,713,630	154,950	76,620	72,310
June	1,739,750	159,780	79,110	75,120
Sub Total	6,490,540	586,180	297,570	264,480
July	919,330	67,410	29,380	40,700
August	520,820	68,630	59,470	12,310
Total	7,930,690	722,220	386,420	317,490

Source: Compiled by the U.S. Tariff Commission from reports submitted by 7 major motor-vehicle manufacturers.