

cop. 2

1971 cm

UNITED STATES TARIFF COMMISSION

STAINLESS-STEEL TABLE FLATWARE:
WORKERS OF THE UTICA CUTLERY COMPANY
UTICA, N. Y.

Report to the President on
Investigation No. TEA-W-120
Under Section 301(c)(2) of the Trade Expansion Act of 1962



TC Publication 442
Washington, D. C.
December 1971

UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Glenn W. Sutton

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Kenneth R. Mason, *Secretary*

**Address all communications to
United States Tariff Commission
Washington, D. C. 20436**

C O N T E N T S

	<u>Page</u>
Report to the President-----	1
Finding of the Commission-----	2
Considerations supporting the Commission's finding-----	3
Information obtained in the investigation:	
Description of the articles under investigation-----	A-1
U.S. tariff treatment-----	A-3
U.S. consumption-----	A-9
U.S. production, sales, inventories, and exports-----	A-9
U.S. imports-----	A-11
U.S. producers-----	A-13
The Utica Cutlery Co.:	
Structure and ownership-----	A-14
Plant, production, and capacity-----	A-14
Flatware sales-----	* * *
Nonflatware sales-----	* * *
Imports of flatware-----	* * *
Price competition-----	* * *
Employment-----	A-14
Appendix A. Statistical tables-----	A-17

Appendix Tables

1. Stainless-steel table flatware: U.S. rates of duty under the Tariff Act of 1930 from June 18, 1930, until Aug. 30, 1963-----	A-19
2. Stainless-steel table flatware: Changes in U.S. rates of duty under the Tariff Schedules of the United States pursuant to the Kennedy Round of trade negotiations-----	A-20
3. Knives with folding or non-fixed blades of the types pro- duced by Utica Cutlery Co.: U.S. rates of duty under the Tariff Act of 1930, the initial TSUS rate, and the first and final rates under the Kennedy Round concessions-----	A-21
4. Fixed blade cutlery, kitchen tools, and bottle caps of the types produced by Utica Cutlery Co.: U.S. rates of duty under the Tariff Act of 1930, the initial TSUS rate, and the first and final rates under the Kennedy Round concessions-----	A-22

CONTENTS

	<u>Page</u>
5. Stainless-steel table flatware: Production and sales by U.S. manufacturers, U.S. exports, U.S. imports for consumption, and apparent U.S. consumption, 1965-70, January-June 1970, and January-June 1971-----	A-23
6. Stainless-steel table flatware: U.S. imports for consumption, by sources, 1965-70, and January-September 1971-----	A-24
7. Knives with folding or nonfixed blades (pocketknives), fixed blade (kitchen) cutlery, kitchen tools, and bottle caps of the types produced by Utica Cutlery Co.: U.S. imports for consumption, 1966-70 and January-April 1971-----	A-26

Note.--The whole of the Commission's report to the President, including the statistical appendix, may not be made public since it contains certain information that would result in the disclosure of the operations of an individual concern. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
December 17, 1971.

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made, under section 301(c)(2) of the act, in response to a petition filed by a group of workers.

On October 18, 1971, the United Steelworkers of America, Washington, D.C., filed a petition for determination of eligibility to apply for adjustment assistance on behalf of the workers of Utica Cutlery Company, Utica, N.Y. The Commission instituted the investigation (TEA-W-120) on November 11, 1971, in response to the petition. The purpose of the investigation was to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with stainless-steel table flatware of the type produced by the Utica Cutlery Co. are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such company.

Public notice of the receipt of the petition and institution of the investigation was given by publication in the Federal Register (36 F.R. 21921) on November 17, 1971. No public hearing was requested, and none was held.

The information contained herein was obtained principally from officials of the Utica Cutlery Co., data submitted by the union, other firms in the flatware industry, and the Commission's files.

On August 17, 1971, the Commission reported to the President the results of an investigation (No. TEA-F-25) made, under section 301(c)(1) of the Trade Expansion Act of 1962, in response to a petition filed by the Utica Cutlery Co. The participating Commissioners in that case found unanimously that articles like or directly competitive with the stainless-steel table flatware produced by the company are, as a result in major part of concessions granted under trade agreements, being imported in such increased quantities as to cause, or threaten to cause, serious injury to the firm. On the basis of this finding, Utica Cutlery Co. made a proposal to the Commerce Department for adjustment assistance; the proposal is currently under consideration.

Finding of the Commission

On the basis of its investigation, the Commission unanimously finds 1/ that articles like or directly competitive with the stainless-steel table flatware produced by the Utica Cutlery Co. are, as a result in major part of concessions granted under trade agreements, being imported in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers at Utica Cutlery Co.

1/ Chairman Bedell and Vice Chairman Parker did not participate in the decision.

Considerations Supporting the Commission's Findings

As indicated in a number of previous investigations under the Trade Expansion Act of 1962, in order for a group of workers to become eligible for adjustment assistance four conditions must be met:

- (1) Articles like or directly competitive with those produced by the workers concerned are being imported in increased quantities;
- (2) The increased imports are a result in major part of concessions granted under trade agreements;
- (3) A significant number or proportion of the workers concerned are unemployed or underemployed, or threatened with unemployment or underemployment; and
- (4) The increased imports resulting from trade-agreement concessions are the major factor causing or threatening to cause the unemployment or underemployment.

In an earlier investigation relating to the firm employing the present petitioners, 1/ the Commission found that the four conditions for the firm's eligibility to apply for adjustment assistance were met. Inasmuch as the first two conditions are identical in firm and worker cases, it follows that these two conditions are also satisfied in the instant case. It remains, therefore, to determine whether requirements (3) and (4) listed above have been met.

Employment at Utica Cutlery Company in the production of stainless-steel table flatware declined precipitously from 1967 through 1969. With the acquisition of the patterns of a defunct

1/ Stainless-Steel Table Flatware: Utica Cutlery Company . . . ,
TC Publication 414, 1971.

domestic competitor, Utica Cutlery was able to recall many of its employees for the purpose of producing and building inventory of the newly acquired patterns. Employment more than doubled from December 1969 to December 1970 but did not reach the 1967 level. Moreover, in January 1971, employment began declining again and has continued to do so. According to company officials, the recent loss of sales to imports from Korea will necessitate the termination of employment of a significant number of persons * * * Thus, we find the third condition to be satisfied.

The Commission has already determined that the concession-generated increased imports were the major factor in causing serious injury to the firm. 1/ In 1968, 1969, and 1970, a number of Utica Cutlery's largest customers stopped buying flatware from the company and began to import directly themselves. Also, during the same period the company lost a substantial portion of its business with Federal and State purchasing agencies in the course of bidding against competitors manufacturing abroad. These developments, plus the recent loss of sales to imports mentioned above, have had a direct adverse impact on Utica Cutlery's employment situation. It seems clear that concession-generated increased imports are also the major factor in causing or threatening to cause the unemployment or underemployment at Utica Cutlery.

All the statutory requirements having been met, we have therefore made an affirmative determination.

1/ Stainless-Steel Table Flatware: Utica Cutlery Company . . . ,
TC Publication 414, 1971.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of the articles under investigation

The Utica Cutlery Co. (hereinafter referred to as Utica Cutlery) is situated in Utica, N.Y., and is engaged principally in the manufacture of stainless-steel table flatware, pocket and hunting knives, and kitchen cutlery. As subsidiary products the company also produces bottle caps or crowns and a limited line of kitchen tools (turners, spatulas, and similar articles). Generally, the same raw materials, i.e., stainless-steel sheet, strip, and rod, are used in the manufacture of all the company's products. The production processes consist of stamping out blanks, forging knife blades, grading (rolling of blanks to vary the thickness at certain places), trimming, deburring, grinding, polishing, assembling, and fitting.

The workers, as represented by the United Steel Workers of America, petitioned only with respect to imports of stainless-steel table flatware, and the Commission's investigation was ordered only with regard to "articles like or directly competitive with stainless-steel table flatware."

The stainless-steel table flatware produced by Utica Cutlery consists of knives, forks, and spoons with stainless-steel handles. These articles are made in a variety of styles, patterns, and finishes. The design, quality, and price of stainless-steel table flatware, whether produced in the United States or imported, vary widely. The

price of stainless-steel flatware is determined largely by its design or pattern, the weight and type of stainless steel of which it is made, the degree of grading, the amount of finishing, and the type of knife.

Pocketknives, a general term for any folding-blade knives ordinarily carried in the pocket, are a major product of Utica Cutlery. This category includes penknives (small pocketknives), jackknives (large, strong pocketknives), clasp knives (jackknives, often having a catch to hold the blade open), and "sports" knives (large, folding-blade knives having additional attachments).

Hunting knives and kitchen cutlery, which include such articles as butcher, paring, slicing, and steak knives, carving forks, and cleavers, constitute a third important group of the company's products. Utica Cutlery's hunting knives are made with plastic handles, and their kitchen cutlery is made with both wood and plastic handles.

U.S. tariff treatment

Stainless steel is defined for tariff purposes as any alloy steel which contains by weight less than 1 percent of carbon and more than 11.5 percent of chromium. Imports of stainless-steel table flatware of the type manufactured by Utica Cutlery are classified for duty purposes in the Tariff Schedules of the United States (TSUS) under items 650.08 through 650.12 (knives), 650.38 through 650.42 (forks), 650.54 and 650.55 (spoons and ladles), and 651.75 (sets of the foregoing articles).

As a result of escape-clause action, the United States in 1959 instituted a tariff-rate quota imposing increased rates of duty on imports of certain stainless-steel table flatware ^{1/} entered in excess of 5.75 million dozen pieces per year. Effective November 1, 1965, the United States enlarged the tariff quota to 7.0 million dozen pieces annually and reduced the rates of duty applicable to flatware entered in excess of the enlarged quota. All tariff-quota restrictions were allowed to terminate in October 1967.

In August 1970 the United States began negotiations with the interested contracting parties to the General Agreement on Tariffs and Trade for the modification of the tariff concessions on stainless-steel table flatware provided for in items 650.08, 650.10, 650.38, 650.40, 650.54, and 651.75 in the TSUS. Agreement of

^{1/} Valued under 25 cents each and not over 10.2 inches in overall length, hereinafter referred to as quota-type stainless-steel table flatware.

the interested parties was reached permitting modification of the concessions, and on August 21, 1971, the President issued Proclamation 4076 establishing a tariff-rate quota on the above items. ^{1/} The current tariff-rate quota, which became effective October 1, 1971, imposes increased duties on imports in excess of 48.6 million pieces in any calendar quarter. ^{2/} The proclamation, which provides for limited increases in the quota under certain circumstances, allocates the initial quota among the historical sources of supply as follows:

<u>Source</u>	<u>Quarterly quota</u> <u>(million units)</u>
Japan-----	33.0
Republic of China-----	6.3
Republic of Korea-----	4.8
Hong Kong-----	1.5
European Economic Community-----	1.5
United Kingdom-----	.6
All others (on first-come basis)----	.9
Total-----	<u>48.6</u>

The over-quota rates for these items are the same as the statutory rates shown in the following table; ^{3/} also shown in the table are the initial TSUS rates, the current rates, and the rates scheduled to go into effect on January 1, 1972, pursuant to concessions granted by the United States in the Kennedy Round of negotiations.

^{1/} 36 F.R. 16561.

^{2/} The quarterly quota of 48.6 million pieces is equivalent to 4.05 million dozen pieces per quarter or 16.2 million dozen per year.

^{3/} Trade-agreement modifications of the statutory rates with respect to stainless-steel table flatware dating from the Tariff Act of 1930 to the inception of the TSUS on Aug. 31, 1963, are shown in appendix table 1; Kennedy Round reductions are shown in appendix table 2.

Stainless-steel table flatware: U.S. rates of duty under the Tariff Act of 1930, as of June 18, 1930, Aug. 31, 1963, Jan. 1, 1971, and Jan. 1, 1972

(Cents each; percent ad valorem)

TSUS item	Commodity	Statutory rate <u>1/</u>	Rate effective Aug. 31, 1963	Current rate, effective Jan. 1, 1971	Rate scheduled for Jan. 1, 1972
	Knives, forks, spoons, and ladles with stainless-steel handles:				
	Knives:				
	With chrome steel handles:				
<u>2/</u> 650.08	Valued under 25 cents each, not over 10.2 inches in overall length.	2¢ + 45%	1¢ + 12.5%	1¢ + 12.5%	1¢ + 12.5%
650.09	Other-----	2¢ + 45%	1¢ + 12.5%	0.6¢ + 7%	0.5¢ + 6%
	With handles of nickel steel or containing over 10 percent by weight of manganese:				
<u>2/</u> 650.10	Valued under 25 cents each, not over 10.2 inches in overall length.	2¢ + 45%	1¢ + 17.5%	1¢ + 17.5%	1¢ + 17.5%
650.12	Other-----	2¢ + 45%	1¢ + 17.5%	0.6¢ + 10%	0.5¢ + 8.5%

See footnotes at end of table.

Stainless-steel table flatware: U.S. rates of duty under the Tariff Act of 1930, as of June 18, 1930, Aug. 31, 1963, Jan. 1, 1971, and Jan. 1, 1972--Continued

(Cents each; percent ad valorem)					
TSUS item	Commodity	Statutory rate <u>1/</u>	Rate effective Aug. 31, 1963	Current rate, effective Jan. 1, 1971	Rate scheduled for Jan. 1, 1972
	Knives, forks, spoons, and ladles with stainless-steel handles--Continued				
	Forks:				
	With chrome steel handles:				
<u>2/</u> 650.38	Valued under 25 cents each, not over 10.2 inches in overall length.	2¢ + 45%	1¢ + 12.5%	1¢ + 12.5%	1¢ + 12.5%
650.39	Other-----	2¢ + 45%	1¢ + 12.5%	0.6¢ + 7%	0.5¢ + 6%
	With handles of nickel steel or containing over 10 percent by weight of manganese:				
<u>2/</u> 650.40	Valued under 25 cents each, not over 10.2 inches in overall length.	2¢ + 45%	1¢ + 17.5%	1¢ + 17.5%	1¢ + 17.5%
650.42	Other-----	2¢ + 45%	1¢ + 17.5%	0.6¢ + 10%	0.5¢ + 8.5%
	Spoons and ladles:				
	With stainless-steel handles:				
<u>2/</u> 650.54	Spoons valued under 25 cents each, not over 10.2 inches in overall length.	40%	17%	17%	17%
650.55	Other-----	40%	17%	10%	8.5%

See footnotes at end of table.

Stainless-steel table flatware: U.S. rates of duty under the Tariff Act of 1930, as of June 18, 1930, Aug. 31, 1963, Jan. 1, 1971, and Jan. 1, 1972--Continued

(Cents each; percent ad valorem)

TSUS item	Commodity	Statutory rate <u>1/</u>	Rate effective Aug. 31, 1963	Current rate, effective Jan. 1, 1971	Rate scheduled for Jan. 1, 1972
651.75	Sets wholly of knives, forks, or spoons; With stainless-steel handles.	The rate applica- ble to that article in the set subject to the highest rate of duty.	The rate applica- ble to that article in the set subject to the highest rate of duty.	The rate applica- ble to that article in the set subject to the highest rate of duty.	The rate applica- ble to that article in the set subject to the highest rate of duty.

1/ Applicable to the products of Communist-controlled countries or areas which are designated as such by the President.

2/ Knives, forks, and spoons, valued under 25 cents each, not over 10.2 inches in overall length, and having stainless-steel handles were subject to quotas from Nov. 1, 1959, through Oct. 11, 1967, and since Oct. 1, 1971.

The average ad valorem equivalents of the 1930 and 1970 compound rates applicable to stainless-steel table knives and forks, based on imports of such knives and forks not imported in sets in 1970, are shown in the table below.

Average ad valorem equivalents of the U.S. rates of duty applicable to stainless-steel table knives and forks in 1930 and 1970, based on imports of such knives and forks not entered in sets in 1970

TSUS item	Average ad valorem equivalent of--	
	Statutory (1930) rate	1970 rate
650.08-----	<u>1/</u> 59.5	19.7
650.09-----	50.9	10.5
650.10-----	<u>1/</u> 58.7	24.4
650.12-----	47.8	12.9
650.38-----	<u>1/</u> 70.0	24.9
650.39-----	50.4	10.4
650.40-----	<u>1/</u> 60.8	26.1
650.42-----	49.1	13.4

^{1/} Also represents ad valorem equivalent of the current overquota rate, based on imports in 1970.

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

The President, by Proclamation 4074 of August 15, 1971, imposed, effective August 16, 1971, an additional temporary duty of 10 percent ad valorem or less on most imported articles, as provided for in the new subpart C to part 2 of the appendix to the TSUS. The extra duty (import surcharge) applicable to stainless-steel table flatware imported within the tariff-rate quota referred to above (items 949.00, 949.02, 949.04) is 10 percent ad valorem. The import surcharge does not apply to flatware imported over the quota (items 949.06, 949.08).

Articles comparable to the other products of Utica Cutlery are classifiable for duty purposes under various TSUS items. Pocketknives are classifiable under items 649.71 through 649.85; kitchen cutlery and hunting knives under items 650.01, 650.03, 650.15 through 650.19, 650.21, 650.31, 650.45; kitchen tools under 651.47; and bottle caps under 652.65. In addition to the ordinary rates of duty for these items which are shown in appendix tables 3 and 4, the surcharge of 10 percent ad valorem referred to above, is also currently applicable.

U.S. consumption

The United States is probably the world's largest consumer (as well as producer and importer) of stainless-steel table flatware. U.S. apparent consumption of stainless-steel table flatware increased from an estimated 36 million dozen pieces in 1965 to about 59 million dozen pieces in 1970 (table 5), or by 64 percent. The upward trend in domestic consumption accelerated after the termination of the tariff quota on stainless-steel table flatware in October 1967. This change reflected not only the increasing popularity of stainless-steel flatware among consumers, but to a large degree the use of stainless-steel flatware as premiums in the promotion of other products, i.e., gasoline, cereals, and so forth.

The value of U.S. consumption of pocketknives and other folding-blade knives in 1970 is estimated to have been about \$23 million; consumption of kitchen cutlery and related fixed blade cutlery is estimated to have been about \$33 million.

U.S. production, sales, inventories, and exports ^{1/}

Annual U.S. production of stainless-steel table flatware increased from about 27.4 million dozen pieces in 1965 to a record high of about 30.4 million dozen pieces in 1967--years during which the import quota was in effect for all or part of the year (table 5). Production declined appreciably in 1968 to 26.5 million dozen pieces; it increased

^{1/} Data on flatware in this section exclude data on the operation of four firms in 1967 and 1968. The combined production of stainless-steel flatware by these firms is believed to be small.

to an estimated 28.0 million dozen pieces in 1969, about 8 percent less than it was in 1967. In 1970, production again declined to 26.8 million dozen pieces. During January-June 1971 it amounted to an estimated 10.4 million dozen pieces, down from 13.4 million dozen pieces for the corresponding period in 1970.

U.S. producers' annual sales of domestically produced stainless-steel table flatware reached a peak of about 30.0 million dozen pieces in 1966. ^{1/} Such sales declined in 1967 and again in 1968, when they amounted to 26.9 million dozen pieces; following a slight increase in 1969, sales again declined and in 1970 were 24.9 million dozen pieces. The value of producers' annual sales was stable during 1966-69, being close to \$70 million in each of these years; the value of their sales declined in 1970, however, to about \$66 million.

During 1967-70, U.S. inventories ranged between 4.0 million and 6.6 million dozen pieces, quantities considerably higher than the 2.0 million to 3.6 million dozen pieces which were recorded during the period that quotas were in effect. ^{1/}

U.S. exports of stainless-steel table flatware were insignificant during 1966-70, averaging less than 2 percent of annual domestic production (table 5).

U.S. producers' shipments of pocketknives and other folding-blade knives in 1967, the latest year for which official statistics are available, were valued at \$18.7 million; in the same year producers' shipments of kitchen knives amounted to \$18.3 million. In 1970, exports of these articles amounted to about \$2.2 million.

^{1/} Quotas were in effect from Nov. 2, 1959, through Oct. 11, 1967.

U.S. imports

U.S. imports of stainless-steel table flatware have risen greatly in recent years. Imports of flatware amounted to about 9.2 million dozen pieces in 1966, the first full year during which liberalized tariff quotas were in operation and the last full year before the termination of the quotas on flatware. ^{1/} They rose to 14.9 million dozen pieces in 1968 and to 25.9 million dozen pieces in 1969. In 1970 they amounted to 34.4 million dozen pieces, ^{2/} nearly four times as large as they were in 1966 (table 5). Imports amounted to about 21.6 million dozen during January-September 1971, compared to 23.5 million dozen during January-September 1970.

In 1966, imports supplied about a fourth of apparent U.S. consumption; they supplied more than a third of such consumption in 1968, almost half in 1969, and about three-fifths in 1970 and the period January-June 1971 (table 5). The marked increase in imports in recent years has occurred principally in imports of the type formerly subject to quotas.

Japan has been the principal source of imports, followed by Taiwan and the Republic of Korea. Imports from Japan increased from 7.1 million dozen pieces in 1966 to 10.2 million dozen pieces in 1968, 17.6 million dozen pieces in 1969 and 22.6 million dozen pieces in

^{1/} Data for 1967 are believed to be inaccurate and therefore are not discussed. It is estimated that imports were at least as large in 1967 as they were in 1966.

^{2/} Equivalent to average quarterly imports of about 8.6 million dozen, compared with the quarterly quota of 4.05 million dozen.

1970; 1/ during January-September 1971 they were 12.2 million dozen pieces (table 6). The share of total U.S. imports supplied by Japan, however, decreased from about three-fourths in 1966 to about two-thirds in 1970. The share supplied by Taiwan, Korea, and Hong Kong increased in these years. In 1970 the combined imports from the latter sources were half again as great as they were in 1969 and more than three times as great as they were in 1968.

The average value per dozen pieces of imported stainless-steel flatware from all sources was \$1.22 in 1968, the same as it had been in 1966; it declined to \$1.19 in 1969, to \$1.17 in 1970, and to \$1.10 in January-September 1971. In contrast, the average value per dozen pieces of imports from Japan increased from \$1.19 in 1966 to \$1.24 in 1969 and \$1.26 in 1970.

U.S. imports for consumption of products--other than table flatware--of the types manufactured by Utica Cutlery also increased during the period 1966-70 (table 7). Combined entries of knives with folding blades, fixed-blade cutlery, and kitchen tools were valued at \$20.3 million in 1970, compared with \$9.2 million in 1966. Imports of bottle caps were valued at \$2.0 million in 1970, compared with \$1.2 million in 1966.

1/ Equivalent to average quarterly imports of about 5.65 million dozen, compared with the quarterly quota of 2.75 million dozen.

U.S. producers

Currently there are 16 domestic producers of stainless-steel flatware, down from 20 in 1967. During the period 1967-70, four companies ceased production, two during the first half of 1970. In 1970, six U.S. producers had sales of stainless-steel table flatware valued at \$1 million or more; the combined sales of such products by two of these firms, Oneida, Ltd., and International Silver Co., are estimated at more than * * * , far in excess of the others. Estimated total sales by the industry in 1970 were valued at \$65.4 million. Utica Cutlery, the firm employing the petitioners, is one of the largest of the "other" U.S. producers, with * * * of total industry sales in 1970, * * *

In 1969, 11 U.S. producers (including Oneida, International Silver, and Utica Cutlery) imported stainless-steel flatware--four more than had done so in 1967. Imports by the U.S. producers accounted for about a third of the total quantity imported in recent years.

Approximately 40 companies are engaged in the manufacture of pocketknives, other folding-blade knives, and kitchen cutlery. Of these 40 companies, 31 produce kitchen cutlery and 13 produce folding-blade knives.

The Utica Cutlery Co.

Structure and ownership.--Utica Cutlery, incorporated in the State of New York in 1912 for the manufacture of pocketknives, first undertook the manufacture of stainless-steel table flatware in 1950. The company is diversified and does not depend entirely on sales of flatware. * * *

As indicated earlier, in addition to manufacturing stainless-steel table flatware, the company makes pocketknives, butcher knives, bottle caps, and assorted kitchen tools. The annual proceeds from these diverse operations have tended to be more stable than proceeds derived from stainless-steel table flatware.

Plant, production, and capacity.--Utica Cutlery maintains two plants--one at New York Mills, N.Y., which stamps and finishes stainless-steel flatware and produces pocketknives, and one in Utica, N.Y., which, as well as performing some work on stainless-steel flatware, produces bottle caps, butcher knives, and kitchen tools.

* * * * *

Employment.--Average yearly employment of all production and related workers at Utica Cutlery during the years 1966-70 has ranged from a high of 406 in 1967 to a low of 257 in 1969.

* * * * *

The number of man-hours worked in producing stainless-steel flatware in 1966 amounted to 46 percent of the total number of man-hours worked by the company in that year. This proportion increased to almost 56 percent in 1967, then declined to 38 percent in 1968 and to 19 percent in 1969. In 1970, the number of man-hours worked in producing flatware increased to about 33 percent of the company total, and in October 1971 to about 40 percent of the total. * * *

* * * * *

APPENDIX A
STATISTICAL TABLES

Table 1.--Stainless-steel table flatware: U.S. rates of duty under the Tariff Act of 1930 from June 18, 1930, until Aug. 30, 1963

(Cents each; percent ad valorem)

Tariff paragraph and description	Tariff Act of 1930		
	Statutory rate ^{1/}	Trade-agreement modification	
		Rate	Effective date and trade agreement ^{2/}
Par. 339:			
Table, household, kitchen, and hospital utensils, and hollow or flat ware, not specially provided for: * * * composed wholly or in chief value of copper, brass, steel, or other base metal, not plated with platinum, gold, or silver, and not specially provided for:			
Tablespoons wholly of metal and in chief value of stainless steel, not over 10.2 inches in overall length and valued at less than \$3 per dozen pieces.	40%	20% 19% 18% 17% ^{3/} 60% ^{3/}	Jan. 1, 1948. June 30, 1956. June 30, 1957. June 30, 1958. Nov. 1, 1959. ^{3/}
Par. 355:			
Table, butchers', carving, cooks', hunting, kitchen, bread, cake, pie, slicing, cigar, butter, vegetable, fruit, cheese, canning, fish, carpenters' bench, curriers', drawing, farriers', fleshing, hay, sugar-beet, beet-topping, tanners', plumbers', painters', palette, artists', shoe, and similar knives, forks, and steels, and cleavers, all the foregoing, finished or unfinished, not specially provided for * * *:			
Not specially designed for other than household, kitchen, or butchers' use:			
Table knives and forks, wholly of metal and in chief value of stainless steel, not over 10.2 inches in overall length and valued at less than \$3 per dozen pieces, with handles of--			
Austenitic steel:			
Less than 4 inches in length, exclusive of handle.	2¢ + 45%	2¢ + 35% 2¢ + 17-1/2% 1¢ + 17-1/2% ^{3/} 3¢ + 67-1/2% ^{3/}	Jan. 1, 1939; United Kingdom. Jan. 1, 1948. July 7, 1951. Nov. 1, 1959. ^{3/}
4 inches in length or over, exclusive of handle.	8¢ + 45%	8¢ + 35% 8¢ + 35% ^{4/} 4¢ + 17-1/2% ^{3/} 12¢ + 67-1/2% ^{3/}	Jan. 1, 1939; United Kingdom. Jan. 1, 1948. Oct. 1, 1951. Nov. 1, 1959. ^{3/}
Steel, other than austenitic:			
Less than 4 inches in length, exclusive of handle.	2¢ + 45%	2¢ + 25% 2¢ + 25% ^{4/} 2¢ + 12-1/2% 1¢ + 12-1/2% ^{3/} 3¢ + 67-1/2% ^{3/}	Jan. 1, 1939; United Kingdom. Jan. 1, 1948. May 30, 1950. Oct. 1, 1951. Nov. 1, 1959. ^{3/}
4 inches in length or over, exclusive of handle.	8¢ + 45%	4¢ + 25% 4¢ + 25% ^{4/} 4¢ + 17-1/2% ^{3/} 12¢ + 67-1/2% ^{3/}	Jan. 1, 1939; United Kingdom. Jan. 1, 1948. Oct. 1, 1951. Nov. 1, 1959. ^{3/}

^{1/} Applicable to the products of Communist-dominated or Communist-controlled countries or areas which are designated as such by the President.

^{2/} General Agreement on Tariffs and Trade, unless otherwise indicated.

^{3/} Pursuant to Presidential Proclamation No. 3323, dated Oct. 20, 1959, the higher of the 2 rates to which this footnote is attached was made applicable during any 12-month period beginning Nov. 1, 1959, and in each subsequent year, after a total aggregate quantity of 69 million single units of table spoons described under par. 339, and of table knives and table forks described under par. 355, had been entered, or withdrawn from warehouse, for consumption; until the total aggregate quantity of the designated units had been entered, or withdrawn from warehouse, for consumption, during any 12-month period designated above, the lower rate of duty was applicable.

^{4/} Bound.

Source: Compiled from official documents of the U.S. Tariff Commission.

Note.--Stainless-steel table flatware, wholly of metal and in chief value of stainless steel, over 10.2 inches in overall length or valued at \$3 or more per dozen pieces (nonquota-type flatware), was dutiable at the same rates of duty as the quota-type flatware entered within the quota limits.

Table 2.--Stainless-steel table flatware: ^{1/} Changes in U.S. rates of duty under the Tariff Schedules of the United States pursuant to the Kennedy Round of trade negotiations

(Cents each; percent ad valorem)

TSUS item	Trade-agreement rates in effect on Dec. 31, 1967	Rate changes, pursuant to the Kennedy Round, effective on Jan. 1--				
		1968	1969	1970	1971	1972
650.09----	1¢ + 12.5%	0.9¢ +	0.8¢ +	0.7¢ +	0.6¢ +	0.5¢ +
		11%	10%	8.5%	7%	6%
650.12----	1¢ + 17.5%	0.9¢ +	0.8¢ +	0.7¢ +	0.6¢ +	0.5¢ +
		15.5%	14%	12%	10%	8.5%
650.39----	1¢ + 12.5%	0.9¢ +	0.8¢ +	0.7¢ +	0.6¢ +	0.5¢ +
		11%	10%	8.5%	7%	6%
650.42----	1¢ + 17.5%	0.9¢ +	0.8¢ +	0.7¢ +	0.6¢ +	0.5¢ +
		15.5%	14%	12%	10%	8.5%
650.55----	17%	15%	13.5%	11.5%	10%	8.5%

^{1/} Stainless-steel table flatware that was not subject to the tariff-rate quota during Nov. 1, 1959-Oct. 11, 1967.

Table 3.--Knives with folding or non-fixed blades of the types produced by Utica Cutlery Co.: U.S. rates of duty under the Tariff Act of 1930, the initial TSUS rate, and the first and final rates under the Kennedy Round concessions

TSUS item	Commodity	Tariff Act of 1930	TSUS rate effective Aug. 31, 1963	U.S. concessions granted in 1964-67 trade conference (Kennedy Round)	
				First stage effective Jan. 1, 1968	Final stage effective Jan. 1, 1971
	Knives having folding or non-fixed blades or attachments:				
649.71	Valued not over 40 cents per dozen.	1 1/4¢ ea. + 50% ad val.	50% ad val.	45% ad val.	25% ad val.
649.73	Valued over 40 cents but not over 50 cents per dozen.	5¢ ea. + 50% ad val.	50% ad val.	45% ad val.	25% ad val.
649.75	Valued over 50 cents but not over \$1.25 per dozen.	11¢ ea. + 55% ad val.	50% ad val.	45% ad val.	25% ad val.
649.77	Valued over \$1.25 but not over \$3 per dozen.	18¢ ea. + 55% ad val.	9¢ ea. + 27.5% ad val.	8.1¢ ea. + 24.5% ad val.	4.5¢ ea. + 13.5% ad val.
649.79	Valued over \$3 per dozen but not over \$6 per dozen.	25¢ ea. + 50% ad val.	12.5¢ ea. + 25% ad val.	11.2¢ ea. + 22.5% ad val.	6.2¢ ea. + 12.5% ad val.
649.81	With steel handles ornamented or decorated with etchings or gilded designs, or both.	15¢ ea. + 55% ad val.	10¢ ea. + 25% ad val.	9¢ ea. + 22% ad val.	5¢ ea. + 12.5% ad val.
649.83	Other-----	35¢ ea. + 55% ad val.	17.5¢ ea. + 27.5% ad val.	15.5¢ ea. + 24.5% ad val.	8.7¢ ea. + 13.5% ad val.
649.85	Blades, handles, and other parts of the foregoing knives.	11¢ ea. + 55% ad val.	5.5¢ ea. + 27.5% ad val.	4.95¢ ea. + 24.5% ad val.	2.75¢ ea. + 13.5% ad val.

Source: Compiled from documents of the U.S. Tariff Commission.

Table 4.--Fixed blade cutlery, kitchen tools, and bottle caps of the types produced by Utica Cutlery Co.: U.S. rates of duty under the Tariff Act of 1930, the initial TSUS rate, and the first and final rates under the Kennedy Round concessions

TSUS item	Commodity	Tariff Act of 1930	TSUS rate effective Aug. 31, 1963	U.S. concessions granted in 1964-67 trade conference (Kennedy Round)	
				First stage effective Jan. 1, 1968	Final stage effective Jan. 1, 1972
	Knives (except table and folding-blade knives) and cleavers, with or without their handles:				
650.01	Without their handles---	8¢ ea. + 45% ad val. ^{1/}	0.92¢ ea. + 10% ad val.	0.8¢ ea. + 9% ad val.	0.46¢ ea. + 5% ad val.
650.03	Cleavers with their handles.	8¢ ea. + 45% ad val.	4¢ ea. + 17.5% ad val.	3.5¢ ea. + 15.5% ad val.	2¢ ea. + 8.5% ad val.
650.1540	Knives with rubber or plastics handles: Kitchen and butcher knives.	8¢ ea. + 45% ad val.	2¢ ea. + 12.5% ad val.	<u>2/</u>	<u>2/</u>
650.17	Other knives, with their handles.	8¢ ea. + 45% ad val.	4¢ ea. + 17.5% ad val.	3.5¢ ea. + 15.5% ad val.	2¢ ea. + 8.5% ad val.
650.19	Other knives: Hunting knives with wood handles.	8¢ ea. + 45% ad val.	2¢ ea. + 12.5% ad val.	1.8¢ ea. + 11% ad val.	1¢ ea. + 6% ad val.
650.2140)	Other including kitchen and butcher knives.	2¢ ea. + 45% ad val. ^{1/}	1¢ ea. + 17.5% ad val.	0.9¢ ea. + 15.5% ad val.	0.5¢ ea. + 8.5% ad val.
650.2160)		8¢ ea. + 45% ad val.)			
	Forks, spoons, and ladles:				
	Forks:				
650.31	Without their handles, for kitchen or table ware.	8¢ ea. + 45% ad val. ^{1/}	0.92¢ ea. + 10% ad val.	0.8¢ ea. + 9% ad val.	0.4¢ ea. + 5% ad val.
650.4540	With their handles(except table forks): With rubber or plastics handles.	8¢ ea. + 45% ad val.	2¢ ea. + 12.5% ad val.	1.8¢ ea. + 11% ad val.	1¢ ea. + 6% ad val.
	Hand tools (including table, kitchen, and household implements of the character of hand tools) not specially provided for, and metal parts thereof:				
	Other hand tools of iron or steel:				
651.4720	Table kitchen and household implements:	40% ad val.	17% ad val.	15% ad val.	8.5% ad val.
652.65	Crown corks and bottle caps of base metal	30% ad val. 40% ad val. ^{3/}	12% ad val.	10.5% ad val.	6% ad val.

^{1/} Dutiable at the rate of 2¢ each + 45% if less than 4 inches in length, exclusive of handle, and 8¢ each + 45% if 4 inches or over in length, exclusive of handle.

^{2/} Duty rate not affected by trade conference.

^{3/} Dutiable at the rate of 40% if decorated, enameled, plated, or embossed.

Source: Compiled from official documents of the U.S. Tariff Commission.

Table 5.--Stainless-steel table flatware: Production and sales by U.S. manufacturers, U.S. exports, U.S. imports for consumption, and apparent U.S. consumption, 1965-70, January-June 1970, and January-June 1971

Period	U.S. production			Sales by U.S. manufacturers			Imports for consumption			Apparent consumption 1/			Ratio of imports to--	
	1,000 dozen pieces	Total	Exports	1,000 dozen pieces	Total	Exports	1,000 dozen pieces	Total	Exports	1,000 dozen pieces	Total	Exports	Apparent consumption	U.S. production
1965	27,409	27,210	334	27,210	27,210	334	2/ 8,880	2/ 35,756	2/ 24.8	2/ 35,756	2/ 32.4		2/ 24.8	2/ 32.4
1966	30,262	30,043	449	30,043	30,043	449	2/ 9,185	2/ 38,779	2/ 23.7	2/ 38,779	2/ 30.3		2/ 23.7	2/ 30.3
1967	3/ 30,403	3/ 29,350	3/ 384	3/ 29,350	3/ 29,350	3/ 384	4/ 14,872	3/ 41,238	5/ 36.1	5/ 41,238	5/ 56.1		5/ 36.1	5/ 56.1
1968	3/ 26,516	3/ 26,865	3/ 499	3/ 26,865	3/ 26,865	3/ 499	25,885	52,820	49.0	52,820	92.3		49.0	92.3
1969	28,032	27,440	505	27,440	27,440	505	34,428	58,899	58.4	58,899	128.6		58.4	128.6
1970	26,774	24,925	450	24,925	24,925	450	15,923	28,161	56.5	28,161	84.1		56.5	84.1
Jan.-June (1970)	6/ 13,387	12,463	225	12,463	12,463	225	14,221	24,346	58.4	24,346	136.7		58.4	136.7
Jan.-June (1971)	6/ 10,400	10,021	275	10,021	10,021	275								

1/ Sales of domestically produced flatware plus imports less exports.

2/ Data do not include imports in sets of nonquota-type stainless-steel table flatware, because they were not reported separately under the TSUS. Such imports are known to be negligible.

3/ U.S. production and sales exclude data for 4 manufacturers that did not submit questionnaires. These manufacturers accounted for 7.5 percent of the quantity and 6.7 percent of the value of sales in 1966.

4/ Available data are known to be inaccurate. It is estimated that imports in 1967 were at least as large as those in 1966.

5/ Not available.

6/ Partly estimated.

Source: Compiled from data submitted to the U.S. Tariff Commission by U.S. producers and importers of stainless-steel table flatware and from official statistics of the U.S. Department of Commerce.

Table 6.--Stainless-steel table flatware: U.S. imports for consumption, by sources, 1965-70, January-September 1970, and January-September 1971

Source	1966 ^{1/}	1967 ^{1/}	1968	1969	1970	Jan.- Sept. 1970	Jan.- Sept. 1971
Quantity (1,000 dozen pieces)							
Japan-----	7,068	^{2/}	10,150	17,563	22,594	15,657	12,177
Taiwan-----	1,029	^{2/}	2,022	3,206	4,930	3,166	5,393
Republic of Korea-----	569	^{2/}	1,275	2,532	4,080	2,846	2,946
Hong Kong-----	128	^{2/}	94	1,064	1,267	1,111	336
Netherlands-----	84	^{2/}	547	473	1,041	907	255
West Germany-----	73	^{2/}	127	160	60	105	27
Italy-----	66	^{2/}	109	75	12	47	4
United Kingdom-----	36	^{2/}	149	277	113	100	199
Austria-----	31	^{2/}	13	6	7	3	^{3/}
Sweden-----	12	^{2/}	20	12	4	11	5
Denmark-----	8	^{2/}	13	21	7	17	4
Nansei and Nanpo Islands---	-	^{2/}	-	-	120	124	-
All other-----	81	^{2/}	353	496	194	172	238
Total-----	9,185	^{2/}	7,807	14,872	25,885	34,428	24,266
Value (1,000 dollars)							
Japan-----	8,434	^{2/}	12,305	21,826	28,454	20,815	16,287
Taiwan-----	745	^{2/}	1,421	2,271	3,650	2,437	4,006
Republic of Korea-----	424	^{2/}	984	1,934	3,687	2,617	2,526
Hong Kong-----	98	^{2/}	100	1,196	6,382	1,225	387
Netherlands-----	212	^{2/}	1,068	1,037	2,205	2,034	470
West Germany-----	370	^{2/}	731	801	384	729	201
Italy-----	218	^{2/}	371	234	22	188	11
United Kingdom-----	171	^{2/}	300	582	234	307	312
Austria-----	106	^{2/}	58	30	18	15	2
Sweden-----	65	^{2/}	117	75	33	81	39
Denmark-----	71	^{2/}	134	172	32	144	19
Nansei and Nanpo Islands---	-	^{2/}	-	-	164	170	-
All other-----	327	^{2/}	552	663	1,185	463	146
Total-----	11,241	^{2/}	9,121	18,141	30,821	40,451	31,226

^{1/} The value of imports includes estimates for the value of quota-type stainless-steel table flatware imported in sets. The value of such sets is not separately reported in official statistics.

Data exclude the quantity and value of nonquota-type stainless-steel flatware imported in sets because they are not separately reported in official statistics. Such imports are known to be negligible.

^{2/} U.S. Department of Commerce data for 1967 on general imports (i.e., imports entered for immediate consumption plus entries into bonded warehouses) show imports

Footnotes for table 6--Continued

of 9,500 thousand dozen pieces, whereas imports for consumption (i.e., imports for immediate consumption plus withdrawals from warehouses amounted to 7,800 thousand dozen (as shown in this table)). Analysis of available data indicated that virtually all of the difference between general imports and imports for consumption--1,700 thousand dozen pieces--was withdrawn from warehouses during the period October-December 1967 but was not so recorded in official statistics. Data by individual sources are not shown for 1967 because of this discrepancy; the total quantity imported for consumption in 1967 probably amounted to close to 9,500 thousand dozen pieces, valued at approximately 11 million dollars.

3/ Less than 500 dozen pieces.

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

Table 7.--Knives with folding or nonfixed blades (pocketknives), fixed blade (kitchen) cutlery, kitchen tools, and bottle caps of the types produced by Utica Cutlery Co.: U.S. imports for consumption, 1966-70 and January-April 1971

Period	Knives with folding or nonfixed blades	Fixed blade cutlery	Kitchen tools ^{1/}	Bottle caps
Quantity (1,000 dozen pieces)				
1966-----	560	2,570	^{2/}	14,593
1967-----	533	3,305	^{2/}	18,542
1968-----	671	4,235	^{2/}	32,728
1969-----	665	3,922	^{2/}	21,200
1970-----	699	5,346	^{2/}	40,696
1971 (January-April)---	208	1,552	^{2/}	59,131
Value (1,000 dollars)				
1966-----	2,075	5,143	2,010	1,197
1967-----	2,130	6,186	2,361	1,303
1968-----	2,771	7,724	3,562	1,362
1969-----	3,125	8,710	4,384	1,716
1970-----	3,502	11,271	5,480	2,031
1971 (January-April)---	1,202	3,751	1,663	882

^{1/} Includes a wide variety of general- and special-purpose kitchen tools; production of kitchen tools by Utica Cutlery is limited to a few general purpose tools such as spatulas and turners.

^{2/} Not available.

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

