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INVESTIGATIONS BY THE UNITED STATES TARIFF COMMISSION

LETTER FROM THE CHAIRMAN OF THE UNITED STATES TARIFF COMMISSION

TRANSMITTING

IN RESPONSE TO SENATE RESOLUTIONS NO. 295 AND NO. 313, DIRECTING AN INVESTIGATION OF THE DIFFERENCES IN THE COST OF PRODUCTION BETWEEN THE DOMESTIC AND FOREIGN ARTICLE OF WOVEN-WIRE FENCING, WOOD FLOUR, PIGSKIN LEATHER, STRAW HATS, MAPLE SUGAR, WOOL FLOOR COVERINGS, ULTRA MARINE BLUE

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LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION,
Washington, February 7, 1931.

Hon. CHARLES CURTIS,
President of the Senate, Washington, D. C.

SIR: I herewith transmit copies of seven reports sent to the President in investigations made by the United States Tariff Commission, pursuant to resolutions of the United States Senate, for the purposes of section 336 of the tariff act of 1930.

On February 5, 1931, proclamations were issued by the President in five of the investigations. They are as follows:

Woven wire fencing and woven wire netting, all the foregoing composed of wire smaller than eight one-hundredths and not smaller than three one-hundredths of an inch in diameter, coated with zinc or other metal before weaving, from 45 per cent to 50 per cent ad valorem; coated with zinc or other metal after weaving, from 45 per cent to 60 per cent ad valorem. (S. Res. No. 295, June 18, 1930.)

Wood flour, from 33⅓ per cent to 25 per cent ad valorem. (S. Res. No. 313, July 3, 1930.)

Pigskin leather, in the rough, in the white, crust, or russet, partly finished, or finished, not imported, to be used in the manufacture of boots, shoes, or footwear, or cut or wholly or partly manufactured into uppers, vamps, or any forms or shapes suitable for conversion into boots, shoes, or footwear, from 25 per cent to 15 per cent ad valorem. (S. Res. No. 313, July 3, 1930.)

Hats, bonnets, and hoods, composed wholly or in chief value of straw, chip, paper, grass, palm leaf, willow, osier, rattan, real horsehair, cuba bark, ramie, or manila hemp, whether wholly or partly manufactured, if sewed (whether or not blocked, trimmed, bleached, dyed, colored, or stained), from $4 per dozen and 60 per cent ad valorem to $3 per dozen and 50 per cent ad valorem. (S. Res. No. 313, July 3, 1930.)

Maple sugar, from 8 cents per pound to 6 cents per pound; maple sirup, from 5½ cents per pound to 4 cents per pound. (S. Res. No 313, July 3, 1930.)

In two of the investigations the facts were found not to warrant a change in the duties. These investigations were upon ultramarine blue and wool floor coverings not specially provided for. (S. Res. No. 309, June 30, 1930, and S. Res. No. 313, July 3, 1930, respectively.)

Very truly yours,

HENRY P. FLETCHER,
Chairman.

WOVEN WIRE FENCING AND NETTING

RESULTS OF AN INVESTIGATION OF THE DIFFERENCES IN COSTS OF PRODUCTION OF WOVEN WIRE FENCING AND NETTING IN THE UNITED STATES AND IN THE PRINCIPAL COMPETING COUNTRY FOR THE PURPOSES OF SECTION 336, TITLE III, OF THE TARIFF ACT OF 1930

INVESTIGATIONS BY THE UNITED STATES TARIFF COMMISSION

WOVEN WIRE FENCING AND NETTING

UNITED STATES TARIFF COMMISSION,
Washington, D. C., February 2, 1931.

To the PRESIDENT:

The United States Tariff Commission herein reports the results of an investigation of the differences in costs of production of woven wire fencing and netting in the United States and in the principal competing country, for the purposes of section 336 of Title III of the tariff act of 1930, and its findings with respect thereto.

Upon consideration of the facts obtained in this investigation the commission finds that the present rate of duty on woven wire fencing and netting composed of wire smaller than eight one-hundredths and not smaller than three one-hundredths of an inch in diameter fixed by the tariff act of 1930 (par. 397), namely 45 per cent ad valorem, should be increased to 50 per cent ad valorem if such fencing or netting be coated with zinc or other metal before weaving, and that it should be increased to 60 per cent ad valorem if such fencing or netting be so coated after weaving.

The commission instituted this investigation on June 20, 1930, in compliance with Senate Resolution 295, dated June 18, 1930. Public notice of the hearing was given on September 22, 1930. At this hearing, held in Washington, D. C., on November 5, 1930, parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard, as required by law.

FINDINGS OF THE COMMISSION

1. Imports of woven wire fencing and netting increased from practically nothing prior to 1925 to somewhat in excess of 300,000 bales (rolls containing 150 lineal feet each) in 1928, declined to 153,545 bales in 1929, and further declined in 1930. Domestic production amounted to about 1,881,000 bales in 1929, a substantial decrease from early postwar production when there were substantial exports. Since 1929 there has been an appreciable further decline, the exact amount being unknown. In 1929 imports constituted about 7.6 per cent of apparent domestic consumption. The above facts relate to a period of time when the rate of duty was 40 per cent ad valorem. The year 1929 is a representative period for the purposes of this investigation.

2. Germany is the principal competing country.

3. There are two principal grades of woven wire fencing and netting; that galvanized before weaving and that galvanized after weaving. There is foreign competition in both grades. The grade galvanized

after weaving is somewhat more important in domestic production than is the grade galvanized before weaving, whereas the reverse is true with respect to imports. Woven wire fencing and netting produced in Germany is like and similar to corresponding grades of the domestic product for the purposes of section 336 of the tariff act of 1930.

4. The distribution of both imported and domestic woven wire fencing and netting is country wide. The principal markets are represented by Los Angeles, San Francisco, Seattle, Chicago, Houston, Atlanta, and Philadelphia.

5. The cost of production of woven wire fencing and netting as defined in section 336 (h) (4) was not readily ascertainable for the principal competing country. The commission, therefore, in accordance with section 336 (e) (2) (A) accepted the weighted average of invoice prices of the imported article as evidence of such cost.

6. Costs of production ascertained in accordance with section 336:

(A) The costs of production in the United States of each of 11 representative kinds of woven wire fencing and netting, comprising various meshes, sizes, widths, and both types of galvanizing, sold in each of the principal markets of the United States, were determined for the period of the investigation. The corresponding costs of production in the principal competing country of woven wire fencing and netting sold in these markets, as evidenced by invoice prices, were also determined.

(B) The costs of transportation and other delivery charges of the 11 representative kinds of netting and fencing from the centers of domestic production to the principal markets in the United States during 1929, and the corresponding costs and charges from the centers of production in the principal competing country to the same markets were determined.

(C) No other relevant factors constituting a substantial or measurable advantage or disadvantage in competition were disclosed in the course of this investigation.

The total costs of production, including transportation, and delivery to the principal markets, as so determined, are shown in tables in the attached summary of information.

The percentage by which the costs of the domestic product sold in each market exceeded the costs of the foreign product sold in that market was computed and a general weighted average percentage of difference in costs for all markets combined has been derived therefrom.

The amounts by which the weighted average domestic costs of production, including delivery to the principal markets, of woven wire fencing and netting, exceeded the foreign cost, expressed as percentages of the value in the principal competing country, were 51.9 per cent for woven wire fencing and netting galvanized before weaving, and 61.7 per cent for woven wire fencing and netting galvanized after weaving.

CONCLUSION

The commission finds it shown by the investigation (a) that the duty of 45 per cent ad valorem fixed by statute on woven wire fencing and netting composed of wire smaller than eight one-hundredths and not smaller than three one-hundredths of an inch in

diameter coated with zinc or other metal does not equalize the differences in the costs of production, including transportation and delivery to the principal markets in the United States, of the said domestic article and the like or similar foreign article produced in the principal competing country; (b) that an increase in that rate of 5 per cent ad valorem on woven wire fencing and netting coated with zinc or other metal before weaving and an increase of 15 per cent ad valorem on woven wire fencing and netting coated with zinc or other metal after weaving are necessary to equalize said differences; and (c) that the rates of duty necessary to equalize said differences are 50 per cent ad valorem on woven wire fencing and netting coated with zinc or other metal before weaving and 60 per cent ad valorem on woven wire fencing and netting coated with zinc or other metal after weaving.

Appended to this statement of findings is a summary of information obtained in the investigation.

Respectfully submitted.

HENRY P. FLETCHER,
Chairman.
THOMAS WALKER PAGE,
Vice Chairman.
JOHN LEE COULTER,
ALFRED P. DENNIS,
EDGAR B. BROSSARD,
LINCOLN DIXON,
Commissioners.

SUMMARY OF INFORMATION OBTAINED IN THE COMMISSION'S INVESTIGATION

RATES OF DUTY

Woven wire fencing and netting, the subject of this report, during all recent tariff acts has been classified under general provisions of the metals schedule. Duty is now assessed at 45 per cent ad valorem under paragraph 397 as a manufacture of metal, n. s. p. f. Under the act of 1922, woven wire fencing and netting was dutiable at 40 per cent ad valorem as a manufacture of metal, n. s. p. f. Previously it was a manufacture of wire.

TARIFF CLASSIFICATION

The question of whether woven wire fencing and netting was properly dutiable under paragraph 399 of the act of 1922 (397 of the act of 1930) as a manufacture of metal, n. s. p. f., at the rate of 45 per cent ad valorem, or under paragraph 318 as woven wire fabric with meshes not finer than 30 wires to the lineal inch in warp or filling at 25 per cent ad valorem is now pending in the Court of Customs and Patent Appeals.

SCOPE OF THE INVESTIGATION

The order of investigation includes "woven wire fencing and wire netting, all the foregoing composed of wire smaller than eight one-hundredths and not smaller than three one-hundredths of an inch

in diameter," and applies to netting and fencing classified under the provisions of paragraph 397 of the act of 1930, or paragraph 399 of the act of 1922. Ordinary wire fencing of the "Page" type and "hex" netting of wires fully 14 gage and larger (some fish-trap netting) are not included, nor is netting of fine gage wire, such as that used in making wire glass. The wire in the latter type is smaller than three one-hundredths of an inch in diameter.

DESCRIPTION

Wire netting is ordinarily woven with an hexagonal mesh of 16 gage (0.0625 inch) to 20 gage (0.0348 inch) wire and is galvanized either before or after weaving. The usual mesh sizes are 1-inch, 1½-inch, and 2-inch, and the netting is prepared in rolls (bales) usually containing 150 lineal feet, and in widths ranging from 12 to 72 inches.

There is some netting, mostly used for special purposes, made of 14-gage (0.08 inch) wire.

There are three styles of netting: (1) "Hex," which is a double-twisted netting with hexagonal mesh; (2) "straight-line" or "half-hex," in which the longitudinal wires run straight, the filling wires being twisted over the longitudinal wires, forming a half hexagonal mesh; and (3) "straight-line rectangular or square mesh," in which both longitudinal and transverse wires run straight, the transverse wires being locked or twisted over the longitudinal wires. The straight-line and square-mesh types are comparatively new and manufactured in relatively small volume.

USES

Wire netting is used principally as fencing for poultry, gardens, and lawns, as backstops for tennis courts and other recreational units, and as a structural material to form a foundation for stucco, the latter being an important use on the Pacific coast. It is also used in the tops of automobile bodies and for fish traps.

DOMESTIC PRODUCTION

There are 14 plants in the United States, operated by 11 concerns engaged in the production of wire netting and employing somewhat more than 2,000 men. Their production in 1929 was 1,881,433 bales, and their capacity as reported by the trade is 3,500,000 bales per year.

Most of the production is in two regions: (1) the East, comprising the States of Massachusetts, Connecticut, New York, and New Jersey, with 5 plants and 53 per cent of the total output; (2) the Midwestern region in Ohio, Indiana, and Illinois, with 4 plants and 34 per cent of the total production. The remainder of the total output, 13 per cent, is from 1 plant in Colorado and 3 in California.

Records from five plants, typical of the entire industry, show a production of 1,014,890 bales in 1927, 1,234,718 bales in 1928, and 1,112,439 bales in 1929. Apparently 1928 was the year of peak production, followed by a recession in 1929.

There is a wide range of combinations of mesh, wire size and width, and there are two methods of galvanizing. Most of the production is concentrated in 1-inch mesh and 2-inch mesh and in three wire

sizes, as shown by the following table covering the operations of five plants that produced about 54 per cent of the total United States output in 1929.

Woven wire netting: Analysis of the production of five domestic plants in 1929

	Production	Per cent of total
	Bales	
Galvanized after weaving:		
2-inch mesh, 16-gage wire	88,701	8.91
2-inch mesh, 19-gage wire	98,720	9.97
2-inch mesh, 20-gage wire	139,621	14.10
1-inch mesh, 20-gage wire	181,542	18.33
Total, galvanized after weaving	458,584	46.31
Galvanized before weaving:		
2-inch mesh, 19-gage wire	91,663	9.26
2-inch mesh, 20-gage wire	141,186	14.26
1-inch mesh, 20-gage wire	132,460	13.38
Total, galvanized before weaving	365,309	36.90
All other	166,374	16.79
Total, 5 plants	990,267	100.00

The above figures do not include fish-trap netting, produced to the extent of about 120,000 bales of 100 lineal feet per year, or the straight-line type of poultry netting, which is produced by some plants in moderate amounts and is a comparatively new product.

Production tends to be seasonal, as most sales to consumers are made in the spring, so that orders are taken in the fall and made up principally in the winter.

EXPORTS

Nine concerns reporting for 1927 and 1928 show exports amounting to 16,700 and 14,700 bales, respectively, and the exports in 1929 by the entire industry are reported as only 3,679 bales.

Exports are at present almost entirely to the countries of North and South America, and according to the testimony are negligible as compared with shipments to foreign countries prior to 1926, when the export markets were largely taken over by European producers.

The loss of export markets accounts in great measure for the excess plant capacity of the domestic industry.

IMPORTS

An accurate measurement of the trend of imports over a period of years is impossible because of the classification of wire netting in the general basket clause of the metals schedule without a separate statistical classification.

However, testimony before the committees of Congress and the commission indicates clearly that imports began in 1925 and proved at first unprofitable on account of rejections of a considerable quantity of inferior material. The domestic trade estimates that imports were about 100,000 bales in 1926, 200,000 bales in 1927, and 367,000 bales in 1928.

The importers representing the Steel Union (the sales organization of the European Steel Cartel, which was expanded in 1930 to include wire netting) give total shipments to the United States as 266,926

bales in 1928, 134,212 bales in 1929, and 71,847 bales in the first six months of 1930. The commission's data show importations of 153,545 bales in 1929, which agrees fairly closely with the importer's figure for that year, allowing for lag of about one month (the time required to ship from the foreign plant to the Pacific coast) during the busy season, and for the imports of those distributors who do not import through the Steel Union. The indications are that imports reached their peak in 1928, declined substantially in 1929, and probably still further in 1930.

The commission found it impracticable to secure information from official sources covering imports for more than the 18-month period, January 1, 1929 to June 30, 1930. Because the invoices in process of liquidation were not available to the commission, the data for the first six months of 1930 are not considered reliable as representative of total imports. Inasmuch as all available invoices (data from some protested invoices not available) and collectors' returns were secured for the calendar year 1929, there is little possibility of appreciable error in the compilation. Analyses of all available data show that imports are principally from Germany, followed by Belgium and Holland, as ndicated by the following table:

Wire netting: Imports, by countries, in 1929

Country	Quantity	Ratio to total
	Bales	*Per cent*
Germany	104,247	67.89
Holland	40,696	26.51
Belgium	8,602	5.60
Total	153,545	100.00

Importations are received practically throughout the United States. The distribution by ports of entry was as follows:

Wire netting: Imports in 1929 by ports of entry

[Compiled from foreign invoice and entry data]

Ports	Bales	Ratio to grand total
		Per cent
Los Angeles	37,377	24.34
San Francisco	42,928	27.96
Seattle	18,813	12.25
Portland	8,782	5.72
Pacific coast	107,900	70.27
Chicago	3,400	2.21
Philadelphia	9,691	6.31
Boston	2,435	1.59
Minneapolis	3,641	2.37
Northern States	19,167	12.48
Atlanta	8,226	5.36
Memphis	1,875	1.22
Charleston	1,221	.80
New Orleans	2,166	1.41
Houston	12,990	8.46
Southern States	26,478	17.25
Grand total	153,545	100.00

It was found that the division of imports between netting galvanized before weaving and netting galvanized after weaving was substantially equal in the Pacific coast and in North Central and Northeastern territory. However, in Southern territory, netting galvanized before weaving predominated, as indicated by the following tabulation, which includes all netting upon which detailed information was available, or 59 per cent of total imported.

Wire netting: Imports in 1929

Ports	Galvanized before weaving	Galvanized after weaving	Total
	Bales	*Bales*	*Bales*
Los Angeles	8,584	21,784	30,368
San Francisco	220	5,543	5,763
Oakland	----------	500	500
Seattle	11,287	500	11,787
Portland	4,310	2,700	7,010
Tacoma	426	----------	426
Boise	350	----------	350
Total, Pacific coast	25,177	31,027	56,204
Charleston	921	300	1,221
Atlanta	8,226	----------	8,226
Memphis	1,875	----------	1,875
New Orleans	2,131	55	2,186
Houston	12,990	----------	12,990
Total, Southern	26,143	335	26,478
Boston	----------	1,495	1,495
Chicago	1,600	1,800	3,400
Minneapolis	2,014	1,617	3,631
Total, Northern	3,614	4,912	8,526
Total	54,934	36,274	91,208

In the Pacific coast markets, which take 70 per cent of all importations, the demand for uses other than in building construction is supplied largely by netting galvanized before weaving, while the importations of netting galvanized after weaving are mostly in the 36-inch widths, conform to the building codes of the Pacific coast, and are used as a base for stucco. A few thousand bales are imported to the Pacific Northwest for use in the construction of fish traps. Such netting is usually of relatively heavy gage wire with large mesh and is invariably galvanized before weaving.

Wire netting is sold widely throughout the United States. Most manufacturers have warehouses at strategic points throughout the country. A large part of the domestic output is sold through hardware jobbers, the largest being located in St. Louis, Louisville, and Chicago. There is also a large outlet through mail-order houses. Some specialties, for example, netting for automobile tops, are sold direct from the factories to manufacturing concerns. About 175,000 bales per year are used for automobile tops.

The commission found that the relative costs of transportation and delivery, both of domestic wire netting and the imported product, to the entire marketing area of the country could be determined with substantial accuracy on the basis of the transportation rates to six major distributing centers, namely, Los Angeles and San Francisco

(taken as one market and having nearly equal transportation costs), Seattle, Houston, Atlanta, Philadelphia, and Chicago.

The distribution of netting to Pacific coast territory takes place largely from five cities—Portland, Seattle, Los Angeles, San Francisco, and Sacramento. During 1929 this territory consumed 70 per cent of all netting imported and nearly 20 per cent of the total domestic production, but it contains only 7 per cent of the population of the United States.

COST OF PRODUCTION IN THE UNITED STATES

Costs of production were ascertained for all domestic concerns which produced wire netting during 1929, the period selected as the basis for cost comparisons. A detailed analysis of departmental costs was made for four plants with regard to the principal classes of netting, and these were found to correspond closely with the cost records kept by the producers for these respective classes. From the other domestic producers cost data were secured by questionnaire. The cost figures include all overhead charges and imputed interest on the capital invested calculated at 6 per cent. They do not include Federal taxes or selling expenses.

Detailed costs of production were calculated for 11 representative items in 1-inch and 2-inch mesh. These two meshes include over 95 per cent of domestic production and over 90 per cent of imports. It was found that the costs of other widths and combinations of mesh and gauge were closely proportional to those of the 11 items used in the cost calculations, which may thus be considered representative of all domestic costs.

The average costs of these 11 items, weighted on the basis of the total production of all wire netting in the several individual plants, are shown in the accompanying table. This gives not only an average for the United States, but also averages for the eastern district and the midwestern Rocky Mountain districts. Figures for the Pacific coast district can not be shown separately, as to do so would disclose the operations of individual concerns.

Wire netting: Average cost of production in the United States

Item	Cost per bale of 150 lineal feet, 1929		
	Eastern district	Midwest and Rocky Mountain district	Total, United States
Galvanized before weaving:			
1-inch mesh, 20-gage wire, 24-inch width	$2.388	$1.947	$2.242
1-inch mesh, 20-gage wire, 36-inch width	3.380	2.853	3.202
1-inch mesh, 20-gage wire, 48-inch width	4.363	3.773	4.180
2-inch mesh, 20-gage wire, 48-inch width	2.198	1.736	2.049
2-inch mesh, 20-gage wire, 60-inch width	2.650	2.318	2.546
2-inch mesh, 20-gage wire, 72-inch width	3.142	2.714	3.136
Galvanized after weaving:			
1-inch mesh, 18-gage wire, 36-inch width	5.803	5.021	5.564
1-inch mesh, 19-gage wire, 36-inch width	4.381	3.998	4.305
1-inch mesh, 20-gage wire, 36-inch width	3.648	3.532	3.644
2-inch mesh, 16-gage wire, 36-inch width	4.702	3.831	4.405
2-inch mesh, 20-gage wire, 36-inch width	1.975	1.538	1.839

FOREIGN COSTS

The commission found it impracticable to obtain cost data from the accounts of the foreign manufacturers. Accordingly, as authorized by law, it accepted invoice prices of the imported wire netting as evidence of foreign costs. The sales of foreign wire netting in the United States are made on the basis of fairly constant discounts from the standard price list, and there have been no major fluctuations in wages or conditions of production in the principal competing country during recent years.

Invoice prices were obtained for the same 11 items of wire netting as were taken as representative of domestic costs. The prices, together with details of transportation and other costs of delivery, were secured separately for the wire entered at each of the six representative markets above mentioned. The figures covered all available invoices of entries during 1929.

The actual cost calculations for imported wire netting represent 23,500 bales, or 15 per cent of the total imports from all countries during 1929, and 22.5 per cent of the total imports during that year from Germany. The investigation showed that the data for the items covered are representative of all woven wire netting imported from Germany.

While, in accordance with law, the cost comparison was confined to wire netting from Germany, the principal competing country, the investigation showed that the prices in, and transportation and other charges from, the other countries of origin are substantially equal to those for Germany.

COMPARISON OF DOMESTIC AND FOREIGN COSTS

The following table shows the comparative domestic and German costs of the 11 items of wire netting sold in each of the six representative markets during 1929. The figures for domestic netting distinguish cost of production from freight, but those of foreign netting represent the combined total of cost of production in the foreign country and costs of transportation and delivery to the market. As a basis for determining the rate of duty necessary to equalize the difference in costs, the dutiable value of the imported wire netting is shown, together with the ratio of the difference between the domestic and foreign costs to such dutiable value. This ratio represents the ad valorem rate of duty which would equalize the cost difference in the case of each item sold in each market.

Woven wire netting: Comparisons of cost (or price) delivered to principal markets, per bale of 150 lineal feet, 1929

	Atlanta [1]	Houston [2]	Philadelphia [1]	Chicago [1]	Seattle [3]	Los Angeles and San Francisco [3]
GALVANIZED BEFORE WEAVING						
2-inch mesh, 20-gage wire, 48-inch width:						
Domestic cost of production	$2.008	$2.011	$2.008	$2.008	$2.049	$2.049
Freight	.192	.173	.105	.102	.238	.231
Total, domestic delivered	2.200	2.184	2.113	2.110	2.287	2.280
Foreign delivered	1.720	1.523	1.583	1.727	1.577	1.557
Difference	.480	.661	.530	.383	.710	.723
Foreign value at plant	1.482	1.418	1.436	1.436	1.424	1.419
Percentage ratio: Difference to value at foreign plant	32.39	46.61	36.91	26.67	49.86	50.95
2-inch mesh, 20-gage wire, 60-inch width:						
Domestic cost of production	2.588	2.588	2.588	2.588	2.646	2.646
Freight	.240	.181	.114	.152	.278	.275
Total, domestic delivered	2.828	2.769	2.702	2.740	2.924	2.921
Foreign delivered	2.120	1.895	1.963	2.139	1.971	1.991
Difference	.708	.874	.739	.601	.953	.930
Foreign at plant	1.830	1.770	1.789	1.789	1.782	1.773
Percentage ratio: Difference to value at foreign plant	38.69	49.38	41.31	33.59	53.48	52.45
2-inch mesh, 20-gage wire, 72-inch width:						
Domestic cost of production	3.062	3.062	3.062	3.062	3.136	3.136
Freight	.291	.220	.138	.185	.336	.332
Total, domestic delivered	3.353	3.282	3.200	3.247	3.472	3.468
Foreign delivered	2.540	2.277	2.362	2.574	2.360	2.349
Difference	.813	1.005	.838	.673	1.112	1.119
Foreign at plant	2.190	2.132	2.150	2.150	2.140	2.139
Percentage ratio: Difference to value at foreign plant	37.12	47.14	38.98	31.30	51.96	52.31
1-inch mesh, 20-gage wire, 24-inch width:						
Domestic cost of production	2.223	2.210	2.223	2.223	2.242	2.242
Freight	.183	.167	.102	.094	.226	.221
Total, domestic delivered	2.406	2.377	2.325	2.317	2.468	2.463
Foreign delivered	1.620	1.440	1.486	1.581	1.486	1.487
Difference	.786	.937	.839	.736	.982	.976
Foreign at plant	1.394	1.338	1.340	1.335	1.325	1.310
Percentage ratio: Difference to value at foreign plant	56.38	70.03	62.61	55.13	74.11	74.50
1-inch mesh, 20-gage wire, 36-inch width:						
Domestic cost of production	3.187	3.167	3.187	3.187	3.202	3.202
Freight	.272	.246	.151	.141	.334	.327
Total, domestic delivered	3.459	3.413	3.338	3.328	3.536	3.529
Foreign delivered	2.328	2.060	2.150	2.251	2.080	2.179
Difference	1.131	1.353	1.188	1.077	1.456	1.350
Foreign at plant	2.008	1.916	1.923	1.910	1.867	1.912
Percentage ratio: Difference to value at foreign plant	56.32	70.62	61.78	56.39	77.99	70.61
1-inch mesh, 20-gage wire, 48-inch width:						
Domestic cost of production	4.150	4.124	4.150	4.150	4.180	4.180
Freight	.357	.323	.198	.185	.438	.430
Total, domestic delivered	4.507	4.447	4.348	4.335	4.618	4.610
Foreign delivered	3.109	2.746	2.829	3.007	2.801	2.837
Difference	1.398	1.701	1.519	1.328	1.817	1.773
Foreign at plant	2.679	2.554	2.557	2.540	2.506	2.555
Percentage ratio: Difference to value at foreign plant	52.18	66.60	59.17	52.28	72.51	69.39

[1] Weighted on production in 8 plants—5 eastern, 3 midwest.
[2] Weighted on production in 9 plants—5 eastern, 4 midwest.
[3] Weighted on production in 11 plants—5 eastern, 4 midwest, 2 Pacific coast.

Woven wire netting: Comparisons of cost (or price) delivered to principal markets, per bale of 150 lineal feet, 1929—Continued

	Atlanta	Houston	Philadelphia	Chicago	Seattle	Los Angeles and San Francisco
GALVANIZED AFTER WEAVING						
2-inch mesh, 16-gage wire, 36-inch width:						
Domestic cost of production	------	------	$4.395	$4.395	(1)	[1] $4.408
Freight	------	------	.261	.263	------	.572
Total, domestic delivered	------	------	4.656	4.658	------	4.977
Foreign delivered	------	------	2.952	3.281	------	2.958
Difference	------	------	1.704	1.377	------	2.019
Foreign at plant	------	------	2.589	2.589	------	2.589
Percentage ratio: Difference to value at foreign plant	------	------	65.82	53.19	------	77.98
2-inch mesh, 20-gage wire, 36-inch width:						
Domestic cost of production	------	------	1.808	1.808	$1.836	1.836
Freight	------	------	.083	.084	.189	.204
Total, domestic delivered	------	------	1.891	1.892	2.025	2.040
Foreign delivered	------	------	1.285	1.402	1.276	1.224
Difference	------	------	.606	.490	.749	.816
Foreign at plant	------	------	1.171	1.171	1.137	1.205
Percentage ratio: Difference to value at foreign plant	------	------	51.75	41.84	65.88	67.72
1-inch mesh, 18-gage wire, 36-inch width:						
Domestic cost of production	------	------	5.527	5.527	5.564	5.564
Freight	------	------	.288	.272	.649	.629
Total, domestic delivered	------	------	5.815	5.799	6.213	6.193
Foreign delivered	------	------	3.403	3.777	3.427	3.455
Difference	------	------	2.412	2.022	2.786	2.738
Foreign at plant	------	------	3.124	3.124	3.035	3.028
Percentage ratio: Difference to value at foreign plant	------	------	77.21	64.72	91.80	90.42
1-inch mesh, 19-gage wire, 36-inch width:						
Domestic cost of production	------	------	4.245	4.245	------	4.305
Freight	------	------	.208	.204	------	.452
Total, domestic delivered	------	------	4.453	4.449	------	4.757
Foreign delivered	------	------	3.036	3.302	------	3.033
Difference	------	------	1.417	1.147	------	1.724
Foreign at plant	------	------	2.677	2.677	------	2.677
Percentage ratio: Difference to value at foreign plant	------	------	52.93	42.85	------	64.40
1-inch mesh, 20-gage wire, 36-inch width:						
Domestic cost of production	------	------	3.604	3.604	3.644	3.644
Freight	------	------	.166	.155	.373	.362
Total, domestic delivered	------	------	3.770	3.759	4.017	4.006
Foreign delivered	------	------	2.304	2.485	2.248	2.391
Difference	------	------	1.466	1.274	1.769	1.615
Foreign at plant	------	------	2.074	2.717	2.008	2.008
Percentage ratio: Difference to value at foreign plant	------	------	70.68	46.89	88.10	76.98

[1] Weighted on production in 10 plants—5 eastern, 3 midwest, 2 Pacific coast.

It will be noted from the table that the cost differences, both on wire netting galvanized before weaving and on that galvanized after weaving, are relatively greater for wire sold on the Pacific coast than elsewhere. The cost of transportation by water from the principal com-

peting country to the Pacific coast is relatively low. The cost of production of the domestic manufacturers situated on the Pacific coast is higher than that of the eastern and midwestern producers, principally because the former are distant from sources of raw material. The position of eastern and midwestern manufacturers as regards transportation to the Pacific coast is less favorable, in comparison with the foreign manufacturer, than in the case of eastern or midwestern markets. The cost differences are also higher for wire sold in the Gulf coast markets than for that sold in Atlanta, Philadelphia, or Chicago, again principally by reason of the transportation situation.

In order to arrive at the rate of duty necessary to equalize cost differences for wire netting sold in the country considered as a whole, the percentages shown in the preceding table for each kind of netting in each market have been combined into general weighted averages, distinguishing between wire netting galvanized before weaving and that galvanized after weaving. In calculating these general averages, the relative importance of the different kinds of netting and the relative importance of the consumption of domestic and imported netting combined, in the several markets have been taken into account.

The following table shows that the weighted average difference in costs of domestic and foreign wire netting sold in the principal markets of the United States is equal in the case of netting galvanized before weaving to 51.9 per cent of the dutiable value of the wire netting imported from Germany. The corresponding ratio in the case of wire netting galvanized after weaving is 61.7 per cent. These are the percentages on the basis of which the commission makes its finding as to the rates of duty necessary to equalize the differences in costs.

Wire netting: Differences in domestic and foreign costs of production, expressed as percentages of the value in the chief competing country, by items and markets, 1929

Item	Atlanta	Houston	Philadelphia	Chicago	Seattle	Los Angeles and San Francisco	Weighted average
Galvanized before weaving:							
2-inch mesh, 20-gage wire, 48-inch width	32.39	46.61	36.91	26.67	49.86	50.95	38.53
2-inch mesh, 20-gage wire, 60-inch width	38.69	49.38	41.31	33.59	53.48	52.45	43.03
2-inch mesh, 20-gage wire, 72-inch width	37.12	47.14	38.98	31.30	51.96	52.31	41.18
1-inch mesh, 20-gage wire, 24-inch width	56.38	70.03	62.61	55.13	74.11	74.50	63.96
1-inch mesh, 20-gage wire, 36-inch width	56.32	70.62	61.78	56.39	77.99	70.61	64.03
1-inch mesh, 20-gage wire, 48-inch width	52.18	66.60	59.17	52.28	72.51	69.39	60.53
Average	45.51	58.40	50.13	42.56	63.32	61.70	51.88
Galvanized after weaving:							
2-inch mesh, 16-gage wire, 36-inch width	----------	----------	65.82	53.19	----------	77.98	62.86
2-inch mesh, 20-gage wire, 36-inch width	----------	----------	51.75	41.84	65.88	67.72	52.59
1-inch mesh, 18-gage wire, 36-inch width	----------	----------	77.21	64.72	91.80	90.42	76.52
1-inch mesh, 19-gage wire, 36-inch width	----------	----------	52.93	42.85	----------	64.40	50.97
1-inch mesh, 20-gage wire, 36-inch width	----------	----------	70.68	46.89	88.10	76.98	64.41
Average	----------	----------	63.68	49.90	81.93	75.50	61.60

INCREASING RATE OF DUTY ON WOVEN WIRE FENCING AND NETTING

By the President of the United States of America

A PROCLAMATION

Whereas, under and by virtue of section 336 of Title III, Part II, of the act of Congress approved June 17, 1930, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes," the United States Tariff Commission has investigated the differences in costs of production of, and all other facts and conditions enumerated in said section with respect to, woven wire fencing and woven wire netting, all the foregoing composed of wire smaller than eight one-hundredths and not smaller than three one-hundredths of an inch in diameter, being wholly or in part the growth or product of the United States and of and with respect to like or similar articles wholly or in part the growth or product of the principal competing country;

Whereas in the course of said investigation a hearing was held, of which reasonable public notice was given and at which parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard;

Whereas the commission has reported to the President the results of said investigation and its findings with respect to such differences in costs of production;

Whereas the commission has found it shown by said investigation that the principal competing country is Germany, and that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic articles and the like or similar foreign articles when produced in said principal competing country, and has specified in its report the increases in the rate of duty expressly fixed by statute found by the commission to be shown by said investigation to be necessary to equalize such differences;

And whereas in the judgment of the President such rates of duty are shown by such investigation of the Tariff Commission to be necessary to equalize such differences in costs of production:

Now, therefore, I, Herbert Hoover, President of the United States of America, do hereby approve and proclaim the following rates of duty found to be shown by said investigation to be necessary to equalize such differences in costs of production:

An increase in the rate of duty expressly fixed in paragraph 397 of Title I of said act on woven wire fencing and woven wire netting, all the foregoing composed of wire smaller than eight one-hundredths and not smaller than three one-hundredths of an inch in diameter, coated with zinc or other metal before weaving, from 45 per cent ad valorem to 50 per cent ad valorem;

And an increase in the rate of duty expressly fixed in paragraph 397 of Title I of said act on woven wire fencing and woven wire netting, all the foregoing composed of wire smaller than eight one-hundredths and not smaller than three one-hundredths of an inch in diameter, coated with zinc or other metal after weaving, from 45 per cent ad valorem to 60 per cent ad valorem.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 5th day of February in the year of our Lord one thousand nine hundred and thirty-one, and of the Independence of the United States of America the one hundred and fifty-fifth.

[SEAL.] HERBERT HOOVER.

By the President:

HENRY L. STIMSON,
Secretary of State.

WOOD FLOUR

RESULTS OF AN INVESTIGATION OF THE DIFFERENCES IN COSTS OF PRODUCTION OF WOOD FLOUR IN THE UNITED STATES AND IN THE PRINCIPAL COMPETING COUNTRY FOR THE PURPOSES OF SECTION 336, TITLE III, OF THE TARIFF ACT OF 1930

WOOD FLOUR

UNITED STATES TARIFF COMMISSION,
Washington, February 2, 1931.

To the PRESIDENT:

The United States Tariff Commission herein reports the results of an investigation of the differences in costs of production of wood flour in the United States and in the principal competing country, for the purposes of section 336 of Title III of the tariff act of 1930, and its findings with respect thereto.

Upon consideration of the facts obtained in this investigation the commission finds that the present rate of duty on wood flour fixed by the tariff act of 1930, namely, 33⅓ per cent ad valorem, should be decreased to 25 per cent ad valorem.

The commission instituted this investigation on July 11, 1930, in compliance with Senate Resolution No. 313, dated July 3, 1930.

Public notice of the hearing was given on September 22, 1930. At this hearing, held in Washington, D. C., on November 13, 1930, parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard, as required by law.

FINDINGS OF THE COMMISSION

1. Both domestic production and imports of wood flour have steadily increased in the last five years, for which complete data are available, the total increasing from about 28,000 tons in 1925 to 36,000 tons in 1929. Imports constituted from 22 per cent to 25 per cent of the apparent domestic comsumption. The year 1929 is a representative period for the purpose of this investigation.

2. Norway is the principal competing country.

3. There are several grades of wood flour. The grade used for making linoleum is the most important in quantity and value, both as to domestic production and imports. Wood flour of the linoleum grade produced in Norway is like or similar to the same grade of the domestic product. The cost difference for that grade is representative of the cost difference for all grades for the purposes of section 336 of the tariff act of 1930.

4. The linoleum producing centers of Lancaster and Philadelphia, Pa., are the principal markets in the United States for the linoleum grade of both the domestic and imported wood flour.

5. The cost of production as defined in section 336 (h) (4) was not readily ascertainable for wood flour produced in the principal competing country. The commission, therefore, in accordance with section 336 (e) (2) (A) accepted the weighted average of invoice prices as evidence of such cost.

6. Costs of production ascertained in accordance with section 336:

(A) The cost of production of wood flour of the linoleum grade in the United States was $20.49 per ton for the period covered by the

investigation. The corresponding cost of production in the principal competing country as evidenced by invoice prices was $13.79 per ton. Wood flour imported from Norway absorbs sufficient moisture in transit to increase its weight approximately 2.9 per cent above the invoice weight. The value of the foreign article as ascertained by the customs officers and used in this investigation as dutiable value for the purpose of section 336 is $14.19 per ton.

(B) The cost of transportation and other delivery charges of wood flour of the linoleum grade from the centers of domestic production to the principal markets in the United States was $5.80 per ton during 1929, and the corresponding cost from the centers of production in the principal competing country to the same markets was $9.02 per ton.

(C) No other relevant factors constituting an advantage or disadvantage in competition were disclosed in the course of this investigation.

The total cost of production of wood flour of the linoleum grade in the United States, including transportation and other delivery costs to the principal markets, was thus $26.29 per ton; the corresponding cost of the foreign wood flour was $22.81 per ton; and the difference in such costs was $3.48 per ton.

CONCLUSION

The commission finds it shown by the investigation (a) that the duty of 33⅓ per cent ad valorem expressly fixed by statute on wood flour does not equalize the difference in the costs of production, including transportation and delivery to the principal markets in the United States, of the said domestic article and the like or similar foreign article produced in the principal competing country; (b) that a decrease in that rate of 8⅓ per cent ad valorem is necessary to equalize this difference; and (c) that the rate of duty necessary to equalize said difference is 25 per cent ad valorem.

Appended to this statement of findings is a summary of information obtained in the investigation.

Respectfully submitted.

THOMAS WALKER PAGE,
Vice Chairman.
JOHN LEE COULTER,
ALFRED P. DENNIS,
EDGAR B. BROSSARD,
LINCOLN DIXON,
Commissioners.

Chairman Fletcher took no part in this investigation.

SUMMARY OF INFORMATION OBTAINED IN THE INVESTIGATION WITH RESPECT TO WOOD FLOUR

DESCRIPTION AND USES

Wood flour is mechanically ground wood (principally white pine) screened to uniform finenesses ranging from 40 to 200 mesh per inch. It is used mainly as a filler in the production of linoleum, but is also used in the manufacture of such articles as explosives, plastics, and unbreakable dolls.

RATES OF DUTY

	Per cent
Act of 1922	33⅓
Act of 1930	33⅓

UNITED STATES PRODUCTION

Domestic production of wood flour is principally in the States of New York, Maine, New Hampshire, and Washington, there being four mills in New York, and one each in Maine, New Hampshire, and Washington. The following statistics for three domestic companies operating five mills show the trend of United States production in recent years:

Year	Tons produced
1923	19, 300
1924	18, 683
1925	21, 761
1926	21, 712
1927	23, 218
1928	26, 060
1929	27, 239

Wood flour in grades suitable for each of the various uses in which it is utilized is produced by the domestic industry. Table 1 shows the quantities and percentages of total wood flour shipped from the domestic mills studied to each of the major consuming industries in 1929.

TABLE 1.—*Wood flour: Domestic shipments to the principal consuming industries of the United States, 1929*

Consuming industry	Short tons	Per cent
Linoleum	18, 634	67.0
Explosives	3, 840	13.8
Plastics	4, 260	15.3
Wall paper	238	.9
Dolls	65	.2
Miscellaneous	768	2.8
Total	27, 805	100.0

EXPORTS

The quantity of domestic wood flour exported is a relatively small part of the total production. Exports of wood flour are not reported in official statistics. In 1929 three domestic producers exported a total of 548 tons, or the equivalent of 1.9 per cent of the total domestic production during that year. A large part of the wood flour exported in 1929 was for use in the manufacture of explosives at foreign plants in which one of the domestic companies is interested.

STATISTICS OF IMPORTS

Table 2 shows the imports for consumption of wood flour into the United States for recent years.

TABLE 2.—*Wood flour: United States imports for consumption 1923–1929*

Year	Quantity	Value	Unit value
	Short tons		*Short ton*
1923	5,496	$82,177	$14.95
1924	6,451	96,482	14.96
1925	6,117	80,542	14.64
1926	6,414	86,461	13.48
1927	6,563	80,774	12.31
1928	7,245	94,723	13.07
1929	9,228	148,155	16.05
1930 (10 months)	4,007	59,935	14.96

Table 3 shows for 1929 the shipments of imported wood flour to the principal domestic consuming industries. These data are based on an analysis of the sales records of a number of importers and cover approximately 80 per cent of total imports in 1929.

TABLE 3.—*Wood flour: Shipments of imported wood flour to the principal consuming industries of the United States, 1929*

Consuming industry	Short tons	Per cent
Linoleum	4,815	65.2
Explosives		
Plastics	1,562	21.1
Dolls	943	12.8
Wall paper		
Miscellaneous	67	.9
Total	7,387	100.0

New York is the principal port of entry for imported wood flour, over 98 per cent of the total imports in 1929 being entered there.

PRINCIPAL COMPETING COUNTRY

Norway is the principal competing country for wood flour in United States markets. The following table shows for 1929 the imports for consumption according to country of origin:

TABLE 4.—*Wood flour: United States imports for consumption, by countries, 1929*

Country	Quantity	Per cent of quantity	Value	Unit value
	Short tons			*Per short ton*
Norway	4,606	50.0	$65,563	$14.23
Netherlands	2,980	32.3	49,336	16.56
Germany	860	9.3	18,821	21.88
Sweden	706	7.6	12,562	17.79
Canada	76	.8	1,873	24.64
Total	9,228	100.0	148,155	16.05

PRINCIPAL COMPETING GRADE

Wood flour for the linoleum industry as shown in Table 1, page 21, and Table 3, above, constitutes 67 per cent of the domestic production and 65 per cent of the imports entered at the port of New York.

Ninety-seven per cent of the imports from Norway, the principal competing country, are of this grade and it is apparent that wood flour of the linoleum grade represents the major competition in the United States between the domestic and foreign industries.

COMPARABILITY AND COMPETITIVENESS OF IMPORTED AND DOMESTIC WOOD FLOUR

In order to determine the comparability and competitiveness of imported and domestic wood flour, the commission, in its investigation, obtained information as to the shipments of each to the principal consuming industries. Table 5, following, shows for each of the important consuming industries the relative proportions supplied by domestic production and by imports in 1929.

TABLE 5.—*Wood flour: Use of domestic and imported in the important consuming industries of the United States, 1929*

Consuming industry	Total	Proportion of wood flour supplied by—			
		Domestic production		Imports	
		Quantity	Per cent	Quantity	Per cent
	Short tons	*Short tons*		*Short tons*	
Linoleum	23,449	18,634	79.5	4,815	20.5
Explosives	3,840	3,840	100.0		
Plastics	5,822	4,260	73.2	1,562	26.8
Dolls	1,008	65	6.4	943	94.6
Wall paper	238	238	100.0		
Miscellaneous	835	768	92.0	67	8.0
Total	35,192	27,805	79.0	7,387	21.0

It will be noted that with the exception of the explosives and wallpaper industries which use domestic wood flour exclusively, all of the important consuming industries use both domestic and imported wood flour.

With respect to the doll industry which uses principally imported flour, it is not quite clear whether the predominance of imported wood flour in that field is due to quality advantage of the imported material or whether the importers offer special facilities to the doll trade in the form of small order deliveries from warehouse and especially favorable credit and collection terms. As a consumer of wood flour the doll industry is relatively small, using only 2.86 per cent of the total shipments analyzed for 1929.

Many arguments were advanced at the public hearing as to the superiority of the domestic or imported wood flour. The preference of the individual consumer appears to be more largely due to his intimate knowledge of the characteristics of a particular mill's product to which he has become accustomed.

Grade for grade, domestic and imported wood flours appear to be fully comparable and are unquestionably competitive, especially that used in the manufacture of linoleum.

PRINCIPAL MARKETS

The principal United States markets for wood flour are somewhat different for the various grades. For the grade used by the linoleum industry, the manufacturing districts of Lancaster and Philadelphia, Pa., and Newark and Trenton, N. J., are the principal competing markets. Lancaster, Pa., was the most important single competing market for both domestic and imported wood flour in 1929. It appears, however, that there is a tendency of the direct competition to shift from one market to another. Information given at the public hearing indicated that Lancaster would not be the largest market for both domestic and imported wood flour in 1930.

TRANSPORTATION

The cost of transportation is an important factor of competition between the wood flour industry of the United States and that of the principal competing country.

For the domestic industry the cost of transportation has been computed by averaging the freight rates from each center of production to each of the four principal United States markets—Lancaster and Philadelphia, Pa., and Newark and Trenton, N. J. In averaging the rates from the various centers of production the individual rates were weighted with the total production of linoleum grade wood flour at each production center.

For the imported product, foreign inland charges, ocean freight, and supplementary charges from the principal competing country to the principal port of entry, and the average of the freight rates from the port of entry to the four principal competing United States markets were included.

The average transportation cost for the domestic product is $5.80 per ton; for the imported, $9.02 per ton, comprised of foreign inland charges $0.02, ocean freight and supplementary charges $5.72, and domestic freight from port of entry to principal markets $3.28 per ton.

DUTIABLE VALUE

Information obtained in the investigation shows that wood flour of the linoleum grade imported from Norway absorbs sufficient moisture in transit to increase its weight approxiately 2.9 per cent above the foreign declared weight.

In determining the dutiable value of imports the customs officials apply the declared value per ton to the total tonnage of material entered with the result that the dutiable value of the shipment is increased an average of 2.9 per cent. Dividing the total dutiable value thus determined by the foreign declared weight, on which the imported wood flour is sold to the domestic consumer, the dutiable value per ton reflects the 2.9 per cent increase. The average foreign declared value per ton of $13.79 for the linoleum grade wood flour reported from Norway increased 2.9 per cent gives a dutiable value of $14.19 per ton.

COST INVESTIGATION

Domestic costs.—In its investigation the commission obtained cost data for the domestic industry from four companies operating six mills in New York, Maine, and New Hampshire. From each of the

mills studied, information was obtained for the purpose of enabling the commission to compute the production cost of each of the various grades produced.

Foreign costs.—The commission obtained, as evidence of the foreign costs of production, the weighted average of invoice prices of shipments entered at the port of New York, as provided in section 336 (e) (2) (A) of the tariff act of 1930.

Cost period.—The calendar year 1929, the latest available fiscal period, was taken as a representative period for which cost comparisons should be made.

Comparison of United States and foreign costs.—In Table 6, following, the comparative costs per ton of domestic and foreign wood flour of the linoleum grade, the principal competing grade, are shown.

TABLE 6.—*Wood flour: Comparative costs of production of the linoleum grade in the United States and in the principal competing country, 1929*

Cost item	Cost per short ton	
	Domestic	Foreign
Raw materials	$8.54	
Factory expense	9.62	
General and administrative expense	1.29	
Total factory cost excluding interest	19.45	
Interest on investment	1.04	
Total factory cost including interest	20.49	$13.79
Transportation and charges to principal competing United States markets	5.80	[1] 9.02
Total cost including transportation to principal competing United States markets	26.29	22.81
Difference in cost—amount by which domestic cost exceeds foreign	$3.48	
Dutiable value	14.19	
Ad valorem duty (per cent) required to equalize difference in cost	24.52	

[1] Includes foreign inland charges $0.02, ocean freight and supplementary charges $5.72, and domestic freight from port of entry to principal United States markets $3.28 per ton.

DECREASING RATE OF DUTY ON WOOD FLOUR

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas, under and by virtue of section 336 of Title III, Part II, of the act of Congress approved June 17, 1930, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes," the United States Tariff Commission has investigated the differences in costs of production of, and all other facts and conditions enumerated in said section with respect to, wood flour, being wholly or in part the growth or product of the United States and of and with respect to a like or similar article wholly or in part the growth or product of the principal competing country.

Whereas in the course of said investigation a hearing was held, of which reasonable public notice was given and at which parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard;

Whereas the commission has reported to the President the results of said investigation and its findings with respect to such differences in costs of production;

Whereas the commission has found it shown by said investigation that the principal competing country is Norway, and that the duties expressly fixed by statute do not equalize the difference in the costs of production of the domestic article and the like or similar foreign article when produced in said principal competing country, and has specified in its report the decrease in the rate of duty expressly fixed by statute found by the commission to be shown by said investigation to be necessary to equalize such difference;

And whereas in the judgment of the President such rate of duty is shown by such investigation of the Tariff Commission to be necessary to equalize such difference in costs of production.

Now, therefore I, Herbert Hoover, President of the United States of America, do hereby approve and proclaim a decrease in the rate of duty expressly fixed in paragraph 412 of Title I of said act on wood flour, from 33⅓ per cent ad valorem to 25 per cent ad valorem, the rate found to be shown by said investigation to be necessary to equalize such difference in costs of production.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 5th day of February in the year of our Lord one thousand nine hundred and thirty-one, and of the Independence of the United States of America the one hundred and fifty-fifth.

[SEAL.] HERBERT HOOVER.

By the President:

HENRY L. STIMSON,
Secretary of State.

PIGSKIN LEATHER

RESULTS OF AN INVESTIGATION OF THE DIFFERENCES IN COSTS OF PRODUCTION OF PIGSKIN LEATHER IN THE UNITED STATES AND IN THE PRINCIPAL COMPETING COUNTRY FOR THE PURPOSES OF SECTION 336, TITLE III, OF THE TARIFF ACT OF 1930

PIGSKIN LEATHER

UNITED STATES TARIFF COMMISSION,
Washington, February 2, 1931.

To the PRESIDENT:

The United States Tariff Commission herein reports the results of an investigation of the differences in costs of production of pigskin leather in the United States and in the principal competing country, for the purposes of section 336 of Title III of the tariff act of 1930, and its findings with respect thereto.

Upon consideration of the facts obtained in this investigation, the commission finds that the present rate of duty on pigskin leather, in the rough, in the white, crust, or russet, partly finished, or finished, fixed by the tariff act of 1930, namely, 25 per cent ad valorem, should be decreased to 15 per cent ad valorem. The commission makes no findings with respect to pigskin leather imported to be used in the manufacture of footwear and dutiable at 10 per cent ad valorem under paragraph 1530 (c).

The commission instituted this investigation on July 11, 1930, in compliance with Senate Resolution No. 313, dated July 3, 1930. Application No. 23 was merged with this investigation.

The resolution of the Senate mentions the cost of production of both pigskin leather and pigskins. Pigskins are free of duty and under the law there is no authority for a transfer from the free list to the dutiable list by virtue of section 336. The commission has, therefore, made no investigation of the cost of production of pigskins. There is only a small production of pigskins for tanning in the United States, and the domestic producers of pigskin leather are largely dependent upon imported raw or rough-tanned pigskins.

Public notice of the hearing was given on September 22, 1930. At this hearing, held in Washington, D. C., on November 11, 1930, parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard, as required by law.

FINDINGS OF THE COMMISSION

1. Both domestic production and imports showed a generally increasing trend during the period 1925 to 1929, although imports were somewhat less in value in 1929 than in 1928. The importation of pigskin leather in 1929 was equal to between 35 and 50 per cent of domestic consumption. The year 1929 is a representative period for the purpose of this investigation.

2. Austria is the principal competing country.

3. Under the tariff act of 1922, when pigskin leather was free of duty, and under the tariff act of 1930, when dutiable, imports have been mainly of pigskin leather tanned in the whole skin. This is the

only class of pigskin leather in which there exists substantial competition between the domestic and foreign product in the markets of the United States. This leather, produced in Austria and imported into the United States, is like or similar to the same class of the domestic product. This class has been taken in this report for comparing domestic and foreign costs for the purposes of section 336 of the tariff act of 1930.

4. New York City is the principal market in the United States for doth domestic and imported pigskin leather.

5. The cost of production as defined in section 336 (h) (4) was not readily ascertainable for pigskin leather produced in the principal competing country. The commission, therefore, in accordance with section 336 (e) (2) (A), accepted the weighted average of invoice prices as evidence of such costs.

6. Costs of production ascertained in accordance with section 336:

(*a*) The commission has found the cost of production and the transportation and other delivery costs to the principal market in the United States, of pigskin leather tanned in the whole skin in the United States and the corresponding cost of pigskin leather produced in the principal competing country, as evidenced by invoice prices, but these costs can not be disclosed because to do so would reveal the operations of individual concerns.

(*b*) No other relevant factors constituting an advantage or disadvantage in competition were disclosed in the course of this investigation.

Conclusion

The commission finds it shown by the investigation (*a*) that the duty of 25 per cent ad valorem expressly fixed by statute on pigskin leather, in the rough, in the white, crust, or russet, partly finished, or finished, if not imported to be used in the manufacture of boots, shoes, or footwear, or cut or wholly or partly manufactured into uppers, vamps, or any forms or shapes suitable for conversion into boots, shoes, or footwear, does not equalize the difference in the costs of production, including transportation and other delivery costs to the principal market in the United States, of the said domestic article and the like or similar foreign article produced in the principal competing country; and (*b*) that a decrease in that rate of 10 per cent ad valorem is necessary to equalize this difference; and (*c*) that the rate of duty necessary to equalize said difference is 15 per cent ad valorem.

The commission makes no finding with respect to pigskin leather used in the manufacture of footwear, dutiable at 10 per cent ad valorem under paragraph 1530 (c). Relatively little pigskin leather tanned in the whole skin, either domestic or foreign, is used for footwear in the United States.

The commission also makes no findings with respect to pigskin leather, grained, printed, embossed, ornamented, or decorated, in any manner or to any extent, or by any other process made into fancy leather, dutiable at 30 per cent ad valorem under paragraph 1530 (d). So far as the commission could ascertain, there are no imports into the United States of pigskin leather of this description.

Appended to this statement of findings is a summary of information obtained in the investigation.

Respectfully submitted.

HENRY P. FLETCHER,
Chairman.
THOMAS WALKER PAGE,
Vice Chairman.
JOHN LEE COULTER,
ALFRED P. DENNIS,
EDGAR B. BROSSARD,
LINCOLN DIXON,
Commissioners.

SUMMARY OF INFORMATION OBTAINED IN THE INVESTIGATION OF PIGSKIN LEATHER

RATES OF DUTY

In the tariff act of 1922 pigskin leather, being one of the kinds of "all leather not specially provided for," was free of duty, paragraph 1606. The act of 1930 provides a rate on leather [1] not made from hides of cattle of the bovine species and imported for general uses of 25 per cent ad valorem; and 10 per cent if imported to be used in the manufacture of boots, shoes, or other footwear. These rates apply to pigskin leather.

The provisions of the act of 1930 are as follows:

PARAGRAPH 1530(c). Leather (except leather provided for in subparagraph (d) of this paragraph) made from hides or skins of animals (including fish, reptiles, and birds, but not including cattle of the bovine species), in the rough, in the white, crust, or russet, partly finished, or finished, 25 per centum ad valorem; * * * any of the foregoing if imported to be used in the manufacture of boots, shoes, or footwear, or cut or wholly or partly manufactured into uppers, vamps, or any forms or shapes suitable for conversion into boots, shoes, or footwear, 10 per centum ad valorem.

SCOPE OF THE INVESTIGATION

The information obtained by the commission shows that leather made of whole pigskins is the only class of pigskin leather under paragraph 1530(c) in which there is either actual or potential competition between the imported and domestic product. This investigation was, therefore, limited to leather made from whole pigskins. There is produced in the United States, however, a large quantity of pigskin leather from strips of pigskin, but if such leather is produced in foreign countries it was not imported into the United States in any substantial quantity, if at all, even when there was no duty on pigskin leather of any kind.

All imports of pigskin leather in 1929 were free of duty. Practically all of these imports were used for making articles other than footwear.

COST PERIOD COVERED BY THE INVESTIGATION

The domestic and foreign cost data obtained in this investigation are for the year 1929, which was found to be a representative period for the purpose of this investigation.

[1] Pigskin leather, grained, printed, embossed, ornamented, or decorated in any manner, or to any extent, or by any other process made into fancy leather, is dutiable at 30 per cent ad valorem under paragraph 1530(d) of the tariff act of 1930, but so far as the commission could ascertain there are no imports into the United States of pigskin leather of this description.

DOMESTIC PRODUCTION

There are no official statistics of production of pigskin leather in this country which may be compared directly with imports of pigskin leather tanned in the whole skin. Nor can the commission, without revealing the operations of individual concerns, make known the production of tanners included in this investigation. The commission estimates, however, that imports of pigskin leather tanned in the whole skin in 1929 were equal to 35 to 50 per cent of the domestic consumption in that year.

IMPORTS

Official import statistics for pigskin leather include both finished and rough-tanned leather. Imports into the United States for consumption during the years 1926–1929 and for the first six months of 1930 have been as follows:

Pigskin leather: Imports for consumption

Year	Pounds	Value	Year	Pounds	Value
1926	90,116	$83,952	1929	272,440	$326,122
1927	204,140	189,439	1930 (Jan. 1–June 17)	77,642	115,887
1928	345,176	380,766			

In the years immediately preceding the passage of the tariff act of 1930, imports were an important factor in the domestic consumption of pigskin leather finished in the whole skin. Imports in the five and a half months following the passage of the act have, however, averaged only about $2,000 per month.

ANALYSIS OF INVOICES

An analysis was made of the invoices covering imports entered at the customs district of New York during 1929 and detailed information was obtained regarding importations of the five largest importers of finished pigskin leather during that period. Two of these, importing more than half the total footage, used the leather for the manufacture of leather goods in their own factories, while the other three imported for resale.

EXPORTS

Exports of pigskin leather from the United States are not separately reported in official statistics. The two producers from whom information was obtained did not export pigskin leather.

CHIEF COMPETING COUNTRY

The value of imports of pigskin leather from Austria and the United Kingdom were approximately equal during 1929, with the latter slightly in the lead. Austria has materially exceeded the United Kingdom in 1930. Austria has been taken as the chief competing country for the purposes of this investigation. The situation as to imports has changed in the past few years, for prior to 1929 the United Kingdom was the principal source; Austria has made consistent gains in the exportation of pigskin leather to the United States since 1927.

Based on the analysis of invoices and other information obtained during the investigation, the commission determined that Austria was the chief competing country for purposes of this investigation. The invoice analysis covered over 80 per cent of the imports of pigskin leather from Austria in 1929.

However, whether the United Kingdom or Austria is taken as the principal competing country is of no practical significance, since the results of the investigation, based upon imports for either of these countries, are substantially the same.

PRINCIPAL MARKETS IN THE UNITED STATES

Four of the five importers of pigskin leather—two of whom import for their own use in manufacturing leather goods and two for resale—are located in or near New York City. The importations of pigskin leather by customs districts in 1929 were as follows:

New York	$276,731
Massachusetts	18,360
Philadelphia	13,673
All other	17,358
Total	326,122

More of the domestic pigskin leather is used in the metropolitan area of New York City than in any other one place, and the bulk of the domestic output is distributed from that center. New York City is, therefore, the principal market of the United States for domestic and imported pigskin leather made from whole skins.

COMPARABILITY OF FOREIGN AND DOMESTIC LEATHER

Samples of the various grades and qualities of pigskin leather, tanned in the whole skin, were selected from domestic tanners and from importers. These grades represented the whole price range of both the imported and domestic products. The witnesses appearing at the hearing agreed that these samples of domestic and imported leather were representative, comparable, and competitive.

COMPARISON OF DOMESTIC AND FOREIGN COSTS

There are but two principal producers in the United States who tan pigskin leather from the whole skin. The commission ascertained detailed costs of production of pigskin leather from one of these producers and estimates of costs from the other. The producer whose costs were obtained in detail is the only one in this country whose product is like or similar to the pigskin leather imported from Austria.

The average cost of tannery-run pigskin leather produced in the United States by this one manufacturer was compared with the average cost, as evidenced by invoice prices, of imports of pigskin leather from Austria. The amount received for splits sold by the domestic manufacturer in 1929 was deducted from his cost, although in 1930 there appeared to be no market for such by-products. Transportation and other charges incident to the delivery of both domestic and imported leather were computed to the principal market, New York City. Neither the selling expenses of the domestic producer nor of the importers, incurred in the United States, have been included.

On the basis of the above comparison, the difference in the weighted average cost of production of pigskin leather in the United States and Austria, the chief competing country, is equivalent to 15 per cent ad valorem of the foreign value of the imported leather.

DECREASING RATE OF DUTY ON PIGSKIN LEATHER

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas under and by virtue of section 336 of Title III, Part II, of the act of Congress approved June 17, 1930, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes," the United States Tariff Commission has investigated the differences in costs of production of, and all other facts and conditions enumerated in said section with respect to, pigskin leather, being wholly or in part the growth or product of the United States and of and with respect to a like or similar article wholly or in part the growth or product of the principal competing country;

Whereas in the course of said investigation a hearing was held, of which reasonable public notice was given and at which parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard;

Whereas the commission has reported to the President the results of said investigation and its findings with respect to such differences in costs of production;

Whereas the commission has found it shown by said investigation that the principal competing country is Austria, and that the duties expressly fixed by statute do not equalize the difference in the costs of production of the domestic article and the like or similar foreign article when produced in said principal competing country, and has specified in its report the decrease in the rate of duty expressly fixed by statute found by the commission to be shown by said investigation to be necessary to equalize such difference; and

Whereas in the judgment of the President such rate of duty is shown by such investigation of the Tariff Commission to be necessary to equalize such difference in costs of production:

Now, therefore, I, Herbert Hoover, President of the United States of America, do hereby approve and proclaim a decrease in the rate of duty expressly fixed in paragraph 1530 (c) of Title I of said act on pigskin leather, in the rough, in the white, crust, or russet, partly finished, or finished, not imported to be used in the manufacture of boots, shoes, or footwear, or cut or wholly or partly manufactured into uppers, vamps, or any forms or shapes suitable for conversion into boots, shoes, or footwear, from 25 per cent ad valorem to 15 per cent ad valorem, the rate found to be shown by said investigation to be necessary to equalize such difference in costs of production.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 5th day of February in the year of our Lord one thousand nine hundred and thirty-one, and of the independence of the United States of America the one hundred and fifty-fifth.

[SEAL.] HERBERT HOOVER.

By the President:

HENRY L. STIMSON,
Secretary of State.

HATS, BONNETS, AND HOODS OF STRAW

RESULTS OF AN INVESTIGATION OF THE DIFFERENCES IN COSTS OF PRODUCTION OF HATS, BONNETS, AND HOODS OF STRAW AND OTHER MATERIALS IN THE UNITED STATES AND IN THE PRINCIPAL COMPETING COUNTRY FOR THE PURPOSES OF SECTION 336, TITLE III, OF THE TARIFF ACT OF 1930

HATS, BONNETS, AND HOODS OF STRAW AND OTHER MATERIALS

UNITED STATES TARIFF COMMISSION,
Washington, February 2, 1931.

To the PRESIDENT:

The United States Tariff Commission herein reports the results of an investigation of the difference in costs of production of hats, bonnets, and hoods of straw and other materials (par. 1504 (b)) in the United States and in the principal competing country, for the purposes of section 336 of Title III of the tariff act of 1930, and its findings with respect thereto.

Upon consideration of the facts obtained in this investigation the commission finds that the present rate of duty on "Hats, bonnets, and hoods, composed wholly or in chief value of straw, chip, paper, grass, palm leaf, willow, osier, rattan, real horsehair, cuba bark, ramie, or manila hemp, whether wholly or partly manufactured; if sewed (whether or not blocked, trimmed, bleached, dyed, colored, or stained)," fixed by paragraph 1504 (b) (4) of the tariff act of 1930, namely, $4 per dozen and 60 per cent ad valorem, should be decreased to $3 per dozen and 50 per cent ad valorem.

The commission makes no findings with respect to hats, bonnets, and hoods, dutiable under paragraph 1504 (b) (1), (2), (3), and (5).

The commission instituted this investigation on July 11, 1930, in compliance with Senate Resolution No. 313, dated July 3, 1930.

Public notice of the hearing was given on September 22, 1930. At this hearing, held in Washington, D. C., on October 28, 1930, parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard, as required by law.

FINDINGS OF THE COMMISSION

1. Domestic production of men's sewed braid hats, for which statistics first became available in 1927, decreased from 705,314 dozens valued at $13,565,679 to 657,026 dozens valued at $11,441,439 in 1929. Imports for consumption of sewed braid hats (par. 1504 (b) (4)), (chiefly men's), have steadily increased in the last five years, the total increasing from 213,039 dozens valued at $1,344,805 (foreign value) in 1925 to 597,936 dozens valued at $2,260,907 (foreign value) in 1929. This decrease in domestic production and increase in imports developed under the rates of duty in the tariff act of 1922. These rates were increased, however, in the tariff act of 1930. During the period from 1925 to March 14, 1926, the rate of duty on such hats was 60 per cent ad valorem, and from that date through 1929 the duty was 60 per cent ad valorem except on men's sewed straw hats valued at $9.50 or less per dozen, on which the duty was 88 per cent ad valorem. Based on quantity, imports in 1929 constituted approximately 48 per cent of apparent domestic consumption. Domestic

exports of sewed braid hats are negligible. The straw hat season, 1929 (July 1, 1929, through June, 1930), is a representative period for the purpose of this investigation.

2. Italy is the principal competing country.

3. There are several grades and varieties of sewed hats. Sennit straw hats are the most important group in quantity and value, and represent more than half of the total consumption of hats covered by paragraph 1504 (b) (4). The commission selected samples of sennit straw hats produced in the United States and in the principal competing country, which samples it finds to be like or similar, and to be representative as regards cost differences of the hats dutiable under this paragraph, and which have been taken in this report for comparing domestic and foreign costs for the purposes of section 336 of the tariff act of 1930. The samples have been arranged under three types—split, improved, and flatfoot.

4. New York City is the principal market for the purpose of cost comparisons.

5. The cost of production as defined in section 336 (h) (4) was not readily ascertainable for straw hats produced in the principal competing country. The commission, therefore, in accordance with section 336 (e) (2) (A) accepted the weighted average of invoice prices as evidence of such cost. The commission had evidence of the amount of profit included in the invoice prices and therefore the commission made a deduction for such profit and added estimated interest on capital invested at the same rate which was included in the costs of domestic production.

6. Costs of production ascertained in accordance with section 336:

(A) The costs of production of the representative samples of straw hats of the split, improved, and flatfoot sennit types in the United States were, respectively, $9.05, $11.41, and $11.07 per dozen for the period covered by the investigation. The corresponding costs of production in the principal competing country, as evidenced by adjusted invoice prices, were, respectively, $3.15, $3.73, and $4.17 per dozen.

(B) The costs of transportation and other delivery charges of the representative samples of straw hats from the centers of domestic production to the principal market in the United States were, respectively, $0.17, $0.16, and $0.13 per dozen during 1929, and the corresponding costs and charges from the centers of production in the principal competing country to the same market were, respectively, $1.07, $1.12, and $1.10.

(C) No other relevant factors constituting an advantage or disadvantage in competition were disclosed in the course of this investigation.

The total costs of production of the representative samples of split, improved, and flatfoot sennit hats in the United States, including transportation and other delivery costs to the principal market, were, respectively, $9.22, $11.57, and $11.20 per dozen; the corresponding costs of the foreign hats were, respectively, $4.22, $4.85, and $5.27 per dozen; and the differences in such costs were, respectively, $5, $6.72, and $5.93 per dozen. The dutiable values of the imported hats of these three types were, respectively, $4.06, $5.31, and $5.95, per dozen.

CONCLUSION

The commission finds it shown by the investigation (a) that the duty of $4 per dozen and 60 per cent ad valorem expressly fixed by statute on "Hats, bonnets, and hoods, composed wholly or in chief value of straw, chip, paper, grass, palm leaf, willow, osier, rattan, real horsehair, cuba bark, ramie, or manila hemp, whether wholly or partly manufactured; if sewed (whether or not blocked, trimmed, bleached, dyed, colored, or stained)" does not equalize the difference in costs of production, including transportation and delivery to the principal market in the United States, of the said domestic article and the like or similar foreign article produced in the principal competing country; (b) that a decrease in that rate of $1 per dozen and 10 per cent ad valorem is necessary to equalize this difference; and (c) that the rate of duty necessary to equalize said difference is $3 per dozen and 50 per cent ad valorem.

Appended to this statement of findings is a summary of information obtained in the investigation.

Respectfully submitted.

HENRY P. FLETCHER,
Chairman.
THOMAS WALKER PAGE,
Vice Chairman.
JOHN LEE COULTER,
ALFRED P. DENNIS,
EDGAR B. BROSSARD,
LINCOLN DIXON,
Commissioners.

SUMMARY OF INFORMATION OBTAINED IN THE INVESTIGATION WITH RESPECT TO HATS, BONNETS, AND HOODS OF STRAW AND OTHER MATERIALS (Par. 1504 (b))

CHARACTER OF THE PRODUCT

The present report, for reasons stated above, is confined to the product covered by paragraph 1504 (b) (4) of the tariff act of 1930. This product is ordinarily designated as sewed straw hats, and both the domestic production and the imports in fact consist chiefly of sewed straw hats for men. The fuller phraseology of the tariff definition is given in the next section of this report. It includes not only hats of straw, but also those of various other materials. One of these materials is designated as "chip." This is a form of wood shavings. Chip hats have recently become an important factor in imports, but were not produced in commercial quantities in the United States during the period covered by the investigation. The greater part of the total consumption of products dutiable under this bracket of the tariff paragraph consists of ordinary sewed hats of straw.

RATES OF DUTY

The rate of duty applicable to sewed hats of straw and other materials under the tariff act of 1930 is $4 per dozen plus 60 per cent

ad valorem. On the basis of the actual imports from June 17 to November 30, 1930, of all hats falling under this classification, this compound duty amounted to 142 per cent ad valorem. Under the tariff act of 1922 the rate of duty on these hats was 60 per cent, but by presidential proclamation effective March 14, 1926, on the basis of a finding of the Tariff Commission, the rate on men's sewed straw hats if valued at $9.50 or less per dozen was increased to 88 per cent.

The tariff rates not only on sewed hats, but on other hats, bodies, and hoods of straw and other materials, are shown in the following statement:

	Act of—	
	1930	1922
Hats, bonnets, and hoods, composed wholly or in chief value of straw, chip, paper,[1] grass, palm leaf, willow, osier, rattan, real horsehair, cuba bark, ramie,[2] or manila hemp, whether wholly or partly manufactured:		
Not blocked or trimmed—		
Not bleached, dyed, colored, or stained	25 per cent	35 per cent.[3]
Bleached, dyed, colored, or stained	25 cents per dozen and 25 per cent.	
Blocked or trimmed, whether or not bleached, dyed, colored, or stained	$3.50 dozen, plus 50 per cent	50 per cent.[3]
Sewed, whether or not blocked, trimmed, bleached, dyed, colored, or stained	$4 dozen, plus 60 per cent	60 or 88 per cent.[4]
Any of the foregoing known as harvest hats, valued at less than $3 per dozen.	25 per cent	25 per cent.

[1] Dutiable as manufactures of paper n. s. p. f. in act of 1922 at 35 per cent.
[2] Dutiable in 1922 act as manufactures of ramie hat braids at 40 per cent or as wearing apparel composed wholly or in chief value of vegetable fiber other than cotton at 35 per cent.
[3] If made of braids, etc., if not made of braids, dutiable according to component material of chief value.
[4] 88 per cent on "men's sewed straw hats valued at $9.50 or less per dozen" by presidential proclamation, effective Mar. 14, 1926, under sec. 315.

DOMESTIC PRODUCTION

Domestic production of men's straw hats was not shown separately in census statistics prior to 1927. Data for the years 1927 and 1929 are given in Table 1.

TABLE 1.—*Men's straw hats: Production, by kind, quantity, and value, 1929 and 1927*

	1929[1]	1927
Men's straw hats, made in all industries, aggregate value	$20,707,076	$26,652,153
Made in the men's straw-hat industry	18,262,906	21,249,247
Made as secondary products in other industries	2,444,170	5,402,906
Sewed-braid hats:		
Total dozens	657,026	705,314
Total value	$11,441,439	$13,565,679
Unit value per dozen	$17.41	$19.23
Woven-body hats (except harvest hats):		
Dozens	135,182	315,277
Value	$4,850,152	$8,899,717
Unit value per dozen	$35.88	$28.23
Harvest hats:		
Dozens	[2] 1,367,403	[2] 1,341,058
Value	[2] $4,415,485	[2] $4,186,757
Unit value per dozen	$3.23	$3.12

[1] Preliminary figures, subject to revision.
[2] The figures include data for women's harvest hats as follows: For 1929, 164,734 dozens, valued at $633,969; for 1927, 138,939 dozens, valued at $395,099.

The values per dozen shown in Table 1 are for all men's straw hats, and therefore include low, medium, and high priced hats, made of sennit, milan, and other braids, whereas the cost data shown later cover only low and medium priced hats made of sennit braid. The values given in Table 1, therefore, are not comparable with the cost as found by the commission.

IMPORTS

Since the President's proclamation changing the rate of duty from 60 to 88 per cent on men's sewed straw hats valued at $9.50 or less per dozen, effective March 14, 1926, imports of sewed hats have been recorded under two classifications, namely, "Men's sewed straw hats valued at not over $9.50 per dozen" dutiable at 88 per cent, and "other sewed hats" dutiable at 60 per cent.

Imports entered under these classifications are shown in the following table. Imports at the 60 per cent rate include not only women's hats made of straw, but men's and women's sewed hats, composed wholly or in chief value of chip, grass, or any other material specified in paragraph 1406 of the tariff act of 1922. This classification covers also men's sewed straw hats, valued at more than $9.50 per dozen.

TABLE 2.—*Sewed hats of straw and other materials: Imports for consumption*

	1928			1929			1930 [1]		
	Quantity	Value	Value per dozen	Quantity	Value	Value per dozen	Quantity	Value	Value per dozen
Men's sewed straw hats, valued at not over $9.50 per dozen, dutiable at 88 per cent, total	*Dozen* 83,832	$338,048	$4.03	*Dozen* 153,010	$655,285	$4.28	*Dozen* 30,908	$128,917	$4.17
From Italy	82,073	329,312	4.01	150,626	644,289	4.28	27,904	115,204	4.13
Sewed hats, n.e.s., dutiable at 60 per cent, total	150,684	717,732	4.76	444,926	1,605,622	3.61	71,480	317,084	4.44
From—									
Italy	137,660	558,237	4.06	424,860	1,437,372	3.38	62,016	206,102	3.32
France	4,991	63,370	12.70	7,424	70,365	9.48	4,076	50,890	12.49
Switzerland	488	4,291	8.79	4,448	22,898	5.15	3,154	18,073	5.73
United Kingdom	5,908	84,262	14.26	64,788	61,907	12.93	2,334	36,764	15.75

[1] Jan. 1–June 17.

Source: Department of Commerce statistics.

PRINCIPAL COMPETING COUNTRY

The foregoing import table shows that in the calendar year 1929, Italy supplied 98 per cent of the imports of men's sewed straw hats valued at not over $9.50 per dozen, and 95 per cent of other sewed hats, and is therefore the principal competing country.

EXPORTS

The exports of straw hats from the United States are small. The statistical classification includes as one item hats for both men and women, of straw and all other similar materials, whether woven or sewed. The commission found that the exports in fact consist principally of harvest hats, and that exports of men's sewed hats of sennit types were negligible. Total exports of all classes in 1929 amounted to 78,701 dozens valued at $576,602.

BASIS OF COST COMPARISON

Of the classes of hats covered by paragraph 1504 (b) the most important, both in domestic production and in imports, is that covered by subparagraph (4), namely, sewed hats. For this and other reasons the cost investigation was confined to hats under this subparagraph.

In the commission's investigation it was found that the imported hats falling under subparagraphs 1504 (b) (1), (2), and (5), consist of hat bodies, that is, hats in the rough, unblocked and untrimmed. There is no important domestic production of these unfinished hats. These imported hat bodies are used as material by domestic manufacturers, who block and trim them after importation. The commission therefore did not include hats under these three subparagraphs in its cost investigation.

The hats covered by paragraph 1504 (b) (3) include such types as leghorn, yeddo, and Panama hats. The commission found it uncertain whether the domestic and the imported finished hats falling under this subparagraph were like or similar for the purposes of cost comparison. The imports consist in part of unfinished hats—that is, bodies or shells of the leghorn, yeddo, and other types. These are not produced in the United States, either for sale as such or otherwise, the domestic manufacturers producing finished hats of these types exclusively from imported bodies. For these reasons hats covered by bracket 1504 (b) (3) have not been included in the cost investigation.

In the case of hats dutiable under paragraph 1504 (b) (4), consisting of sewed hats of straw and other materials, it was found that the most important class, both in domestic production and in imports, consisted of sennit straw hats, made by sewing from sennit braid. There have recently been large importations also of chip hats, but these were not produced in the United States in commercial quantities during the straw-hat season of 1929. The cost comparison was therefore confined to sennit straw hats.

In the case of sennit hats, the commission found that those of staple grades—that is, of low or medium price, constituted the great bulk of the consumption. It was found impracticable to establish comparability between domestic and imported hats of the higher-priced range. Such hats are largely sold on the basis of the reputation of the individual manufacturer, and competition is less dependent on relative costs. The cost comparisons were therefore limited to sennit hats of the staple grades.

There are three major varieties of sennit hats, namely, split, improved, and flatfoot. Costs were obtained for these three classes separately.

The cost comparison was based on 10 samples of imported sennit hats and 20 samples of domestic hats. For purposes of accurate cost comparisons, there were eliminated both from the domestic and foreign cost data the variable costs of the material used in trimming hats, such as ribbon, leather, and lining fabrics. The elimination of the cost of these trimming materials would not materially affect the difference in costs for identically trimmed foreign and domestic hats. The labor and other expenses in applying the trimming materials have been retained in the cost comparison.

COST DATA

The domestic costs were obtained from seven manufacturers, who produced the bulk of men's sennit hats of staple grades.

Data for imported hats were obtained from five importers, who together handled the bulk of the imports of hats of the types under comparison. The costs of production as defined in section 336 (h) (4) of the tariff act, in the principal competing country were not readily ascertainable. The commission therefore secured invoice prices of the imported hats. It also secured, however, the price schedule of the Italian straw hat cartel, which schedule distinguished the various major factors entering into price. Among other items one was shown to cover profit. This figure was deducted from the invoice prices, but the commission thereupon added to the invoice prices as thus adjusted an estimated item for imputed interest on capital invested corresponding to the similar item included in the domestic costs.

PRINCIPAL MARKET AND TRANSPORTATION

The retail market for straw hats is distributed throughout the United States. New York City is the largest retail market, as well as the most important wholesale distributing center for domestic and imported hats. Owing to the fact that the domestic manufacture of straw hats is conducted on or close to the north Atlantic seaboard, and that imports are entered principally through the New York customs district, there is very little difference between the domestic and the imported hats as regards the cost of transportation, within the United States. The cost of transportation from each domestic producing center to New York City has been ascertained and an average has been computed. The costs of transportation from Italy, and other costs incident to delivery to New York City, have also been ascertained.

SUMMARY OF COST COMPARISON

Table 3 gives a summary of the comparison of costs of domestic and foreign sennit hats. For convenience the ratio of the differences in cost to the dutiable value of the several classes of hats is computed. There is also shown the ad valorem equivalent of the compound duty of $3 per dozen and 50 per cent found by the commission to be necessary to equalize the difference in costs for hats falling under paragraph 1504 (b) (4) considered as a whole.

TABLE 3.—*Summary cost comparison of domestic and foreign sennit straw hats*

	Split	Improved	Flatfoot
Domestic product:	*Per dozen*	*Per dozen*	*Per dozen*
Weighted average cost of production	$9.05	$11.41	$11.07
Transportation to New York City	.17	.16	.13
Total	9.22	11.57	11.20
Foreign product:			
Weighted average adjusted invoice price in foreign country	3.15	3.78	4.17
Transportation and delivery to New York City	1.07	1.12	1.10
Total	4.22	4.85	5.27
Excess of domestic over foreign costs	5.00	6.72	5.93
Dutiable value	4.05	5.31	5.93
Excess of domestic over foreign costs, ratio to dutiable value, per cent	123	126⅓	100
Ad valorem equivalent of a compound duty of $3 per dozen plus 50 per cent ad valorem	124	106	100

DECREASING RATES OF DUTY ON HATS, BONNETS, AND HOODS

By the President of the United States of America

A PROCLAMATION

Whereas, under and by virtue of section 336 of Title III, Part II, of the act of Congress approved June 17, 1930, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes", the United States Tariff Commission has investigated the differences in costs of production of, and all other facts and conditions enumerated in said section with respect to, hats, bonnets, and hoods, wholly or partly manufactured, described in paragraph 1504 (b) of Title I of said act, being wholly or in part the growth or product of the United States and of and with respect to like or similar articles wholly or in part the growth or product of the principal competing country;

Whereas in the course of said investigation a hearing was held, of which reasonable public notice was given and at which parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard;

Whereas the commission has reported to the President the results of said investigation and its findings with respect to such differences in costs of production;

Whereas the commission has found it shown by said investigation that the principal competing country is Italy, and that the duties expressly fixed by statue do not equalize the difference in the costs of production of the domestic articles and the like or similar foreign articles when produced in said principal competing country, and has specified in its report the decreases in the rates of duty expressly fixed by statute found by the commission to be shown by said investigation to be necessary to equalize such difference;

And whereas in the judgment of the President such rates of duty are shown by such investigation of the Tariff Commission to be necessary to equalize such difference in costs of production.

Now, therefore, I, Herbert Hoover, President of the United States of America, do hereby approve and proclaim decreases in the rates of duty expressly fixed in paragraph 1504 (b) (4) of Title I of said act on hats, bonnets, and hoods, composed wholly or in chief value of straw, chip, paper, grass, palm leaf, willow, osier, rattan, real horsehair, cuba bark, ramie, or manila hemp, whether wholly or partly manufactured, if sewed (whether or not blocked, trimmed, bleached, dyed, colored, or stained), from $4 per dozen and 60 per cent ad valorem to $3 per dozen and 50 per cent ad valorem, the rates found to be shown by said investigation to be necessary to equalize such difference in costs of production.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 5th day of February in the year of our Lord one thousand nine hundred and thirty-one, and of the Independence of the United States of America the one hundred and fifty-fifth.

[SEAL.] HERBERT HOOVER.

By the President:

HENRY L. STIMSON,

Secretary of State.

MAPLE SUGAR AND MAPLE SIRUP

RESULTS OF AN INVESTIGATION OF THE DIFFERENCE IN COSTS OF PRODUCTION OF MAPLE SUGAR AND MAPLE SIRUP IN THE UNITED STATES AND IN THE PRINCIPAL COMPETING COUNTRY FOR THE PURPOSES OF SECTION 336, TITLE III, OF THE TARIFF ACT OF 1930

MAPLE SUGAR AND MAPLE SIRUP

UNITED STATES TARIFF COMMISSION,
Washington, February 2, 1931.

To the PRESIDENT:

The United States Tariff Commission herein reports the results of an investigation of the differences in costs of production of maple sugar and maple sirup in the United States and in the principal competing country, for the purposes of section 336 of Title III of the tariff act of 1930, and the findings with respect thereto.

Upon consideration of the facts obtained in this investigation the commission finds that the present rates of duty fixed by the tariff act of 1930, namely: Maple sugar 8 cents per pound should be decreased to 6 cents per pound, and maple sirup 5½ cents per pound should be decreased to 4 cents per pound.

The commission instituted this investigation on July 11, 1930, in compliance with Senate Resolution No. 313, dated July 3, 1930. Application No. 9 was merged with this investigation. Public notice of the hearing was given on September 22, 1930. At this hearing, held in Washington, D. C., on November 12, 1930, parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard, as required by law.

FINDINGS OF THE COMMISSION

1. Under the tariff act of 1922, which imposed the same specific rate of duty (4 cents per pound) upon maple sirup as upon maple sugar, competition was mainly in maple sugar. The importation of maple sugar is large in comparison with domestic production, while the importation of sirup is relatively small. Taking the two products together, the imports during the five years 1924–1928 have averaged about 13.6 per cent of the apparent domestic consumption. The proportion of imports to consumption has tended to increase somewhat.

The cost data relating to the year 1925 with such adjustments as this investigation disclosed to be necessary are representative of costs of production for the purposes of this investigation.

2. Canada is the principal competing country for both maple sugar and maple sirup.

3. The maple sugar and the maple sirup produced in Canada and imported into the United States are like or similar to domestic maple sugar and maple sirup.

4. Costs of production ascertained in accordance with section 336:

(A) The weighted average farm cost of production of maple sirup exclusive of containers and interest on the grove, for the purposes of this investigation, is 13.4 cents per pound in the United States and 9.6 cents per pound in Canada. The weighted average farm cost of sugar, exclusive of containers and interest on the grove, for the purposes of this investigation, is 22 cents per pound in the United States and 15.8 cents per pound in Canada.

(B) Maple sirup, foreign and domestic, is packed in similar containers and distributed to approximately the same markets in the United States. Maple sugar containers differ somewhat as between the various producing areas but similar types of containers cost approximately the same in the States and Canada. Foreign and domestic maple sugar is distributed to approximately the same domestic markets which are widely scattered. The commission finds no difference in the cost of containers, transportation, or other delivery costs to a principal market or markets, for domestic and imported maple sirup and sugar.

(C) *Other relevant factors.*—The Government of the Province of Quebec has made gifts and loans at less than the usual rate of interest, to La Société des Producteurs du Sucre d'érable de Québec for the construction and equipment of a maple products plant. In addition, that government has offered to loan, without interest, to individual members of the association an amount not exceeding 50 per cent of the cost of new equipment purchased by them. Only about 150 of the more than 2,000 farmers eligible for the loan have accepted it. No part of the gifts and loans is used to increase the price paid to the farmers for maple products except as they enable the operators of the Plessisville plant to turn out a product which will command a better price in the open market. The only measurable effect on costs is the annual saving in interest, which, spread over the total production of maple sirup and maple sugar is negligible. The commission finds no difference in costs as the result of other relevant factors.

Conclusion

The commission finds it shown by the investigation (*a*) that the duties of 5½ cents per pound on maple sirup and 8 cents per pound on maple sugar do not equalize the differences in the costs of production in the United States of the said domestic articles and of the like or similar foreign articles produced in the principal competing country; (*b*) that a decrease in the rate of 1½ cents per pound on maple sirup and a decrease in the rate of 2 cents per pound on maple sugar are necessary to equalize these differences; and (*c*) that the rates of duty necessary to equalize said differences are 4 cents per pound on maple sirup and 6 cents per pound on maple sugar.

Appended to this statement of findings is a summary of information obtained in the investigation.

Respectfully submitted.

Thomas Walker Page,
Vice Chairman.
John Lee Coulter,
Edgar B. Brossard,
Lincoln Dixon,
Commissioners.

Chairman Fletcher and Commissioner Dennis, although present at the public hearing, did not thereafter participate in this investigation

SUMMARY OF INFORMATION OBTAINED IN THE INVESTIGATION WITH RESPECT TO MAPLE SIRUP AND MAPLE SUGAR

HISTORY OF THE INVESTIGATION

The commission instituted this investigation in compliance with Senate Resolution No. 313, dated July 3, 1930.

Public notice of the investigation and of the public hearing was given by posting in the Washington and New York offices of the commission and by publication in Treasury Decisions and Commerce Reports.

A public hearing, at which all parties interested were given the opportunity to be heard, was held at the office of the commission, in Washington, November 12, 1930.

Under the general powers of the commission, an investigation of maple sirup and maple sugar was made in 1925 and 1926 and cost data were obtained for the 1925 maple season from representative farm producers in both the United States and Canada. The data obtained in that investigation were used as a basis of a report to the President transmitted April 23, 1928, under section 315 of the tariff act of 1922. That report, particularly the cost data contained therein, together with information obtained by field work in the producing sections of the United States and Canada, in October, 1930, and by means of the public hearing, forms the basis of the present conclusions. The field investigation recently made was concerned primarily with determining what changes, if any, had occurred in the maple products industry since 1925. The information obtained indicated that no important changes affecting costs of production have occurred since 1925, but disclosed the necessity of making certain adjustments in the data for 1925 with respect to interest on the value of the sugar grove and the "weighting" of costs for certain areas.

Rates of duty

	Maple sirup	Maple sugar
Act of 1922	4 cents per pound	4 cents per pound.
Act of 1930	5½ cents per pound	8 cents per pound.

PRODUCTION, UNITED STATES AND CANADA

The United States and Canada produce almost the entire world supply of maple sirup and sugar. Table I shows for both countries the farm production of maple sirup and maple sugar and the combined production of both sirup and sugar in terms of sugar for specified years. As a large part of the farm production of sirup is sold to dealers who make it into sugar in factories, the figures given in the table overstate the quantity of sirup finally put on the market and similarly understate the quantity of sugar.

TABLE 1.—*Farm production of maple sugar and maple sirup in the United States and Canada, 1921–1930*

	Maple sugar produced on farms (pounds)		Maple sirup produced on farms (gallons)		Total in terms of sugar (pounds)	
	United States [1]	Canada [2]	United States [1]	Canada [2] [3]	United States	Canada
1921	4,730,000	12,286,000	2,386,000	1,651,000	23,818,000	25,492,000
1924	4,078,000	9,385,000	3,903,000	2,365,000	35,302,000	28,304,000
1925	3,236,000	10,496,000	3,089,000	2,007,000	27,948,000	26,548,000
1926	3,569,000	7,137,000	3,737,000	2,096,000	33,465,000	23,904,000
1927	3,133,000	9,832,000	3,671,000	2,586,000	32,501,000	30,517,000
1928	2,317,000	13,798,000	3,007,000	2,024,000	26,373,000	29,989,000
1929 [4]	1,706,000	11,699,000	2,595,000	2,609,000	22,468,000	32,570,000
1930 [4]	2,588,000	8,208,000	2,977,000	2,622,000	26,404,000	29,188,000

[1] From Yearbooks, United States Department of Agriculture.
[2] From Canadian Yearbooks.
[3] Converted into United States gallons.
[4] Preliminary.
[5] Canadian figures from Foodstuffs 'Round the World, July 18, 1930, and United States figures by telephone from Bureau of Agricultural Economics, Department of Agriculture.

The maple products industry in the United States is scattered over many States, but is of commercial importance mainly in Vermont, New York, and Ohio, in which States over 70 per cent of the domestic production is made. In Canada over 70 per cent of production is in the Province of Quebec.

EXPORTS

Exports of maple products from the United States are negligible. In the official statistics these products are not reported separately, but are included with other sugars and sirups.

IMPORTS

Practically the entire importation of maple sirup and maple sugar comes from Canada, mainly from the Province of Quebec. Table 2 shows the trend of imports since 1923. It also shows the duty collected, value per pound, and the equivalent ad valorem rates of duty. In studying the trend of imports, as shown in the following table, it may be noted that the increase in quantities imported during 1929 and 1930 was possibly due in part to increased shipments made in anticipation of changed rates of duty under the act of 1930.

TABLE 2.—*Imports of maple products into the United States, 1923–1930*

Year	Quantity	Value	Duty collected	Value per pound	Computed ad valorem rate
Maple sugar:	*Pounds*				*Per cent*
1923	1,995,836	$403,156	$79,833	$0.202	19.80
1924	3,910,774	591,993	156,431	.151	26.42
1925	3,446,456	494,345	137,858	.143	27.89
1926	3,886,471	577,718	155,459	.149	26.91
1927	5,533,252	894,723	221,330	.162	24.74
1928	6,954,530	1,186,077	278,181	.171	23.45
1929	12,223,319	2,250,488	488,933	.184	21.73
1930 (Jan. 1 to June 17)	9,687,265	1,964,230	387,491	.203	19.73
1930 (June 18 to Sept. 30)	22,435	3,072	1,795	.137	58.43
Maple sirup:					
1923	102,615	19,169	4,105	.187	21.41
1924	60,650	10,335	2,426	.170	23.47
1925	113,448	15,391	4,538	.136	29.48
1926	203,289	27,098	8,132	.133	30.01
1927	175,114	31,009	7,005	.177	22.59
1928	398,644	53,111	15,946	.133	30.02
1929	180,550	29,451	7,222	.163	24.52
1930 (Jan. 1 to June 17)	1,542,230	172,649	61,689	.112	35.73
1930 (June 18 to Sept. 30)	9,341	1,425	514	.153	36.07

Except in 1930, the imports of sirup have always been small, partly due to the fact that under the act of 1922 sirup and sugar were dutiable at the same rate, 4 cents per pound. The large imports in 1930 occurred just before the increased duty provided in the tariff act of 1930 became effective on June 18. They consisted of sirup which the exporters had been unable to have converted into sugar in time to be entered under the 4-cent per pound duty provided for in the act of 1922.

GRADE AND COMPETITIVE CHARACTER OF IMPORTS

In general, the maple sugar imported from Canada is of two types—sugar produced on farms in the Beauce region of Quebec and sugar made in factories. Beauce sugar is usually dark brown, almost black, in color, and comes in large irregular shaped hard blocks which are packed in bags. Factory sugar, being made from sirups blended to specifications, is of uniform grade and is molded into wooden boxes. Beauce sugar goes mainly to makers of blended sirups, who prefer it because of its strong flavor. Factory-made sugar is also used by makers of blended sirups, but goes mainly to the tobacco industry, which uses it as a sweetening in the manufacture of cigarettes and other products. The proportion of imports consisting of factory sugar has been steadily increasing. Even in the Beauce region of Canada much of the sirup is now being sold as such to the factories, where it is made into sugar.

Factory-made Canadian sugar is similar to domestic factory-made sugar, and the two are directly competitive. Canadian farm-made sugar is similar to domestic farm-made sugar, with the exception of the so-called Beauce sugar of Canada, which has certain peculiar characteristics as to color, strength, and hardness but which is nevertheless competitive with domestic sugar.

ORGANIZATION OF THE INDUSTRY

Formerly both maple sirup and maple sugar were produced entirely on farms. The demand by commercial consumers for maple sugar of more uniform grade started a development in the industry which has largely removed the conversion of sirup to sugar, for commercial uses, from the farms to factories. In the United States this development is nearly complete, and in Canada it is progressing rapidly. Factories in the United States are owned and operated almost exclusively by independent dealers; in Canada independent dealers are operating also, but, under Government supervision a strong cooperative organization is being established. At the present time farm-made sugar in the United States is sold principally at retail through the mail and locally by the farmers. The same is true of some sections of Canada, but in the sections where the so-called Beauce sugar is made, large quantities of farm-made sugar are still sold at wholesale.

In both countries the bulk of the sirup is sold at wholesale by the farmers, largely to the factories where it is converted into sugar. Some of the better quality sirup is still retailed by the farmers in both countries.

GIFTS AND LOANS TO THE MAPLE PRODUCTS INDUSTRY BY THE GOVERNMENT OF QUEBEC

For many years the Government of the Province of Quebec has sought to improve the methods of producing and marketing maple sirup and maple sugar in that Province. Its methods have usually been educative, but in recent years it has tried to get at the problem more directly by stimulating cooperative production. In order to do so, it has made the following donations and loans to La Société des Producteurs du Sucre d'Érable de Québec and through the society to some of its members.

1. Donations amounting to $22,500 for use in the erection of manufacturing and distributing plants by the cooperative association. Of this amount, $5,000 was given in 1926, $5,000 in 1927, $4,122.50 in December, 1929, and $8,377.50 in January, 1930. The donations in 1926 and 1927 were applied toward building and equipping a manufacturing and distributing plant at Plessisville, the 1929 and 1930 donations toward building and equipping a branch plant now under construction at Valley Junction.

2. Loans totaling $38,441.46 for use in building and equipping the Plessisville cooperative plant. Of this amount, $4,900 was loaned in 1926 without condition, $2,525 was loaned in 1929 to match an advance made by members of the cooperative, and $31,016.46 was loaned in 1929 on the condition, actually enforced, that the members of the cooperative advance an amount equal to half of the loan made by the provincial government. Interest at 5 per cent is actually being paid on these loans.

3. An offer to loan, through the cooperative without interest, to members of the cooperative association only, as much as 50 per cent of the cost of new equipment purchased by them, but in no case more than $500. It is stipulated that the loans are to be repaid in five equal annual installments. Of the 2,000 farmer members of the association, only about 150 have taken advantage of the offer and altogether they have borrowed only $27,525.32. Under the terms of the offer the borrower must agree to sell his entire production to the association and must make a cash payment of 50 per cent of the value of the equipment purchased.

The only effect of these donations and loans on the costs of the Canadian production is the saving in interest. The amount of this saving spread over the portion of the total production handled by the cooperative was as follows:

Year:	Per pound
1927	$0. 0003
1928	. 0003
1929	. 0001
1930	. 0001
1931 (based on 1930 production)	. 0003
Average for 5 years	. 0002

Spread over the total production of Quebec the saving would be insignificant.

Cost Investigation

The cost data on which the findings of the commission, in this investigation, are based are the cost data for the 1925 season, as obtained in a previous investigation with certain adjustments in the

interest on the investment and in the weighting of costs for certain areas. Before basing its conclusions on these data the commission established their representativeness for the 1930 conditions by inquiring as to what changes, if any, had taken place in the industry since 1925. For this purpose field work in the important producing areas of both countries was carried on in October, 1930.

CHANGES SINCE 1925 IN FACTORS AFFECTING COSTS

Information obtained in the recent field investigation showed:

1. The 1925 maple season was representative of normal yield per tree and normal conditions in both countries, and, therefore, a satisfactory period for determining normal cost differences.

2. No significant changes affecting the various cost items had occurred by the end of the 1930 maple season. Since the end of that season, however, farm wages are reported to have declined in both the United States and Canada, according to the best estimates obtainable, about 10 per cent in each country.

3. Since 1925 the production of sugar in factories has increased until now it probably exceeds the production on farms. In both the United States and Canada, however, there is still a large farm production of maple sugar, and for such production the cost data obtained for 1925 may be taken as representative of current conditions. Had the factory cost of converting sirup to sugar been taken into consideration the difference in costs of producing sugar in the two countries would be somewhat less than is indicated on page 54.

ADJUSTMENT IN THE COST DATA FOR 1925

Information obtained during the present investigation, including the public hearing, indicates that the figures representing the cost on investment in the sugar groves, as shown in the report on the previous investigation, were not wholly reliable. Sugar groves are not commonly bought and sold as such; therefore it is not practicable to get reliable information as to their market value for the purpose of calculating the interest upon investment. The figures which were obtained did not appear to be consistent with other elements of cost of production in the United States and in the principal competing country. In this report, therefore, the items of interest on the investment in the sugar groves in the United States and in Canada, have been omitted from the cost comparison.

There has also been a change in the Canadian cost data for 1925 because of a revision of the method of weighting three of the Canadian areas. In the previous report costs for these areas were weighted differently from the domestic areas. The discrepancy has been corrected by weighting both domestic and foreign areas by the same method.

PROPORTION OF PRODUCTION COVERED BY THE COST INQUIRY IN 1925

The commission cost data for 1925 were compiled from records of costs on 620 farms in the United States and 220 farms in Canada. The 620 domestic farms, for which cost records were obtained, produced 127,070 gallons of sirup, or 4.11 per cent of the estimated total domestic production in 1925, and 154,736 pounds of sugar, or 4.78 per cent of the estimated total domestic production. The 220 Cana-

dian farms, for which such records were obtained, produced 48,724 gallons of sirup, or 1.03 per cent of the estimated total Canadian production, and 134,495 pounds of sugar, or 1.29 per cent of the total estimated Canadian production.

AREAS COVERED IN COST INQUIRY

The cost inquiry in the United States was confined to the three States—Vermont, New York, and Ohio—which are the principal States producing maple products. In Canada four distinct production areas of the Province of Quebec were studied.

FARM COST OF PRODUCTION OF MAPLE SIRUP, EXCLUSIVE OF CONTAINERS

Table 3 compares weighted average farm costs of production of maple sirup in the United States and Canada. The United States costs are shown for Vermont, New York, and Ohio separately, with the average for those States; Canadian costs are shown separately for the Beauce section and for the other sections of Quebec with an average for Quebec as a whole.

TABLE 3.—*Maple sirup: Itemized cost of producing sirup, United States and Canada*

	Unit	United States				Canada		
		Vermont	New York	Ohio	Weighted average for three States	Beauce	Other	Weighted average for Quebec as a whole
Operating costs:								
Human labor	Gallon	$0.4593	$0.4475	$0.4132	$0.4473	$0.3122	$0.3094	$0.3097
Horse labor	do	.1631	.1716	.1646	.1668	.0794	.1136	.1104
Fuel	do	.2591	.3421	.3519	.3074	.1872	.2170	.2142
Taxes	do	.0822	.0977	.1611	.1008	.1067	.0625	.0666
Rent	do	.0252	.0482	.0429	.0374		.0057	.0052
Repairs and depreciation	do	.2163	.1818	.2359	.2053	.2119	.1598	.1646
Other	do	.0046	.0058	.0075	.0055		.0004	.0004
Total operating cost without interest	do	1.2098	1.2947	1.3771	1.2705	.8974	.8684	.8711
	pound	.1100	.1177	.1252	.1155	.0816	.0789	.0792
Marketing costs:								
Human labor	Gallon	.0183	.0308	.0190	.0236	.0123	.0129	.0128
Horse labor	do	.0101	.0126	.0047	.0102	.0048	.0102	.0097
Other except containers	do	.0058	.0075	.0020	.0059		.0032	.0029
Total marketing cost	do	.0342	.0509	.0257	.0397	.0171	.0263	.0254
	pound	.0031	.0046	.0023	.0036	.0016	.0024	.0023
Combined operating and marketing cost without interest or containers.	Gallon	1.2440	1.3456	1.4028	1.3102	.9145	.8947	.8964
	Pound	.1131	.1223	.1275	.1191	.0832	.0813	.0815
Computed interest on sirup equipment at 3 per cent.	Gallon	.1784	.1423	.1834	.1651	.1600	.1605	.1605
	Pound	.0162	.0128	.0167	.0150	.0145	.0146	.0146
Combined operating and marketing costs with interest but without containers.	Gallon	1.4224	1.4879	1.5862	1.4751	1.0745	1.0552	1.0569
	Pound	.1293	.1351	.1442	.1341	.0977	.0959	.0961
Sales value (sirup used and sold as sirup).	Gallon	1.6547	1.7464	1.8996	1.7303	1.5311	1.3569	1.3730
	Pound	.1504	.1588	.1727	.1573	.1392	.1234	.1249

WHOLESALE CONTAINER COST FOR MAPLE SIRUP

Maple sirup, when sold wholesale, is shipped in large metal drums supplied by the purchaser. The sirup containers furnished by wholesale dealers and used in shipping maple sirup are the same type in both countries.

TRANSPORTATION COST

On any basis of computing transportation costs, the difference between the transportation cost of sirup produced in the United States and of sirup produced in Canada is so negligible that its consideration does not materially affect the differences in costs of production.

FARM COST OF PRODUCTION OF MAPLE SUGAR, EXCLUSIVE OF CONTAINERS

Table 4 compares the itemized costs of producing maple sugar in the United States and in Canada for the year 1925. Domestic costs are shown separately for Vermont and New York and for the two States taken together. No sugar costs are shown for Ohio, as little sugar is made in that State, and what is made is mainly for home consumption and for local retail sale. Canadian costs are shown separately for the Beauce section, for other sections of Quebec, and for Quebec as a whole. The costs of sirup as a raw material for sugar production and the costs of converting sirup into sugar, both stated per pound of sugar, were obtained for the States of the United States and for areas of Canada, by weighting the average unit cost on each maple-sugar-producing farm covered by the cost inquiry according to the production of sugar on that farm. The average costs for the United States as a whole and for Canada as a whole were obtained by weighting State or area averaged by the officially reported [1] sugar production of each State or area.

The sirup costs shown in Table 4 in terms of sugar were converted from per pound of sirup to per pound of sugar by taking 11 pounds of sirup as yielding 8 pounds of sugar.

TABLE 4.—*Maple sugar: Weighted average farm costs of production, exclusive of container and transportation costs, United States and Canada*

[Per pound of sugar]

Item	United States [a]			Canada		
	Vermont	New York	Weighted average for 2 States	Beauce	Other sections of Quebec	Weighted average for Quebec
Sirup costs: [b]						
Operating cost without interest	$0.1366	$0.1783	$0.1474	$0.1118	$0.1156	$0.1138
Interest on investment	.0221	.0282	.0236	.0200	.0227	.0214
Total operating cost	.1587	.2065	.1710	.1318	.1383	.1352
Sugar-making costs:						
Sugaring-off labor	.0087	.0184	.0112	.0041	.0061	.0051
Fuel used	.0154	.0472	.0236	.0092	.0136	.0114
Repairs and depreciation	.0041	.0029	.0038	.0010	.0024	.0017
Interest on sugar equipment	.0023	.0011	.0020	.0005	.0015	.0012
Total cost with interest	.0305	.0696	.0406	.0148	.0236	.0194
Sugar-marketing costs, exclusive of containers	.0077	.0105	.0084	.0034	.0040	.0037
Total sugar costs	.1969	.2866	.2300	.1500	.1659	.1583

[a] Ohio is omitted from sugar costs because of the small sugar production covered in this investigation.
[b] Sirup converted to sugar on the basis of 8 pounds of sugar to 11 pounds of sirup.

[1] Reported for 1925 for States of the United States in the Yearbook of the U. S. Department of Agriculture, 1925, p. 1010; reported for counties of Quebec in Census of Canada, 1921, pp. 654-661.

TRANSPORTATION COSTS

On any basis of computing transportation costs, the difference between the transportation cost of sugar produced in the United States and of sugar produced in Canada is so negligible that it is not a factor in determining the difference in cost of production.

CONTAINER COSTS

Maple sugar sold at wholesale, with the exception of Beauce sugar, is packed in wooden boxes. The prices for such boxes are practically identical in the two countries. Beauce sugar is packed in jute bags. Container costs have not been included in the production cost of sugar for the reason that there is no important difference in the cost of similar containers of any type in the two countries.

DECREASING RATES OF DUTY ON MAPLE SUGAR AND MAPLE SIRUP

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas, under and by virtue of section 336 of Title III, Part II, of the act of Congress approved June 17, 1930, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes," the United States Tariff Commission has investigated the differences in costs of production of, and all other facts and conditions enumerated in said section with respect to, maple sugar and maple sirup, being wholly or in part the growth or product of the United States and of and with respect to like or similar articles wholly or in part the growth or product of the principal competing country;

Whereas in the course of said investigation a hearing was held, of which reasonable public notice was given and at which parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard;

Whereas the commission has reported to the President the results of said investigation and its findings with respect to such differences in costs of production;

Whereas the commission has found it shown by said investigation that the principal competing country is Canada, and that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic articles and the like or similar foreign articles when produced in said principal competing country, and has specified in its report the decreases in the rates of duty expressly fixed by statute found by the commission to be shown by said investigation to be necessary to equalize such differences;

And whereas in the judgment of the President such rates of duty are shown by such investigation of the Tariff Commission to be necessary to equalize such differences in costs of production.

Now, therefore, I, Herbert Hoover, President of the United States of America, do hereby approve and proclaim the following rates of duty found to be shown by said investigation to be necessary to equalize such differences in costs of production:

A decrease in the rate of duty expressly fixed in paragraph 503 of Title I of said act on maple sugar, from 8 cents per pound to 6 cents per pound;

And a decrease in the rate of duty expressly fixed in paragraph 503 of Title I of said act on maple sirup, from 5½ cents per pound to 4 cents per pound.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 5th day of February in the year of our Lord one thousand nine hundred and thirty-one, and of the Independence of the United States of America the one hundred and fifty-fifth.

[SEAL.] HERBERT HOOVER.

By the President:

HENRY L. STIMSON,
Secretary of State.

WOOL FLOOR COVERINGS

RESULTS OF AN INVESTIGATION OF THE DIFFERENCES IN COSTS OF PRODUCTION OF WOOL FLOOR COVERINGS, NOT SPECIALLY PROVIDED FOR, IN THE UNITED STATES AND IN THE PRINCIPAL COMPETING COUNTRY FOR THE PURPOSES OF SECTION 336 TITLE III, OF THE TARIFF ACT OF 1930

WOOL FLOOR COVERINGS NOT SPECIALLY PROVIDED FOR

UNITED STATES TARIFF COMMISSION,
Washington, February 2, 1931.

To the PRESIDENT:

The United States Tariff Commission herein reports the results of an investigation with respect to floor coverings, wholly or in chief value of wool, not specially provided for, for the purposes of section 336 of title III of the tariff act of 1930, and its findings with respect thereto.

Upon consideration of the facts obtained in this investigation, the commission finds that the domestic articles and the foreign articles imported under paragraph 1117 (c) are not like or similar, and therefore a comparison can not be made of domestic and foreign costs of production for purposes of the law.

The commission instituted this investigation on July 11, 1930, in compliance with Senate Resolution No. 313, dated July 3, 1930.

Public notice of the hearing was given on September 22, 1930. At this hearing, held in Washington, D. C., on November 18, 1930, parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard, as required by law.

FINDINGS OF THE COMMISSION

1. Imports of carpets and rugs dutiable under paragraph 1117 (c) of the tariff act of 1930 for the period June 18 to November 30, 1930, were 1,382,752 square feet, valued at $248,080. Statistics of domestic production of approximate similar merchandise are not available, but the amount is known to be small.

2. The articles imported under paragraph 1117 (c) of the tariff act of 1930 include (*a*) Numdah felt rugs, (*b*) druggets, (*c*) hooked rugs, (*d*) all-over embroidered rugs, and (*e*) mohair plush rugs, and also any other type not provided for eo nomine.

(*a*) Numdah felt rugs are not made in the United States.

(*b*) Druggets as such are not made in the United States. The nearest comparable domestic article is finer in texture and quality and is not sold as a "drugget."

(*c*) Hooked rugs of wool are made in this country by machine. The imported articles are handmade and are inferior in quality to the domestic.

(*d*) All-over embroidered rugs are made in small quantities in the United States. The foreign article is not similar to the domestic in weight, quality, or design and the two are not competitive on a price basis.

(*e*) Mohair plush rugs are made in the United States and a comparable article is imported. The domestic and imported rugs are sold in this country at the same price, but the domestic production and imports are negligible.

Conclusion

The commission finds it shown by the investigation that the foreign articles imported from the principal competing country are not like or similar to the domestic articles for the purposes of section 336 of the tariff act of 1930, and that no basis exists for a change in the rate of duty expressly fixed in paragraph 1117 (c) under the provisions of that section.

Respectfully submitted.

Henry P. Fletcher,
Chairman.
Thomas Walker Page,
Vice Chairman.
John Lee Coulter,
Alfred P. Dennis,
Edgar B. Brossard,
Lincoln Dixon,
Commissioners.

ULTRAMARINE BLUE

RESULTS OF AN INVESTIGATION OF THE DIFFERENCES IN COSTS OF PRODUCTION OF ULTRAMARINE BLUE IN THE UNITED STATES AND IN THE PRINCIPAL COMPETING COUNTRY FOR THE PURPOSES OF SECTION 336, TITLE III, OF THE TARIFF ACT OF 1930

ULTRAMARINE BLUE

UNITED STATES TARIFF COMMISSION,
Washington, February 2, 1931.

To the PRESIDENT:

The United States Tariff Commission herein reports the results of an investigation of the differences in costs of production of ultramarine blue in the United States and in the principal competing country, for the purposes of section 336 of Title III of the tariff act of 1930, and its findings with respect thereto.

Upon consideration of the facts obtained in this investigation, the commission finds that the present rates of duty fixed by the tariff act of 1930, namely: 3 cents per pound, if valued at 10 cents or less per pound; and 4 cents per pound, if valued at more than 10 cents per pound, on ultramarine blue, dry, in pulp, or ground in or mixed with oil or water, wash and all other blues containing ultramarine, should not be changed.

The commission instituted this investigation on July 3, 1930, in compliance with Senate Resolution No. 309, dated June 30, 1930.

Public notice of the hearing was given on September 22, 1930. At this hearing, held in Washington, D. C., on November 6, 1930, parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard, as required by law.

FINDINGS OF THE COMMISSION

1. Domestic production of ultramarine blue has varied from 8,366,920 pounds in 1925, to 9,107,881 pounds in 1929. Imports of ultramarine blue have varied from 960,335 pounds in 1925, to 683,149 pounds in 1929, and have supplied from 10.3 per cent to 7.0 per cent of the apparent domestic consumption. The year 1929 is a representative period for the purpose of this investigation.

2. England is the principal competing country.

3. There are many grades of ultramarine blue. The grades selling in the United States in 1929, for more than 12 cents per pound are the most important in quantity and value, both as to domestic production and imports. The grades of ultramarine blue produced in England, and selling in the United States markets in the price groups (1) from 12 cents to 16 cents per pound corresponding to the duty bracket "if valued at 10 cents or less per pound" and (2) 17 cents per pound and over, corresponding to the duty bracket "if valued at more than 10 cents per pound," are like or similar to the grades of the domestic product selling in the same price group, and these grades are taken in this report for comparing domestic and foreign costs for the purposes of section 336 of the tariff act of 1930.

4. The metropolitan New York district is the principal market in the United States for both domestic and imported ultramarine blue.

5. The cost of production as defined in section 336 (h) (4) was not readily ascertainable for ultramarine blue produced in the principal

competing country. The commission, therefore, in accordance with section 336 (e) (2) (A) accepted the weighted average of invoice prices of ultramarine blue as evidence of such cost.

6. Costs of production ascertained in accordance with section 336:

(A) The costs of production of ultramarine blue produced in the United States were $0.1214 per pound for the grades selling from 12 to 16 cents per pound and $0.1736 per pound for the grades selling for 17 cents per pound and over, for the period covered by the investigation. The corresponding costs of production in the principal competing country, as evidenced by invoice prices, were $0.0872 per pound and $0.1263 per pound, respectively.

(B) The cost of transportation and other delivery charges of ultramarine blue from the centers of domestic production to the principal market in the United States was $0.0021 per pound during 1929, and the corresponding cost from the centers of production in the principal competing country to the same market was $0.0086 per pound.

(C) No other relevant factors constituting an advantage or disadvantage in competition were disclosed in the course of the investigation.

The total cost of production of ultramarine blue in the United States, including transportation and other delivery costs to the principal market, were thus $0.1235 per pound for grades selling from 12 to 16 cents per pound and $0.1757 per pound for the grades selling at more than 17 cents per pound; the corresponding foreign costs of ultramarine blue were $0.0958 per pound and $0.1349 per pound; and the differences in such costs were $0.0277 per pound and $0.0408 per pound, respectively.

CONCLUSION

The commission finds it shown by the investigation (*a*) that the duties expressly fixed by statute on ultramarine blue, dry, in pulp, or ground in or mixed with oil or water, wash and all other blues containing ultramarine, namely, 3 cents per pound on said article if valued at 10 cents or less per pound, and 4 cents per pound if valued at more than 10 cents per pound, equalize the differences in the costs of production, including transportation and delivery to the principal market in the United States of the said domestic article and the like or similar foreign article produced in the principal competing country; and (*b*) that no change in the said rates is necessary to equalize these differences.

Appended to this statement of findings is a summary of information obtained in this investigation.

Respectfully submitted.

HENRY P. FLETCHER,
Chairman,
THOMAS WALKER PAGE,
Vice Chairman,
JOHN LEE COULTER,
ALFRED P. DENNIS,
EDGAR B. BROSSARD,
LINCOLN DIXON,
Commissioners.

Summary of Information Obtained in the Investigation With Respect to Ultramarine Blue

DESCRIPTION AND SCOPE

Ultramarine blue is a blue pigment, manufactured by heating together a mixture of china clay, soda ash, sulphur, silica, and pitch, and separating the resulting purified mass into several fractions by flotation and levigation. Wash blues are ultramarine blues of medium quality, frequently mixed with other materials and used to neutralize the yellow tint in laundering. Ultramarine blues, ground in or mixed with oil or water, are as described; these forms are neither generally manufactured by domestic producers of ultramarine blue nor imported. The costs as obtained may be taken as representative of all grades of ultramarine blue and wash blue.

RATES OF DUTY

The present rate of duty fixed by the tariff act of 1930 on ultramarine blue, in all forms, is 3 cents per pound if valued (foreign value) at 10 cents per pound or less, and 4 cents per pound if valued at more than 10 cents per pound. Under the act of 1922 the rate was 3 cents per pound, regardless of value. Under the act of 1913, ultramarine blue was dutiable at 15 per cent ad valorem.

COMPARABILITY OF DOMESTIC AND FOREIGN PRODUCT

The fact that the duty fixed by laws is different on ultramarine blue valued at 10 cents or less per pound, and on that valued at more than 10 cents per pound, makes it necessary in a cost comparison to distinguish classes corresponding to these duties.

The duty brackets are based on foreign values. The commission found by inquiry from the principal importers that the imported product valued in the foreign country at 10 cents or less per pound was sold in 1929 by them in the United States at less than 17 cents per pound, and that imported ultramarine blue falling under the higher duty bracket was sold at 17 cents or more per pound. This evidence is confirmed by the fact that whereas approximately 45 per cent of the imports from England during the period covered by the investigation were valued at 10 cents or less per pound (foreign value), about 47 per cent of these imports were sold in the United States at a price of less than 17 cents per pound and 53 per cent at a price of 17 cents or more.

Ultramarine blue is marketed in a large number of grades without definitely standardized specifications. Each manufacturer produces many grades by blending varying proportions of the fractional separations of the processed blue. Sales are made under an elaborate system of code numbers. Grades are often produced to meet the consumers' specifications or to match samples of former shipments. The value of a given grade depends on the concentration of the blue coloring matter and on the fineness of the particles.

A detailed physical comparison of samples of the domestic product with samples of the imported product is impracticable. The commission found, however, that the imports of ultramarine blue entered under the lower duty bracket (foreign value, 10 cents or less per

pound), taken as a group, were substantially like and similar to the domestic grades selling at a price range of from 12 to 16 cents per pound, taken as a group. Similarly, it found the imports under the higher group duty bracket, taken as a group, to be substantially like or similar to the domestic production of grades selling at 17 cents per pound or more. About 30 per cent of the output of ultramarine blue produced in the United States is necessarily low-grade material selling at less than 12 cents per pound. This is sold below the average cost of production per pound of the product as a whole. There is no importation of ultramarine blue of these lower grades. It is claimed (minutes of public hearing, p. 37) that the principal foreign producer has the same difficulty in disposing of the inferior portion of his product as is encountered by the domestic producers.

For the reasons given, the commission's cost comparison used as a basis for this report, is made between the average domestic and the average foreign cost (*a*) of the product selling in the United States market at from 12 to 16 cents per pound, and (b) of the product so selling at 17 cents or more per pound. These two groups are designated in Table 4 as Nos. 3 and 4, respectively. Domestic costs were also obtained for ultramarine blue of two lower price groups designated as Nos. 1 and 2, respectively, but there is no way of comparing these with foreign costs.

PRODUCTION, IMPORTS, AND EXPORTS

Table 1 shows the production of ultramarine blue as reported by the Bureau of the Census. Table 2 shows imports for consumption.

TABLE 1.—*Ultramarine blue: Domestic production, 1923–1929*

Year	Quantity	Value	Unit value
	Pounds		
1923	7,064,134	$1,087,547	$0.154
1925	8,366,920	1,226,696	.146
1927	8,347,803	1,187,035	.142
1929 [1]	9,107,881	1,313,885	.144

[1] Preliminary figures.

TABLE 2.—*Ultramarine blue: Imports for consumption, 1925–1930*

Year	Quantity	Value	Unit value
	Pounds		
1925	960,335	$143,596	$0.149
1926	869,528	118,562	.136
1927	916,964	113,662	.124
1928	934,210	113,049	.121
1929	683,149	81,285	.119
1930 (Jan. 1–Aug. 31)	602,862	69,898	.117

Exports of ultramarine blue are not separately shown in official statistics, but are known to be small, to consist of wash blue, and the low grades, and to go principally to certain South American countries and Canada.

PRINCIPAL COMPETING COUNTRY

Table 3 shows imports by countries of origin in 1929, and is the basis for establishing England as the principal competing country.

TABLE 3.—*Ultramarine blue: Imports by countries of origin, 1929*

Country	Quantity	Value	Per cent by weight of total
	Pounds		
England	584, 556	$70, 296	85
France	47, 958	5, 852	7
Belgium	39, 651	3, 723	6
Germany	6, 500	1, 078	1
Netherlands	4, 484	336	1
Total	683, 149	81, 285	100

DOMESTIC COSTS

There are five domestic producers of ultramarine blue, located in West Virginia, New Jersey, New York, Ohio, and Indiana. All five of these producers were costed by the commission's representatives. The data obtained from each producer included the cost of production per pound of the aggregate production of all grades, and a segregation of the total sales by pounds and value during the cost period into the following price groups: (1) Up to 8 cents per pound, (2) 9–11 cents per pound, (3) 12–16 cents per pound, and (4) 17 cents and over per pound. The aggregate cost of production of each company was apportioned to the production corresponding to each of the price groups on the basis of the sales in the respective groups. Obviously, under this method, each price group bears a portion of the total cost burden in direct proportion to the value of sales in the respective group. The method applied in apportioning the total cost to the price groups is as follows:

(1) The total sales were segregated by pounds and value into the four price groups, and the percentage by value of the total of each group determined.

(2) The total cost (dollars expended) was divided into the four groups on the basis of the above percentages.

(3) The percentage by weight of the total pounds sold in each price group was obtained.

(4) The total production in pounds was divided into the four price groups on the basis of this percentage ratio.

Steps (3) and (4) are a necessary departure from the usual method of sales allocation because production by price groups was not known.

(5) The cost (dollars expended) in each group was divided by the calculated pounds of production in each group to determine the cost per pound of each group, in both the total cost and in the detailed elements of costs.

TABLE 4.—*Ultramarine blue: Weighted average domestic cost of production by cost items, allocated in price groups, per pound*

Price groups	.....	Total	No. 1	No. 2	No. 3	No. 4
Per cent of total production	.....	100	17.34	8.43	33.72	40.51
Items of cost	Per cent total cost of production	Weighted average cost of 5 companies	Up to 8 cents	9 to 11 cents	12 to 16 cents	17 cents and up
Raw material	23.81	$0.0300	$0.0129	$0.0223	$0.0298	$0.0391
Direct labor	19.92	.0251	.0116	.0168	.0228	.0346
Indirect labor	6.75	.0085	.0028	.0069	.0095	.0103
Fuel for heating and drying	4.60	.0058	.0029	.0039	.0050	.0080
Water for processing	.56	.0007	.0001	.0005	.0008	.0009
Manufacturing supplies	3.17	.0040	.0011	.0028	.0040	.0054
Depreciation:						
Buildings	2.06	.0026	.0012	.0020	.0022	.0035
Equipment	3.09	.0039	.0019	.0026	.0035	.0052
Repairs and maintenance	5.08	.0064	.0033	.0043	.0056	.0088
Insurance:						
Fire	.56	.0007	.0003	.0004	.0007	.0009
Liability	.56	.0007	.0003	.0004	.0006	.0009
Taxes	1.67	.0021	.0010	.0012	.0018	.0029
Heat, light, and power	3.57	.0045	.0020	.0035	.0042	.0059
General factory expense	3.17	.0040	.0027	.0034	.0033	.0063
General administrative expense	9.13	.0115	.0034	.0077	.0117	.0156
Packing material	8.49	.0107	.0050	.0068	.0091	.0152
Weighted average cost of production	96.19	.1212	.0525	.0855	.1146	.1635
Interest on investment	3.81	.0074	.0031	.0052	.0068	.1010
Weighted average cost per pound, f. o. b. plant	100.00	.1286	.0556	.0907	.1214	.1736

FOREIGN COSTS

The cost of production of ultramarine blue, as defined in section 336 (h) (4), was not readily ascertainable for England, the principal competing country. The commission therefore, as authorized by law, accepted the weighted average of invoice prices of the imported product as evidence of said cost. Since 90 per cent of the total imports in 1929 were entered through the New York and Ohio customs districts, invoices of imports through these districts are considered representative. The commission's representatives obtained, from the four importers in New York City who entered ultramarine for sale, their sales during 1929 distributed according to the same price groups (based on price of sales in the United States) as were used for the domestic product. The invoice value, f. o. b. foreign port of shipment, of the total imports of each of these importers was apportioned among the several price groups on the basis of the importer's sales in the respective groups. Two large importers enter ultramarine blue for use in their own products. The invoice values of these imports are not included in this investigation since the product is not directly sold, and no price grouping is possible. Table 5 summarizes the invoice values of imports for direct sale, apportioned into the price groups.

TABLE 5.—*Ultramarine blue: Summary of weighted average invoice values of imports for sale, allocated in price groups, per pound*

Price group	Total weighted average of four importers	Group 1, up to 8 cents	Group 2, 9–11 cents	Group 3, 12–16 cents	Group 4, 17 cents and over
Per cent of total sold imports	100	----------	0.18	47.00	52.82
Weighted average unit value of sales	$0.1822	----------	$0.1080	$0.1474	$0.2134
Weighted average invoice value, f. o. b. foreign port	.1078	----------	.0658	.0873	.1263
Add transportation charges to New York City	.0086	----------	.0086	.0086	.0086
Weighted average invoice values, c. i. f. New York City	.1164	----------	.0744	.0958	.1349

PRINCIPAL MARKET AND COST OF TRANSPORTATION

Table 6 shows that metropolitan New York is the principal market for ultramarine blue, and costs of transportation have been computed only to that market. Cost of transportation within the country is a small factor in proportion to the other costs and value of the product, and the inclusion of transportation charges to other markets would not appreciably affect the general results of the cost comparison.

TABLE 6.—*Ultramarine blue: Geographical distribution of domestic sales, and imports through New York and Ohio districts, 1929—all grades*

District	Domestic production	Imports
	Per cent of total	*Per cent of total*
Metropolitan New York	49	51
Central	21	49
Miscellaneous	30	
Total	100	100

Transportation charges on domestic sales were determined by obtaining the weighted average transportation cost applying to all sales of ultramarine blue in the New York area. Transportation charges on the imported ultramarine are ocean freight, insurance, and other fees, and are included in the c. i. f. charges to New York City.

COMPARISON OF DOMESTIC AND FOREIGN COSTS

Table 7 shows the comparative costs of ultramarine blue of price groups 3 and 4 corresponding to the respective duty brackets on ultramarine blue.

TABLE 7.—*Ultramarine blue: Comparative summary of domestic and foreign costs by price groups*

[Cents per pound]

	Group 3, 12–16 cents per pound	Group 4, 17 cents and up per pound
Domestic product:		
Weighted average cost of production	12.14	17.36
Cost of transportation to New York City	0.21	0.21
Total cost	12.35	17.57
Foreign product:		
Weighted average invoice value of imports in the foreign country	8.72	12.63
Cost of transportation and delivery to New York City	.86	.86
Total cost	9.53	13.49
Excess of domestic over foreign cost	2.77	4.08
Present rate of duty	3.00	4.00

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