MONOPOLY FEARED IN CUBAN TEXTILES

U. S. Exporters Say Proposal to Renegotiate Fabric Rates Will Hit Consumers There

By HERBERT KOSHETZ

Cuban adherence to the tariff schedules in the General Agreement of Tariffs and Trade (GATT) is the focal point of the struggle to maintain high exports of American textiles, it was pointed out last week by John H. Judge, president of the Textile Export Association of the United States.

The move recently instigated by Cuban monopoly interests to renegotiate the rates for textiles imported into Cuba, if successful, will prove highly detrimental to the consumer there, he said, and will give impetus to monopolists in other signatory countries to cut down on United States goods.

While exports of American cotton goods in 1949 amounting to 880,000,000 yards were the third highest on record, the fact remains, Mr. Judge said, that they were 6 per cent down from 1948, and 41 per cent under the 1947 figure. Countries which cut their imports of United States goods owing to a dollar shortage have a legitimate reason for doing so. Dollar shortages, however, are not involved in the Cuban move, he said.

Cuba is one of the two countries in all Latin America which has a favorable balance of trade with the United States. In the first nine months of 1949, goods to the value of $274,353,000 were exported to Cuba and imports from that country amounted to $315,063,000.

Fifth Largest U. S. Market

Cuba represents the fifth largest market for American cotton goods, according to Mr. Judge, and therefore one which this country can ill afford to lose. Exports of cotton goods to that market in 1949 were 41,563,000 square yards; 38,904,000 yards in 1948, and 43,764,000 yards in 1947.

If production of textiles in Cuba could adequately fill the needs of the population, there might be some basis to the argument that the Cuban textile industry needs more protection than the present tariff which ranges up to 42 per cent. The fact is that Cuban production is far from adequate.

Moreover, according to Mr. Judge, the selling prices of Cuban textiles are not based on costs of production but are pegged to the costs of American textiles landed in Cuba. In almost all instances, the Cuban textiles are priced from ¼ to ¾ cent a yard under the landed price of comparable American goods.

In addition to the tariff rate Cuban importers must pay a 6 per cent tax which was levied as a subsidy for Cuban textile labor This tax indirectly serves as a subsidy to the Cuban manufacturer. Some manufacturers, Mr. Judge said, have laid off 25 per cent of their workers and lowered the wages of the remaining workers by 40 per cent. The fund created by the tax pays the unemployed workers 60 per cent of their former basic wages and makes up the 40 per cent reduction in the wages of the employed workers.

"It is easy to see," Mr. Judge said, "that the manufacturers' lot in Cuba has been greatly lightened since they have been able to get rid of the inefficient workers and lower the wages of the efficient ones by 40 per cent."

At Mercy of Monopoly

If a higher tariff is levied and imports of American goods are cut further, the Cuban consumer will be almost entirely at the mercy of the monopoly interests that control textile production in Cuba, Mr. Judge pointed out.

Analyzing the rayon textile import situation in Cuba, Harold Bernstein, chairman of the association's rayon committee, asserted that Cuban production of rayon goods is entirely inadequate. In 1947 rayon goods production was estimated to be 1,500,000 yards. In 1948 it rose to 6,000,000 yards, but 4,500,000 yards represented United States gray goods that was finished in Cuba.

"We can assume," Mr. Bernstein said, "that this procedure was adopted because it was impossible to weave the goods efficiently or economically in Cuba." In the first eleven months of 1949 Cuba imported 26,149,000 yards of American rayon textiles.

Under present tariff schedules, including the subsidy tax, United States rayon textiles in Cuba yield a revenue ranging from 39 to 51 per cent. This is adequate protection for any industry which can operate efficiently, Mr. Bernstein held. The effect of increasing duties would be to restrict United States exporters and create a greater monopoly for a handful of Cuban producers with detriment to every Cuban consumer.

With its present equipment, the Cuban rayon industry would be able to employ only a limited number of workers. In the needle trades in Cuba, however, there are employed from 35,000 to 40,000 workers, most of whom are working on imported textiles, Mr. Bernstein pointed out. If the imports were limited, the jobs of the latter group would be in jeopardy.

Loss or restriction of the Cuban market, Mr. Bernstein said, would create a serious problem to United States textile producers who are facing shrinkage of markets all over the world due to dollar shortages. No such condition exists in Cuba, he added, and in 1950 that country should prove the major export market for United States rayon textiles.