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COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

SELECTED PROVISIONS OF THE TARIFF AND TRADE LAWS OF THE UNITED STATES
AND RELATED MATERIALS

Printed for Use of the Members of the
Committee on Ways and Means
in Connection With the Hearings on
Foreign Trade and Tariffs

JUNE 3, 1970

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FOREWORD

This collection of selected provisions of foreign trade and tariff laws and related materials has been compiled for the information of the Committee on Ways and Means in connection with the public hearings on foreign trade and tariffs beginning May 11, 1970. The explanations of these provisions have been excerpted or adapted from various public reports of the United States Tariff Commission or of executive branch agencies and from information supplied by them.

An effort has been made to select most of the provisions of U.S. law affecting imports as they relate to conditions of competition and those which are of current interest in connection with the subjects being covered in the committee's hearings, beginning May 11, 1970, as follows:

(1) Administration proposals relative to—

(a) The extension of the President's trade agreement authority under the Trade Expansion Act,

(b) Amendment of the tariff adjustment and other adjustment assistance criteria for firms and workers adversely affected by imports,

(c) The elimination of the American selling price valuation on benzenoid chemicals and certain other products,

(d) Amendment of the foreign import restrictions provision of the Trade Expansion Act,

(e) Other related trade agreement matters;

(2) Proposals relative to imposition of quotas, either on an across-the-board basis or on named items or commodities;

(3) Proposals for increasing our exports;

(4) Proposals relative to antidumping, countervailing duties, and related matters;

(5) Proposals on tariff matters generally, and in particular, tariff provisions on U.S. articles assembled or processed abroad.

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SELECTED PROVISIONS OF THE TARIFF AND TRADE LAWS OF THE UNITED STATES

I. Basic Trade Negotiating Authority

A. TRADE EXPANSION ACT OF 1962

TITLE I—SHORT TITLE AND PURPOSES

Trade Expansion Act of 1962.

SEC. 101. SHORT TITLE.

This Act may be cited as the "Trade Expansion Act of 1962".

SEC. 102. STATEMENT OF PURPOSES.

The purposes of this Act are, through trade agreements affording mutual trade benefits—

(1) to stimulate the economic growth of the United States and maintain and enlarge foreign markets for the products of United States agriculture, industry, mining, and commerce;

(2) to strengthen economic relations with foreign countries through the development of open and nondiscriminatory trading in the free world; and

(3) to prevent Communist economic penetration.

TITLE II—TRADE AGREEMENTS

CHAPTER 1—GENERAL AUTHORITY

SEC. 201. BASIC AUTHORITY FOR TRADE AGREEMENTS.

(a) Whenever the President determines that any existing duties or other import restrictions of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that any of the purposes stated in section 102 will be promoted thereby, the President may—

(1) after June 30, 1962, and before July 1, 1967, enter into trade agreements with foreign countries or instrumentalities thereof; and

(2) proclaim such modification or continuance of any existing duty or other import restriction, such continuance of existing duty-free or excise treatment, or such additional import restrictions, as he determines to be required or appropriate to carry out any such trade agreement.

(b) Except as otherwise provided in this title, no proclamation pursuant to subsection (a) shall be made—

(1) decreasing any rate of duty to a rate below 50 percent of the rate existing on July 1, 1962; or

(2) increasing any rate of duty to (or imposing) a rate more than 50 percent above the rate existing on July 1, 1934.

SEC. 202. LOW-RATE ARTICLES.

Section 201(b)(1) shall not apply in the case of any article for which the rate of duty existing on July 1, 1962, is not more than 5 percent ad valorem (or ad valorem equivalent). In the case of an article subject to more than one rate of duty, the preceding sentence shall be applied by taking into account the aggregate of such rates.

CHAPTER 2—SPECIAL PROVISIONS CONCERNING EUROPEAN ECONOMIC COMMUNITY

SEC. 211. IN GENERAL.

(a) In the case of any trade agreement with the European Economic Community, section 201(b)(1) shall not apply to articles in any category if, before entering into such trade agreement, the President determines with respect to such category that the United States and all countries of the European Economic Community together accounted for 80 percent or more of the aggregated world export value of all the articles in such category.

(b) For purposes of subsection (a)—

(1) As soon as practicable after the date of the enactment of this Act, the President shall—

(A) after taking into account the availability of trade statistics, select a system of comprehensive classification of articles by category, and

(B) make public his selection of such system.

(2) As soon as practicable after the President has selected a system pursuant to paragraph (1), the Tariff Commission shall—

(A) determine the articles falling within each category of such system, and

(B) make public its determinations.

The determination of the Tariff Commission as to the articles included in any category may be modified only by the Tariff Commission. Such modification by the Tariff Commission may be made only for the purpose of correction, and may be made only before the date on which the first list of articles specifying this section is furnished by the President to the Tariff Commission pursuant to section 221.

(c) For the purpose of making a determination under subsection (a) with respect to any category—

(1) The determination of the countries of the European Economic Community shall be made as of the date of the request under subsection (d).

(2) The President shall determine "aggregated world export value" with respect to any category of articles—

(A) on the basis of a period which he determines to be representative for such category, which period shall be included in the most recent 5-year period before the date of the request under subsection (d) for which statistics are available and shall contain at least 2 one-year periods,

(B) on the basis of the dollar value of exports as shown by trade statistics in use by the Department of Commerce, and

(C) by excluding exports—

(i) from any country of the European Economic Community to another such country, and

(ii) to or from any country or area which, at any time during the representative period, was denied trade agreement benefits under section 231, or under section 5 of the Trade Agreements Extension Act of 1951, or under section 401(a) of the Tariff Classification Act of 1962.

65 Stat. 73; Post, p. 882. 19 USC 1362. Ante, p. 78.

(d) Before the President makes a determination under subsection (a) with respect to any category, the Tariff Commission shall (upon request of the President) make findings as to—

(1) the representative period for such category,

(2) the aggregated world export value of the articles falling within such category, and

(3) the percentage of the aggregated world export value of such articles accounted for by the United States and the countries of the European Economic Community,

and shall advise the President of such findings.

(e) The exception to section 201(b)(1) provided by subsection (a) shall not apply to any article referred to in Agricultural Handbook No. 143, United States Department of Agriculture, as issued in September 1959.

SEC. 212. AGRICULTURAL COMMODITIES.

In the case of any trade agreement with the European Economic Community, section 201(b)(1) shall not apply to any article referred to in Agricultural Handbook No. 143, United States Department of Agriculture, as issued in September 1959, if before entering into such agreement the President determines that such agreement will tend to assure the maintenance or expansion of United States exports of the like article.

SEC. 213. TROPICAL AGRICULTURAL AND FORESTRY COMMODITIES.

(a) Section 201(b)(1) shall not apply to any article if, before entering into the trade agreement covering such article, the President determines that—

(1) such article is a tropical agricultural or forestry commodity;

(2) the like article is not produced in significant quantities in the United States; and

(3) the European Economic Community has made a commitment with respect to duties or other import restrictions which is likely to assure access for such article to the markets of the European Economic Community which—

(A) is comparable to the access which such article will have to the markets of the United States, and

(B) will be afforded substantially without differential treatment as among free world countries of origin.

(b) For purposes of subsection (a), a "tropical agricultural or forestry commodity" is an agricultural or forestry commodity with respect to which the President determines that more than one-half of the world production is in the area of the world between 20 degrees north latitude and 20 degrees south latitude.

(c) Before the President makes a determination under subsection (a) with respect to any article, the Tariff Commission shall (upon request of the President) make findings as to—

(1) whether or not such article is an agricultural or forestry commodity more than one-half of the world production of which is in the area of the world between 20 degrees north latitude and 20 degrees south latitude, and

(2) whether or not the like article is produced in significant quantities in the United States,

and shall advise the President of such findings.

CHAPTER 3—REQUIREMENTS CONCERNING NEGOTIATIONS

SEC. 221. TARIFF COMMISSION ADVICE.

(a) In connection with any proposed trade agreement under this title, the President shall from time to time publish and furnish the Tariff Commission with lists of articles which may be considered for modification or continuance of United States duties or other import restrictions, or continuance of United States duty-free or exise treatment. In the case of any article with respect to which consideration

may be given to reducing the rate of duty below the 50 percent limitation contained in section 201(b)(1), the list shall specify the section or sections of this title pursuant to which such consideration may be given.

(b) Within 6 months after receipt of such a list, the Tariff Commission shall advise the President with respect to each article of its judgment as to the probable economic effect of modifications of duties or other import restrictions on industries producing like or directly competitive articles, so as to assist the President in making an informed judgment as to the impact that might be caused by such modifications on United States industry, agriculture, and labor.

(c) In preparing its advice to the President, the Tariff Commission shall, to the extent practicable—

(1) investigate conditions, causes, and effects relating to competition between the foreign industries producing the articles in question and the domestic industries producing the like or directly competitive articles;

(2) analyze the production, trade, and consumption of each like or directly competitive article, taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned, and such other economic factors in such industries as it considers relevant, including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production;

(3) describe the probable nature and extent of any significant change in employment, profit levels, use of productive facilities and such other conditions as it deems relevant in the domestic industries concerned which it believes such modifications would cause; and

(4) make special studies (including studies of real wages paid in foreign supplying countries), whenever deemed to be warranted, of particular proposed modifications affecting United States industry, agriculture, and labor, utilizing to the fullest extent practicable the facilities of United States attachés abroad and other appropriate personnel of the United States.

(d) In preparing its advice to the President, the Tariff Commission shall, after reasonable notice, hold public hearings.

SEC. 222. ADVICE FROM DEPARTMENTS.

Before any trade agreement is entered into under this title, the President shall seek information and advice with respect to such agreement from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury, and from such other sources as he may deem appropriate.

SEC. 223. PUBLIC HEARINGS.

In connection with any proposed trade agreement under this title, the President shall afford an opportunity for any interested person to present his views concerning any article on a list published pursuant to section 221, any article which should be so listed, any concession which should be sought by the United States, or any other matter relevant to such proposed trade agreement. For this purpose, the President shall designate an agency or an interagency committee which shall, after reasonable notice, hold public hearings, shall prescribe regulations governing the conduct of such hearings, and shall furnish the President with a summary of such hearings.

Designation of agency by President.

SEC. 224. PREREQUISITE FOR OFFERS.

The President may make an offer for the modification or continuance of any duty or other import restriction, or continuance of duty-free or excise treatment, with respect to any article only after he has

received advice concerning such article from the Tariff Commission under section 221(b), or after the expiration of the relevant 6-month period provided for in that section, whichever first occurs, and only after the President has received a summary of the hearings at which an opportunity to be heard with respect to such article has been afforded under section 223.

SEC. 225. RESERVATION OF ARTICLES FROM NEGOTIATIONS.

(a) While there is in effect with respect to any article any action taken under—

(1) section 232, 351, or 352,

(2) section 2(b) of the Act entitled "An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended", approved July 1, 1954 (19 U.S.C., sec. 1352a), or — 72 Stat. 678.

(3) section 7 of the Trade Agreements Extension Act of 1951 (19 U.S.C., sec. 1364), — 65 Stat. 74.

the President shall reserve such article from negotiations under this title for the reduction of any duty or other import restriction or the elimination of any duty. — Post, p. 882.

(b) During the 5-year period which begins on the date of the enactment of this Act, the President shall reserve an article (other than an article which, on the date of the enactment of this Act, was described in subsection (a)(3)) from negotiation under this title for the reduction of any duty or other import restriction or the elimination of any duty where—

(1) pursuant to section 7 of the Trade Agreements Extension Act of 1951 (or pursuant to a comparable Executive Order), the Tariff Commission found by a majority of the Commissioners voting that such article was being imported in such increased quantities as to cause or threaten serious injury to an industry,

(2) such article is included in a list furnished to the Tariff Commission pursuant to section 221 (and has not been included in a prior list so furnished), and

(3) upon request on behalf of the industry, made not later than 60 days after the date of the publication of such list, the Tariff Commission finds and advises the President that economic conditions in such industry have not substantially improved since the date of the report of the finding referred to in paragraph (1).

(c) In addition to the articles described by subsections (a) and (b), the President shall also so reserve any other article which he determines to be appropriate, taking into consideration the advice of the Tariff Commission under section 221(b), any advice furnished to him under section 222, and the summary furnished to him under section 223.

SEC. 226. TRANSMISSION OF AGREEMENTS TO CONGRESS.

The President shall transmit promptly to each House of Congress a copy of each trade agreement entered into under this title, together with a statement, in the light of the advice of the Tariff Commission under section 221(b) and of other relevant considerations, of his reasons for entering into the agreement.

CHAPTER 4—NATIONAL SECURITY

SEC. 231. PRODUCTS OF COMMUNIST COUNTRIES OR AREAS.

(a) The President shall, as soon as practicable, suspend, withdraw, or prevent the application of the reduction, elimination, or continuance of any existing duty or other import restriction, or the continuance of any existing duty-free or excise treatment, proclaimed in carrying out any trade agreement under this title or under section 350 of the Tariff Act of 1930, to products, whether imported directly or in- — 48 Stat. 943; 19 USC 1351. Post, pp. 881-883.

directly, of any country or area dominated or controlled by Communism.

(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a) of this section which, on December 16, 1963, was receiving trade concessions, when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress.

SEC. 232. SAFEGUARDING NATIONAL SECURITY.

48 Stat. 943; Post, pp. 881-883. 19 USC 1351.

(a) No action shall be taken pursuant to section 201(a) or pursuant to section 350 of the Tariff Act of 1930 to decrease or eliminate the duty or other import restriction on any article if the President determines that such reduction or elimination would threaten to impair the national security.

Office of Emergency Planning. Investigation by Director.

(b) Upon request of the head of any department or agency, upon application of an interested party, or upon his own motion, the Director of the Office of Emergency Planning (hereinafter in this section referred to as the "Director") shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate departments and agencies, to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security as set forth in this section, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not so threaten to impair the national security.

Domestic production for national defense.

(c) For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements. In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

Foreign competition, impact on domestic industries.

(d) A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (b).

CHAPTER 5—ADMINISTRATIVE PROVISIONS

SEC. 241. SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS.

(a) The President shall appoint, by and with the advice and consent of the Senate, a Special Representative for Trade Negotiations, who shall be the chief representative of the United States for each negotiation under this title and for such other negotiations as in the President's judgment require that the Special Representative be the chief representative of the United States, and who shall be the chairman of the organization established pursuant to section 242(a). The Special Representative for Trade Negotiations shall hold office at the pleasure of the President, shall be entitled to receive the same compensation and allowances as a chief of mission, and shall have the rank of ambassador extraordinary and plenipotentiary. Appointment by President.

(b) The Special Representative for Trade Negotiations shall, in the performance of his functions under subsection (a), seek information and advice with respect to each negotiation from representatives of industry, agriculture, and labor, and from such agencies as he deems appropriate.

SEC. 242. INTERAGENCY TRADE ORGANIZATION.

(a) The President shall establish an interagency organization to assist him in carrying out the functions vested in him by this title and sections 351 and 352. Such organization shall, in addition to the Special Representative for Trade Negotiations, be composed of the heads of such departments and of such other officers as the President shall designate. It shall meet at such times and with respect to such matters as the President or the chairman of the organization shall direct. The organization may invite the participation in its activities of any agency not represented in the organization when matters of interest to such agency are under consideration.

(b) In assisting the President, the organization shall—

(1) make recommendations to the President on basic policy issues arising in the administration of the trade agreements program,

(2) make recommendations to the President as to what action, if any, he should take on reports with respect to tariff adjustment submitted to him by the Tariff Commission under section 301(e),

(3) advise the President of the results of hearings concerning foreign import restrictions held pursuant to section 252(d), and recommend appropriate action with respect thereto, and

(4) perform such other functions with respect to the trade agreements program as the President may from time to time designate.

(c) The organization shall, to the maximum extent practicable, draw upon the resources of the agencies represented in the organization, as well as such other agencies as it may determine, including the Tariff Commission. In addition, the President may establish by regulation such procedures and committees as he may determine to be necessary to enable the organization to provide for the conduct of hearings pursuant to section 252(d), and for the carrying out of other functions assigned to the organization pursuant to this section.

SEC. 243. CONGRESSIONAL DELEGATES TO NEGOTIATIONS.

Before each negotiation under this title, the President shall, upon the recommendation of the Speaker of the House of Representatives, select two members (not of the same political party) of the Committee on Ways and Means, and shall, upon the recommendation of the President of the Senate, select two members (not of the same political party) of the Committee on Finance, who shall be accredited as members of the United States delegation to such negotiation.

CHAPTER 6—GENERAL PROVISIONS

SEC. 251. MOST-FAVORED-NATION PRINCIPLE.

Post, p. 881. Ante, p. 78. 48 Stat. 943; Post, pp. 881-883. 19 USC 1351.

Except as otherwise provided in this title, in section 350(b) of the Tariff Act of 1930, or in section 401(a) of the Tariff Classification Act of 1962, any duty or other import restriction or duty-free treatment proclaimed in carrying out any trade agreement under this title or section 350 of the Tariff Act of 1930 shall apply to products of all foreign countries, whether imported directly or indirectly.

SEC. 252. FOREIGN IMPORT RESTRICTIONS.

(a) Whenever unjustifiable foreign import restrictions impair the value of tariff commitments made to the United States, oppress the commerce of the United States, or prevent the expansion of trade on a mutually advantageous basis, the President shall—

(1) take all appropriate and feasible steps within his power to eliminate such restrictions,

(2) refrain from negotiating the reduction or elimination of any United States import restriction under section 201(a) in order to obtain the reduction or elimination of any such restrictions, and

(3) notwithstanding any provision of any trade agreement under this Act and to the extent he deems necessary and appropriate, impose duties or other import restrictions on the products of any foreign country or instrumentality establishing or maintaining such foreign import restrictions against United States agricultural products, when he deems such duties and other import restrictions necessary and appropriate to prevent the establishment or obtain the removal of such foreign import restrictions and to provide access for United States agricultural products to the markets of such country or instrumentality on an equitable basis.

(b) Whenever a foreign country or instrumentality the products of which receive benefits of trade agreement concessions made by the United States—

(1) maintains nontariff trade restrictions, including variable import fees, which substantially burden United States commerce in a manner inconsistent with provisions of trade agreements, or

Discriminatory acts.

(2) engages in discriminatory or other acts (including tolerance of international cartels) or policies unjustifiably restricting United States commerce,

the President shall, to the extent that such action is consistent with the purposes of section 102—

Suspension, etc., of benefits.

(A) suspend, withdraw, or prevent the application of benefits of trade agreement concessions to products of such country or instrumentality, or

(B) refrain from proclaiming benefits of trade agreement concessions to carry out a trade agreement with such country or instrumentality.

Unreasonable import restrictions.

(c) Whenever a foreign country or instrumentality, the products of which receive benefits of trade agreement concessions made by the United States, maintains unreasonable import restrictions which either directly or indirectly substantially burden United States commerce, the President may, to the extent that such action is consistent with the purposes of section 102, and having due regard for the international obligations of the United States—

(1) suspend, withdraw, or prevent the application of benefits of trade agreement concessions to products of such country or instrumentality, or

(2) refrain from proclaiming benefits of trade agreement concessions to carry out a trade agreement with such country or instrumentality.

(d) The President shall provide an opportunity for the presentation of views concerning foreign import restrictions which are referred to in subsections (a), (b), and (c) and are maintained against United States commerce. Upon request by any interested person, the President shall, through the organization established pursuant to section 242(a), provide for appropriate public hearings with respect to such restrictions after reasonable notice and provide for the issuance of regulations concerning the conduct of such hearings.

SEC. 253. STAGING REQUIREMENTS.

(a) Except as otherwise provided in this section and in section 254, the aggregate reduction in the rate of duty on any article which is in effect on any day pursuant to a trade agreement under this title shall not exceed the aggregate reduction which would have been in effect on such day if—

(1) one-fifth of the total reduction under such agreement for such article had taken effect on the date of the first proclamation pursuant to section 201(a) to carry out such trade agreement, and

(2) the remaining four-fifths of such total reduction had taken effect in four equal installments at 1-year intervals after the date referred to in paragraph (1).

(b) Subsection (a) shall not apply to any article with respect to which the President has made a determination under section 213(a).

(c) In the case of an article the rate of duty on which has been or is to be reduced pursuant to a prior trade agreement, no reduction shall take effect pursuant to a trade agreement entered into under section 201(a) before the expiration of 1 year after the taking effect of the final reduction pursuant to such prior agreement.

(d) If any part of a reduction takes effect, then any time thereafter during which such part of the reduction is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining—

(1) the 1-year intervals referred to in subsection (a)(2), and

(2) the expiration of the 1 year referred to in subsection (c).

SEC. 254. ROUNDING AUTHORITY.

If the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed the limitation provided by section 201(b)(1) or 253 by not more than whichever of the following is lesser:

(1) the difference between the limitation and the next lower whole number, or

(2) one-half of 1 percent ad valorem or an amount the ad valorem equivalent of which is one-half of 1 percent.

SEC. 255. TERMINATION.

(a) Every trade agreement entered into under this title shall be subject to termination or withdrawal, upon due notice, at the end of a period specified in the agreement. Such period shall be not more than 3 years from the date on which the agreement becomes effective. If the agreement is not terminated or withdrawn from at the end of the period so specified, it shall be subject to termination or withdrawal thereafter upon not more than 6 months' notice.

(b) The President may at any time terminate, in whole or in part, any proclamation made under this title.

SEC. 256. DEFINITIONS.

For purposes of this title—

(1) The term "European Economic Community" means the instrumentality known by such name or any successor thereto.

(2) The countries of the European Economic Community as of any date shall be those countries which on such date are agreed to achieve a common external tariff through the European Economic Community.

(3) The term "agreement with the European Economic Community" means an agreement to which the United States and all countries of the European Economic Community (determined as of the date such agreement is entered into) are parties. For purposes of the preceding sentence, each country for which the European Economic Community signs an agreement shall be treated as a party to such agreement.

(4) The term "existing on July 1, 1962", as applied to a rate of duty, refers to the lowest nonpreferential rate of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on such date or (if lower) the lowest nonpreferential rate to which the United States is committed on such date and which may be proclaimed under section 350 of the Tariff Act of 1930.

48 Stat. 943; Infra; Post, pp. 882, 883.

(5) The term "existing on July 1, 1934", as applied to a rate of duty, refers to the rate of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on such date.

(6) The term "existing" without the specification of any date, when used with respect to any matter relating to entering into, or any proclamation to carry out, a trade agreement, means existing on the day on which such trade agreement is entered into, and, when referring to a rate of duty, refers to the rate of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on such day.

(7) The term "ad valorem equivalent" means the ad valorem equivalent of a specific rate or, in the case of a combination of rates including a specific rate, the sum of the ad valorem equivalent of the specific rate and of the ad valorem rate. The ad valorem equivalent shall be determined by the President on the basis of the value of imports of the article concerned during a period determined by him to be representative. In determining the value of imports, the President shall utilize, to the maximum extent practicable, the standards of valuation contained in section 402 or 402a of the Tariff Act of 1930 (19 U.S.C., sec. 1401a or 1402) applicable to the article concerned during such representative period.

70 Stat. 943.
46 Stat. 708.

SEC. 257. RELATION TO OTHER LAWS.

(a) The first sentence of subsection (b) of section 350 of the Tariff Act of 1930 is amended by striking out "this section" each place it appears and inserting in lieu thereof "this section or the Trade Expansion Act of 1962". The second sentence of such subsection (b) is amended by striking out "this Act" and inserting in lieu thereof "this Act or the Trade Expansion Act of 1962". The third sentence of such subsection (b) is amended by striking out "1955," in paragraph (2) and inserting in lieu thereof "1955, and before July 1, 1962," and by adding at the end thereof the following new paragraph:

48 Stat. 943.
19 USC 1351.

"(3) In order to carry out a foreign trade agreement entered into after June 30, 1962, and before July 1, 1967, below the lowest rate permissible by applying title II of the Trade Expansion Act of 1962 to the rate of duty (however established, and even though

temporarily suspended by Act of Congress or otherwise) existing on July 1, 1962, with respect to such product."

(b) Subsections (a)(5) and (e) of section 350 of the Tariff Act of 1930 are repealed. Repeal. 69 Stat. 164, 165; 72 Stat. 673.

(c) For purposes only of entering into trade agreements pursuant to the notices of intention to negotiate published in the Federal Register of May 28, 1960, and the Federal Register of November 23, 1960, the period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930 is hereby extended from the close of June 30, 1962, until the close of December 31, 1962. 25 F.R. 4764, 1119. 48 Stat. 943. Ante, p. 881. Post, p. 883.

(d) The second and third sentences of section 2(a) of the Act entitled "An Act to amend the Tariff Act of 1930", approved June 12, 1934, as amended (19 U.S.C., sec. 1352(a)), are each amended by striking out "this Act" and inserting in lieu thereof "this Act or the Trade Expansion Act of 1962". 19 USC 1351. 48 Stat. 944.

(e)(1) Sections 5, 6, 7, and 8(a) of the Trade Agreements Extension Act of 1951 are repealed. Repeal. 65 Stat. 73.

(2) Action taken by the President under section 5 of such Act and in effect on the date of the enactment of this Act shall be considered as having been taken by the President under section 231. 19 USC 1362-1365. Ante, p. 876.

(3) Any investigation by the Tariff Commission under section 7 of such Act which is in progress on the date of the enactment of this Act shall be continued under section 301 as if the application by the interested party were a petition under such section for tariff adjustment under section 351. For purposes of section 301(f), such petition shall be treated as having been filed on the date of the enactment of this Act. Post, p. 883.

(f) Section 2 of the Act entitled "An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended", approved July 1, 1954, is repealed. Any action (including any investigation begun) under such section 2 before the date of the enactment of this Act shall be considered as having been taken or begun under section 232. Repeal. 72 Stat. 678. 19 USC 1352a.

(g)(1) Section 102(1) of the Tariff Classification Act of 1962 is amended by striking out "of schedules 1 to 7, inclusive,". Ante, p. 74.

(2) Section 203 of the Tariff Classification Act of 1962 is amended to read as follows: Ante, p. 75.

"SEC. 203. For purposes of applying sections 323 and 350 of the Tariff Act of 1930, as amended, and the Trade Expansion Act of 1962 with respect to the Tariff Schedules of the United States— Post, p. 883. Supra.

"(1) The rate of duty in rate column numbered 2 for each item in schedules 1 to 7, inclusive, of the Tariff Schedules of the United States shall be treated as the rate of duty existing on July 1, 1934.

"(2) The lowest preferential or nonpreferential rate of duty in rate column numbered 1 for each item in schedules 1 to 7, inclusive, of the Tariff Schedules of the United States on the effective date provided in section 501(a) of this Act shall be treated as the lowest preferential or nonpreferential rate of duty, respectively, existing on July 1, 1962; except that in the case of any such item included in a supplemental report made pursuant to section 101(c) of this Act to reflect a change proclaimed by the President after July 1, 1962 (other than a change to which the United States was committed on July 1, 1962), the rate treated as the lowest nonpreferential rate of duty existing on July 1, 1962, shall be the rate which the Commission specifically declares in such supplemental report to be the rate which, in its judgment, conforms to the fullest extent practicable to the rate regarded as existing on July 1, 1962, under section 256(4) of the Trade Expansion Act of 1962. Ante, p. 78. Ante, p. 73.

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"(3) Legislation entering into force after the effective date provided for in section 501(a) of this Act which results in the permanent reclassification of any article without specifying the rate of duty applicable thereto, and proclamations under section 202(c) of this Act, shall be considered as having been in effect since June 30, 1962."

Ante, p. 78.

Ante, p. 75.

(h) Nothing contained in this Act shall be construed to affect in any way the provisions of section 22 of the Agricultural Adjustment Act, or to apply to any import restriction heretofore or hereafter imposed under such section.

64 Stat. 261.
7 USC 624.

(i) Part I of title III of the Tariff Act of 1930 is amended by adding at the end thereof the following new section:

19 USC 1301 et seq.

"SEC. 323. CONSERVATION OF FISHERY RESOURCES.

"Upon the convocation of a conference on the use or conservation of international fishery resources, the President shall, by all appropriate means at his disposal, seek to persuade countries whose domestic fishing practices or policies affect such resources, to engage in negotiations in good faith relating to the use or conservation of such resources. If, after such efforts by the President and by other countries which have agreed to engage in such negotiations, any other country whose conservation practices or policies affect the interests of the United States and such other countries, has, in the judgment of the President, failed or refused to engage in such negotiations in good faith, the President may, if he is satisfied that such action is likely to be effective in inducing such country to engage in such negotiations in good faith, increase the rate of duty on any fish (in any form) which is the product of such country, for such time as he deems necessary, to a rate not more than 50 percent above the rate existing on July 1, 1934."

SEC. 258. REFERENCES.

All provisions of law (other than this Act and the Trade Agreements Extension Act of 1951) in effect after June 30, 1962, referring to section 350 of the Tariff Act of 1930, to that section as amended, to the Act entitled "An Act to amend the Tariff Act of 1930", approved June 12, 1934, to that Act as amended, or to agreements entered into, or proclamations issued, under any of such provisions, shall be construed, unless clearly precluded by the context, to refer also to this Act, or to agreements entered into or proclamations issued, pursuant to this Act.

65 Stat. 72.
19 USC 1360 note.
48 Stat. 943;
Ante, pp. 881, 882.
Supra.
19 USC 1352-1354.

TITLE III—TARIFF ADJUSTMENT AND OTHER ADJUSTMENT ASSISTANCE

CHAPTER 1—ELIGIBILITY FOR ASSISTANCE

SEC. 301. TARIFF COMMISSION INVESTIGATIONS AND REPORTS.

(a)(1) A petition for tariff adjustment under section 351 may be filed with the Tariff Commission by a trade association, firm, certified or recognized union, or other representative of an industry.

(2) A petition for a determination of eligibility to apply for adjustment assistance under chapter 2 may be filed with the Tariff Commission by a firm or its representative, and a petition for a determination of eligibility to apply for adjustment assistance under chapter 3 may be filed with the Tariff Commission by a group of workers or by their certified or recognized union or other duly authorized representative.

(3) Whenever a petition is filed under this subsection, the Tariff Commission shall transmit a copy thereof to the Secretary of Commerce.

Investigation by Tariff Commission.

(b) (1) Upon the request of the President upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon the filing of a petition under subsection (a) (1), the Tariff Commission shall promptly make an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing an article which is like or directly competitive with the imported article.

(2) In making its determination under paragraph (1), the Tariff Commission shall take into account all economic factors which it considers relevant, including idling of productive facilities, inability to operate at a level of reasonable profit, and unemployment or underemployment.

(3) For purposes of paragraph (1), increased imports shall be considered to cause, or threaten to cause, serious injury to the domestic industry concerned when the Tariff Commission finds that such increased imports have been the major factor in causing, or threatening to cause, such injury.

(4) No investigation for the purpose of paragraph (1) shall be made, upon petition filed under subsection (a) (1), with respect to the same subject matter as a previous investigation under paragraph (1), unless one year has elapsed since the Tariff Commission made its report to the President of the results of such previous investigation.

Adjusted assistance. Petition by a firm.

(c) (1) In the case of a petition by a firm for a determination of eligibility to apply for adjustment assistance under chapter 2, the Tariff Commission shall promptly make an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by the firm is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm. In making its determination under this paragraph, the Tariff Commission shall take into account all economic factors which it considers relevant, including idling of productive facilities of the firm, inability of the firm to operate at a level of reasonable profit, and unemployment or underemployment in the firm.

Petition by group of workers.

(2) In the case of a petition by a group of workers for a determination of eligibility to apply for adjustment assistance under chapter 3, the Tariff Commission shall promptly make an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by such workers' firm, or an appropriate subdivision thereof, is being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such firm or subdivision.

(3) For purposes of paragraphs (1) and (2), increased imports shall be considered to cause, or threaten to cause, serious injury to a firm or unemployment or underemployment, as the case may be, when the Tariff Commission finds that such increased imports have been the major factor in causing, or threatening to cause, such injury or unemployment or underemployment.

(d)(1) In the course of any investigation under subsection (b)(1), the Tariff Commission shall, after reasonable notice, hold public hearings and shall afford interested parties opportunity to be present, to produce evidence, and to be heard at such hearings.

(2) In the course of any investigation under subsection (c)(1) or (c)(2), the Tariff Commission shall, after reasonable notice, hold public hearings if requested by the petitioner, or if, within 10 days after notice of the filing of the petition, a hearing is requested by any other party showing a proper interest in the subject matter of the investigation, and shall afford interested parties an opportunity to be present, to produce evidence, and to be heard at such hearings.

(e) Should the Tariff Commission find with respect to any article, as the result of its investigation, the serious injury or threat thereof described in subsection (b), it shall find the amount of the increase in, or imposition of, any duty or other import restriction on such article which is necessary to prevent or remedy such injury and shall include such finding in its report to the President.

Report to President.

(f)(1) The Tariff Commission shall report to the President the results of each investigation under this section and include in each report any dissenting or separate views. The Tariff Commission shall furnish to the President a transcript of the hearings and any briefs which may have been submitted in connection with each investigation.

(2) The report of the Tariff Commission of its determination under subsection (b) shall be made at the earliest practicable time, but not later than 6 months after the date on which the petition is filed (or the date on which the request or resolution is received or the motion is adopted, as the case may be). Upon making such report to the President, the Tariff Commission shall promptly make public such report, and shall cause a summary thereof to be published in the Federal Register.

Publication in F. R.

(3) The report of the Tariff Commission of its determination under subsection (c)(1) or (c)(2) with respect to any firm or group of workers shall be made at the earliest practicable time, but not later than 60 days after the date on which the petition is filed.

(g) Except as provided in section 257(e)(3), no petition shall be filed under subsection (a), and no request, resolution, or motion shall be made under subsection (b), prior to the close of the 60th day after the date of the enactment of this Act.

SEC. 302. PRESIDENTIAL ACTION AFTER TARIFF COMMISSION DETERMINATION.

(a) After receiving a report from the Tariff Commission containing an affirmative finding under section 301(b) with respect to any industry, the President may—

(1) provide tariff adjustment for such industry pursuant to section 351 or 352,

(2) provide, with respect to such industry, that its firms may request the Secretary of Commerce for certifications of eligibility to apply for adjustment assistance under chapter 2,

(3) provide, with respect to such industry, that its workers may request the Secretary of Labor for certifications of eligibility to apply for adjustment assistance under chapter 3, or

(4) take any combination of such actions.

(b)(1) The Secretary of Commerce shall certify, as eligible to apply for adjustment assistance under chapter 2, any firm in an industry with respect to which the President has acted under subsection (a)(2), upon a showing by such firm to the satisfaction of the Secretary of Commerce that the increased imports (which the Tariff Commission has determined to result from concessions granted under

trade agreements) have caused serious injury or threat thereof to such firm.

(2) The Secretary of Labor shall certify, as eligible to apply for adjustment assistance under chapter 3, any group of workers in an industry with respect to which the President has acted under subsection (a)(3), upon a showing by such group of workers to the satisfaction of the Secretary of Labor that the increased imports (which the Tariff Commission has determined to result from concessions granted under trade agreements) have caused or threatened to cause unemployment or underemployment of a significant number or proportion of workers of such workers' firm or subdivision thereof.

(c) After receiving a report from the Tariff Commission containing an affirmative finding under section 301(c) with respect to any firm or group of workers, the President may certify that such firm or group of workers is eligible to apply for adjustment assistance.

(d) Any certification under subsection (b) or (c) that a group of workers is eligible to apply for adjustment assistance shall specify the date on which the unemployment or underemployment began or threatens to begin.

(e) Whenever the President determines, with respect to any certification of the eligibility of a group of workers, that separations from the firm or subdivision thereof are no longer attributable to the conditions specified in section 301(c)(2) or in subsection (b)(2) of this section, he shall terminate the effect of such certification. Such termination shall apply only with respect to separations occurring after the termination date specified by the President.

CHAPTER 2—ASSISTANCE TO FIRMS

SEC. 311. CERTIFICATION OF ADJUSTMENT PROPOSALS.

(a) A firm certified under section 302 as eligible to apply for adjustment assistance may, at any time within 2 years after the date of such certification, file an application with the Secretary of Commerce for adjustment assistance under this chapter. Within a reasonable time after filing its application, the firm shall present a proposal for its economic adjustment.

(b) Adjustment assistance under this chapter consists of technical assistance, financial assistance, and tax assistance, which may be furnished singly or in combination. Except as provided in subsection (c), no adjustment assistance shall be provided to a firm under this chapter until its adjustment proposal shall have been certified by the Secretary of Commerce—

(1) to be reasonably calculated materially to contribute to the economic adjustment of the firm,

(2) to give adequate consideration to the interests of the workers of such firm adversely affected by actions taken in carrying out trade agreements, and

(3) to demonstrate that the firm will make all reasonable efforts to use its own resources for economic development.

(c) In order to assist a firm which has applied for adjustment assistance under this chapter in preparing a sound adjustment proposal, the Secretary of Commerce may furnish technical assistance to such firm prior to certification of its adjustment proposal.

(d) Any certification made pursuant to this section shall remain in force only for such period as the Secretary of Commerce may prescribe.

SEC. 312. USE OF EXISTING AGENCIES.

(a) The Secretary of Commerce shall refer each certified adjustment proposal to such agency or agencies as he determines to be appropriate to furnish the technical and financial assistance necessary to carry out such proposal.

(b) Upon receipt of a certified adjustment proposal, each agency concerned shall promptly—

(1) examine the aspects of the proposal relevant to its functions, and

(2) notify the Secretary of Commerce of its determination as to the technical and financial assistance it is prepared to furnish to carry out the proposal.

(c) Whenever and to the extent that any agency to which an adjustment proposal has been referred notifies the Secretary of Commerce of its determination not to furnish technical or financial assistance, and if the Secretary of Commerce determines that such assistance is necessary to carry out the adjustment proposal, he may furnish adjustment assistance under sections 313 and 314 to the firm concerned.

(d) There are hereby authorized to be appropriated to the Secretary of Commerce such sums as may be necessary from time to time to carry out his functions under this chapter in connection with furnishing adjustment assistance to firms, which sums are authorized to be appropriated to remain available until expended.

SEC. 313. TECHNICAL ASSISTANCE.

(a) Upon compliance with section 312(c), the Secretary of Commerce may provide to a firm, on such terms and conditions as he determines to be appropriate, such technical assistance as in his judgment will materially contribute to the economic adjustment of the firm.

(b) To the maximum extent practicable, the Secretary of Commerce shall furnish technical assistance under this section and section 311(c) through existing agencies, and otherwise through private individuals, firms, or institutions.

(c) The Secretary of Commerce shall require a firm receiving technical assistance under this section or section 311(c) to share the cost thereof to the extent he determines to be appropriate.

SEC. 314. FINANCIAL ASSISTANCE.

(a) Upon compliance with section 312(c), the Secretary of Commerce may provide to a firm, on such terms and conditions as he determines to be appropriate, such financial assistance in the form of guarantees of loans, agreements for deferred participations in loans, or loans, as in his judgment will materially contribute to the economic adjustment of the firm. The assumption of an outstanding indebtedness of the firm, with or without recourse, shall be considered to be the making of a loan for purposes of this section.

(b) Guarantees, agreements for deferred participations, or loans shall be made under this section only for the purpose of making funds available to the firm—

(1) for acquisition, construction, installation, modernization, development, conversion, or expansion of land, plant, buildings, equipment, facilities, or machinery, or

(2) in cases determined by the Secretary of Commerce to be exceptional, to supply working capital.

(c) To the maximum extent practicable, the Secretary of Commerce shall furnish financial assistance under this section through agencies furnishing financial assistance under other law.

SEC. 315. CONDITIONS FOR FINANCIAL ASSISTANCE.

(a) No loan shall be guaranteed and no agreement for deferred participation in a loan shall be made by the Secretary of Commerce in an amount which exceeds 90 percent of that portion of the loan made for purposes specified in section 314(b).

(b) (1) Any loan made or deferred participation taken up by the Secretary of Commerce shall bear interest at a rate not less than the greater of—

(A) 4 percent per annum, or

(B) a rate determined by the Secretary of the Treasury for the year in which the loan is made or the agreement for such deferred participation is entered into.

(2) The Secretary of the Treasury shall determine annually the rate referred to in paragraph (1) (B), taking into consideration the current average market yields on outstanding interest-bearing marketable public debt obligations of the United States of maturities comparable to those of the loans outstanding under section 314.

(c) Guarantees or agreements for deferred participation shall be made by the Secretary of Commerce only with respect to loans bearing interest at a rate which he determines to be reasonable. In no event shall the guaranteed portion of any loan, or the portion covered by an agreement for deferred participation, bear interest at a rate more than 1 percent per annum above the rate prescribed by subsection (b) (determined when the guarantee is made or the agreement is entered into), unless the Secretary of Commerce shall determine that special circumstances justify a higher rate, in which case such portion of the loan shall bear interest at a rate not more than 2 percent per annum above such prescribed rate.

(d) The Secretary of Commerce shall make no loan or guarantee having a maturity in excess of 25 years, including renewals and extensions, and shall make no agreement for deferred participation in a loan which has a maturity in excess of 25 years, including renewals and extensions. Such limitation on maturities shall not, however, apply to—

(1) securities or obligations received by the Secretary of Commerce as claimant in bankruptcy or equitable reorganization, or as creditor in other proceedings attendant upon insolvency of the obligor, or

(2) an extension or renewal for an additional period not exceeding 10 years, if the Secretary of Commerce determines that such extension or renewal is reasonably necessary for the orderly liquidation of the loan.

(e) No financial assistance shall be provided under section 314 unless the Secretary of Commerce determines that such assistance is not otherwise available to the firm, from sources other than the United States, on reasonable terms, and that there is reasonable assurance of repayment by the borrower.

(f) The Secretary of Commerce shall maintain operating reserves with respect to anticipated claims under guarantees and under agreements for deferred participation made under section 314. Such reserves shall be considered to constitute obligations for purposes of section 1311 of the Supplemental Appropriation Act, 1955 (31 U.S.C., sec. 200). 68 Stat. 830.

SEC. 316. ADMINISTRATION OF FINANCIAL ASSISTANCE.

(a) In making and administering guarantees, agreements for deferred participation, and loans under section 314, the Secretary of Commerce may—

(1) require security for any such guarantee, agreement, or loan, and enforce, waive, or subordinate such security;

(2) assign or sell at public or private sale, or otherwise dispose of, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with such guarantees, agreements, or loans, and col-

lect, compromise, and obtain deficiency judgments with respect to all obligations assigned to or held by him in connection with such guarantees, agreements, or loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(3) renovate, improve, modernize, complete, insure, rent, sell, or otherwise deal with, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to or otherwise acquired by him in connection with such guarantees, agreements, or loans;

(4) acquire, hold, transfer, release, or convey any real or personal property or any interest therein whenever deemed necessary or appropriate, and execute all legal documents for such purposes; and

(5) exercise all such other powers and take all such other acts as may be necessary or incidental to the carrying out of functions pursuant to section 314.

(b) Any mortgage acquired as security under subsection (a) shall be recorded under applicable State law.

SEC. 317. TAX ASSISTANCE.

(a) If—

(1) to carry out an adjustment proposal of a firm certified pursuant to section 311, such firm applies for tax assistance under this section within 24 months after the close of a taxable year and alleges in such application that it has sustained a net operating loss for such taxable year,

(2) the Secretary of Commerce determines that any such alleged loss for such taxable year arose predominantly out of the carrying on of a trade or business which was seriously injured, during such year, by the increased imports which the Tariff Commission has determined to result from concessions granted under trade agreements, and

(3) the Secretary of Commerce determines that tax assistance under this section will materially contribute to the economic adjustment of the firm,

then the Secretary of Commerce shall certify such determinations with respect to such firm for such taxable year. No determination or certification under this subsection shall constitute a determination of the existence or amount of any net operating loss for purposes of section 172 of the Internal Revenue Code of 1954.

26 USC 172; Infra.

(b) Effective with respect to net operating losses for taxable years ending after December 31, 1955, subsection (b) of section 172 of the Internal Revenue Code of 1954 (relating to net operating loss carrybacks and carryovers) is amended to read as follows:

68A Stat. 63. 72 Stat. 1678.

"(b) NET OPERATING LOSS CARRYBACKS AND CARRYOVERS.—

"(1) YEARS TO WHICH LOSS MAY BE CARRIED.—

"(A) (i) Except as provided in clause (ii), a net operating loss for any taxable year ending after December 31, 1957, shall be a net operating loss carryback to each of the 3 taxable years preceding the taxable year of such loss.

"(ii) In the case of a taxpayer with respect to a taxable year ending on or after December 31, 1962, for which a certification has been issued under section 317 of the Trade Expansion Act of 1962, a net operating loss for such taxable year shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss.

"(B) Except as provided in subparagraph (C), a net operating loss for any taxable year ending after December 31, 1955, shall be a net operating loss carryover to each of the 5 taxable years following the taxable year of such loss.

"(C) In the case of a taxpayer which is a regulated transportation corporation (as defined in subsection (j)(1)), a net operating loss for any taxable year ending after December 31, 1955, shall (except as provided in subsection (j)) be a net operating loss carryover to each of the 7 taxable years following the taxable year of such loss.

68A Stat. 172.
72 Stat. 1678.

"(2) AMOUNT OF CARRYBACKS AND CARRYOVERS.—Except as provided in subsections (i) and (j), the entire amount of the net operating loss for any taxable year (hereinafter in this section referred to as the 'loss year') shall be carried to the earliest of the taxable years to which (by reason of paragraph (1)) such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable income for each of the prior taxable years to which such loss may be carried. For purposes of the preceding sentence, the taxable income for any such prior taxable year shall be computed—

"(A) with the modifications specified in subsection (d) other than paragraphs (1), (4), and (6) thereof; and

"(B) by determining the amount of the net operating loss deduction without regard to the net operating loss for the loss year or for any taxable year thereafter,

and the taxable income so computed shall not be considered to be less than zero.

"(3) SPECIAL RULES.—

"(A) Paragraph (1)(A)(ii) shall apply only if—

"(i) there has been filed, at such time and in such manner as may be prescribed by the Secretary or his delegate, a notice of filing of the application under section 317 of the Trade Expansion Act of 1962 for tax assistance, and, after its issuance, a copy of the certification under such section, and

"(ii) the taxpayer consents in writing to the assessment, within such period as may be agreed upon with the Secretary or his delegate, of any deficiency for any year to the extent attributable to the disallowance of a deduction previously allowed with respect to such net operating loss, even though at the time of filing such consent the assessment of such deficiency would otherwise be prevented by the operation of any law or rule of law.

"(B) In the case of—

"(i) a partnership and its partners, or

"(ii) an electing small business corporation under subchapter S and its shareholders,

paragraph (1)(A)(ii) shall apply as determined under regulations prescribed by the Secretary or his delegate. Such paragraph shall apply to a net operating loss of a partner or such a shareholder only if it arose predominantly from losses in respect of which certifications under section 317 of the Trade Expansion Act of 1962 were filed under this section."

(c) Subsection (h) of section 6501 of the Internal Revenue Code of 1954 (relating to limitations on assessment and collection in the case of net operating loss carrybacks) is amended by inserting before the period: ", or within 18 months after the date on which the taxpayer files in accordance with section 172(b)(3) a copy of the certification (with respect to such taxable year) issued under section 317 of the Trade Expansion Act of 1962, whichever is later".

72 Stat. 1663.
26 USC 6501.

Supra.

68A Stat. 808.
26 USC 6511.

(d) Section 6511(d)(2)(A) of the Internal Revenue Code of 1954 (relating to special period of limitation on credit or refund with respect to net operating loss carrybacks) is amended to read as follows:

"(A) PERIOD OF LIMITATION.—If the claim for credit or refund relates to an overpayment attributable to a net operating loss carryback, in lieu of the 3-year period of limitation prescribed in subsection (a), the period shall be that period which ends with the expiration of the 15th day of the 40th month (or the 39th month, in the case of a corporation) following the end of the taxable year of the net operating loss which results in such carryback, or the period prescribed in subsection (c) in respect of such taxable year, whichever expires later; except that—

"(i) with respect to an overpayment attributable to a net operating loss carryback to any year on account of a certification issued to the taxpayer under section 317 of the Trade Expansion Act of 1962, the period shall not expire before the expiration of the sixth month following the month in which such certification is issued to the taxpayer, and

"(ii) with respect to an overpayment attributable to the creation of, or an increase in, a net operating loss carryback as a result of the elimination of excessive profits by a renegotiation (as defined in section 1481(a)(1)(A)), the period shall not expire before September 1, 1959, or the expiration of the twelfth month following the month in which the agreement or order for the elimination of such excessive profits becomes final, whichever is the later.

68A Stat. 362.
26 USC 1481.

In the case of such a claim, the amount of the credit or refund may exceed the portion of the tax paid within the period provided in subsection (b)(2) or (c), whichever is applicable, to the extent of the amount of the overpayment attributable to such carryback."

SEC. 318. PROTECTIVE PROVISIONS.

(a) Each recipient of adjustment assistance under section 313, 314, or 317 shall keep records which fully disclose the amount and disposition by such recipient of the proceeds, if any, of such adjustment assistance, and which will facilitate an effective audit. The recipient shall also keep such other records as the Secretary of Commerce may prescribe.

(b) The Secretary of Commerce and the Comptroller General of the United States shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient pertaining to adjustment assistance under sections 313, 314, and 317.

(c) No adjustment assistance shall be extended under section 313, 314, or 317 to any firm unless the owners, partners, or officers certify to the Secretary of Commerce—

(1) the names of any attorneys, agents, and other persons engaged by or on behalf of the firm for the purpose of expediting applications for such adjustment assistance, and

(2) the fees paid or to be paid to any such person.

(d) No financial assistance shall be provided to any firm under section 314 unless the owners, partners, or officers shall execute an agreement binding them and the firm for a period of 2 years after such financial assistance is provided, to refrain from employing, tendering any office or employment to, or retaining for professional services any person who, on the date such assistance or any part thereof was provided, or within one year prior thereto, shall have

served as an officer, attorney, agent, or employee occupying a position or engaging in activities which the Secretary of Commerce shall have determined involve discretion with respect to the provision of such financial assistance.

SEC. 319. PENALTIES.

Whoever makes a false statement of a material fact knowing it to be false, or knowingly fails to disclose a material fact, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Secretary of Commerce under this chapter, or for the purpose of obtaining money, property, or anything of value under this chapter, shall be fined not more than $5,000 or imprisoned for not more than two years, or both.

SEC. 320. SUITS.

In providing technical and financial assistance under sections 313 and 314, the Secretary of Commerce may sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against him or his property. Nothing in this section shall be construed to except the activities pursuant to sections 313 and 314 from the application of sections 507(b) and 2679 of title 28 of the United States Code, and of section 367 of the Revised Statutes (5 U.S.C., sec. 316). 62 Stat. 910, 984; 75 Stat. 539.

CHAPTER 3—ASSISTANCE TO WORKERS

SEC. 321. AUTHORITY.

The Secretary of Labor shall determine whether applicants are entitled to receive assistance under this chapter and shall pay or provide such assistance to applicants who are so entitled.

Subchapter A—Trade Readjustment Allowances

SEC. 322. QUALIFYING REQUIREMENTS.

(a) Payment of a trade readjustment allowance shall be made to an adversely affected worker who applies for such allowance for any week of unemployment which begins after the 30th day after the date of the enactment of this Act and after the date determined under section 302(d), subject to the requirements of subsections (b) and (c).

(b) Total or partial separation shall have occurred—

(1) after the date of the enactment of this Act, and after the date determined under section 302(d), and

(2) before the expiration of the 2-year period beginning on the day on which the most recent determination under section 302(d) was made, and before the termination date (if any) specified under section 302(e).

(c) Such worker shall have had—

(1) in the 156 weeks immediately preceding such total or partial separation, at least 78 weeks of employment at wages of $15 or more a week, and

(2) in the 52 weeks immediately preceding such total or partial separation, at least 26 weeks of employment at wages of $15 or more a week in a firm or firms with respect to which a determination of unemployment or underemployment under section 302 has been made, or

if data with respect to weeks of employment are not available, equivalent amounts of employment computed under regulations prescribed by the Secretary of Labor.

SEC. 323. WEEKLY AMOUNTS.

(a) Subject to the other provisions of this section, the trade readjustment allowance payable to an adversely affected worker for a week of unemployment shall be an amount equal to 65 percent of his average weekly wage or to 65 percent of the average weekly manufacturing wage, whichever is less, reduced by 50 percent of the amount of his remuneration for services performed during such week.

(b) Any adversely affected worker who is entitled to trade readjustment allowances and who is undergoing training approved by the Secretary of Labor, including on-the-job training, shall receive for each week in which he is undergoing any such training, a trade readjustment allowance in an amount (computed for such week) equal to the amount computed under subsection (a) or (if greater) the amount of any weekly allowance for such training to which he would be entitled under any other Federal law for the training of workers, if he applied for such allowance. Such trade readjustment allowance shall be paid in lieu of any training allowance to which the worker would be entitled under such other Federal law.

(c) The amount of trade readjustment allowance payable to an adversely affected worker under subsection (a) or (b) for any week shall be reduced by any amount of unemployment insurance which he has received or is seeking with respect to such week; but, if the appropriate State or Federal agency finally determines that the worker was not entitled to unemployment insurance with respect to such week, the reduction shall not apply with respect to such week.

Ante, p. 23.
75 Stat. 47.
42 USC 2501 note.
Infra.

(d) If unemployment insurance, or a training allowance under the Manpower Development and Training Act of 1962 or the Area Redevelopment Act, is paid to an adversely affected worker for any week of unemployment with respect to which he would be entitled (determined without regard to subsection (c) or (e) or to any disqualification under section 327) to a trade readjustment allowance if he applied for such allowance, each such week shall be deducted from the total number of weeks of trade readjustment allowance otherwise payable to him under section 324(a) when he applies for a trade readjustment allowance and is determined to be entitled to such allowance. If the unemployment insurance or the training allowance paid to such worker for any week of unemployment is less than the amount of the trade readjustment allowance to which he would be entitled if he applied for such allowance, he shall receive, when he applies for a trade readjustment allowance and is determined to be entitled to such allowance, a trade readjustment allowance for such week equal to such difference.

(e) Whenever, with respect to any week of unemployment, the total amount payable to an adversely affected worker as remuneration for services performed during such week, as unemployment insurance, as a training allowance referred to in subsection (d), and as a trade readjustment allowance would exceed 75 percent of his average weekly wage, his trade readjustment allowance for such week shall be reduced by the amount of such excess.

(f) The amount of any weekly payment to be made under this section which is not a whole dollar amount shall be rounded upward to the next higher whole dollar amount.

(g) (1) If unemployment insurances is paid under a State law to an adversely affected worker for a week for which—

(A) he receives a trade readjustment allowance, or

(B) he makes application for a trade readjustment allowance and would be entitled (determined without regard to subsection (c) or (e)) to receive such allowance,

the State agency making such payment shall, unless it has been reimbursed for such payment under other Federal law, be reimbursed from funds appropriated pursuant to section 337, to the extent such payment does not exceed the amount of the trade readjustment allowance which such worker would have received, or would have been entitled to receive, as the case may be, if he had not received the State payment. The amount of such reimbursement shall be determined by the Secretary of Labor on the basis of reports furnished to him by the State agency.

(2) In any case in which a State agency is reimbursed under paragraph (1) for payments of unemployment insurance made to an adversely affected worker, such payments, and the period of unemployment of such worker for which such payments were made, may be disregarded under the State law (and for purposes of applying section 3303 of the Internal Revenue Code of 1954) in determining whether or not an employer is entitled to a reduced rate of contributions permitted by the State law.

68A Stat. 440.
26 USC 3303.

SEC. 324. TIME LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES.

(a) Payment of trade readjustment allowances shall not be made to an adversely affected worker for more than 52 weeks, except that, in accordance with regulations prescribed by the Secretary of Labor—

(1) such payments may be made for not more than 26 additional weeks to an adversely affected worker to assist him to complete training approved by the Secretary of Labor, or

(2) such payments shall be made for not more than 13 additional weeks to an adversely affected worker who had reached his 60th birthday on or before the date of total or partial separation.

(b) Except for a payment made for an additional week specified in subsection (a), a trade readjustment allowance shall not be paid for a week of unemployment beginning more than 2 years after the beginning of the appropriate week. A trade readjustment allowance shall not be paid for any additional week specified in subsection (a) if such week begins more than 3 years after the beginning of the appropriate week. The appropriate week for a totally separated worker is the week of his most recent total separation. The appropriate week for a partially separated worker is the week in respect of which he first receives a trade readjustment allowance following his most recent partial separation.

SEC. 325. APPLICATION OF STATE LAWS.

Except where inconsistent with the provisions of this chapter and subject to such regulations as the Secretary of Labor may prescribe, the availability and disqualification provisions of the State law—

(1) under which an adversely affected worker is entitled to unemployment insurance (whether or not he has filed a claim for such insurance), or

(2) if he is not so entitled to unemployment insurance, of the State in which he was totally or partially separated,

shall apply to any such worker who files a claim for trade readjustment allowances. The State law so determined with respect to a separation of a worker shall remain applicable, for purposes of the preceding sentence, with respect to such separation until such worker becomes entitled to unemployment insurance under another State law (whether or not he has filed a claim for such insurance).

Subchapter B—Training

SEC. 326. IN GENERAL.

(a) To assure that the readjustment of adversely affected workers shall occur as quickly and effectively as possible, with minimum reliance upon trade readjustment allowances under this chapter, every effort shall be made to prepare each such worker for full employment in accordance with his capabilities and prospective employment opportunities. To this end, and subject to this chapter, adversely affected workers shall be afforded, where appropriate, the testing, counseling, training, and placement services provided for under any Federal law. Such workers may also be afforded supplemental assistance necessary to defray transportation and subsistence expenses for separate maintenance when such training is provided in facilities which are not within commuting distance of their regular place of residence. The Secretary of Labor in defraying such subsistence expenses shall not afford any individual an allowance exceeding $5 a day; nor shall the Secretary authorize any transportation expense exceeding the rate of 10 cents per mile.

(b) To the extent practicable, before adversely affected workers are referred to training, the Secretary of Labor shall consult with such workers' firm and their certified or recognized union or other duly authorized representative and develop a worker retraining plan which provides for training such workers to meet the manpower needs of such firm, in order to preserve or restore the employment relationship between the workers and the firm.

SEC. 327. DISQUALIFICATION FOR REFUSAL OF TRAINING, ETC.

Any adversely affected worker who, without good cause, refuses to accept or continue, or fails to make satisfactory progress in, suitable training to which he has been referred by the Secretary of Labor shall not thereafter be entitled to trade readjustment allowances until he enters or resumes training to which he has been so referred.

Subchapter C—Relocation Allowances

SEC. 328. RELOCATION ALLOWANCES AFFORDED.

Any adversely affected worker who is the head of a family as defined in regulations prescribed by the Secretary of Labor and who has been totally separated may file an application for a relocation allowance, subject to the terms and conditions of this subchapter.

SEC. 329. QUALIFYING REQUIREMENTS.

(a) A relocation allowance may be granted only to assist an adversely affected worker in relocating within the United States and only if the Secretary of Labor determines that such worker cannot reasonably be expected to secure suitable employment in the commuting area in which he resides and that such worker—

(1) has obtained suitable employment affording a reasonable expectation of long-term duration in the area in which he wishes to relocate, or

(2) has obtained a bona fide offer of such employment.

(b) A relocation allowance shall not be granted to such worker unless—

(1) for the week in which the application for such allowance is filed, he is entitled (determined without regard to section 323 (c) and (e)) to a trade readjustment allowance or would be so entitled (determined without regard to whether he filed application therefor) but for the fact that he has obtained the employment referred to in subsection (a) (1), and

(2) such relocation occurs within a reasonable period after the filing of such application or (in the case of a worker who has been referred to training by the Secretary of Labor) within a reasonable period after the conclusion of such training.

SEC. 330. RELOCATION ALLOWANCE DEFINED.

For purposes of this subchapter, the term "relocation allowance" means— "Relocation allowance."

(1) the reasonable and necessary expenses, as specified in regulations prescribed by the Secretary of Labor, incurred in transporting a worker and his family and their household effects, and

(2) a lump sum equivalent to two and one-half times the average weekly manufacturing wage.

Subchapter D—General Provisions

SEC. 331. AGREEMENTS WITH STATES.

(a) The Secretary of Labor is authorized on behalf of the United States to enter into an agreement with any State, or with any State agency. Under such an agreement, the State agency (1) as agent of the United States, will receive applications for, and will provide, assistance on the basis provided in this chapter, (2) where appropriate, will afford adversely affected workers who apply for assistance under this chapter testing, counseling, referral to training, and placement services, and (3) will otherwise cooperate with the Secretary of Labor and with other State and Federal agencies in providing assistance under this chapter.

(b) Each agreement under this subchapter shall provide the terms and conditions upon which the agreement may be amended, suspended, or terminated.

(c) Each agreement under this subchapter shall provide that unemployment insurance otherwise payable to any adversely affected worker will not be denied or reduced for any week by reason of any right to allowances under this chapter.

SEC. 332. PAYMENTS TO STATES.

(a) The Secretary of Labor shall from time to time certify to the Secretary of the Treasury for payment to each State which has entered into an agreement under section 331(1) the sums necessary to enable such State as agent of the United States to make payments of allowances provided for by this chapter, and (2) the sums reimbursable to a State pursuant to section 323(g). The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this chapter. Sums reimbursable to a State pursuant to section 323(g) shall be credited to the account of such State in the Unemployment Trust Fund and shall be used only for the payment of cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration.

(b) All money paid a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this subchapter, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this section may be made.

(c) Any agreement under this subchapter may require any officer or employee of the State certifying payments or disbursing funds under the agreement, or otherwise participating in the performance of the agreement, to give a surety bond to the United States in such amount as the Secretary of Labor may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this chapter.

SEC. 333. LIABILITIES OF CERTIFYING AND DISBURSING OFFICERS.

(a) No person designated by the Secretary of Labor, or designated pursuant to an agreement under this subchapter, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any allowance certified by him under this chapter.

(b) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this chapter if it was based upon a voucher signed by a certifying officer designated as provided in subsection (a).

SEC. 334. RECOVERY OF OVERPAYMENTS.

(a) If a State agency or the Secretary of Labor, or a court of competent jurisdiction finds that any person—

(1) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed or caused another to fail to disclose a material fact; and

(2) as a result of such action has received any payment of allowances under this chapter to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary of Labor, as the case may be, or either may recover such amount by deductions from any allowance payable to such person under this chapter. Any such finding by a State agency or the Secretary of Labor may be made only after an opportunity for a fair hearing.

(b) Any amount repaid to a State agency under this section shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary of Labor under this section shall be returned to the Treasury and credited to the current applicable appropriation, fund, or account from which payment was made.

SEC. 335. PENALTIES.

Whoever makes a false statement of a material fact knowing it to be false, or knowingly fails to disclose a material fact, for the purpose of obtaining or increasing for himself or for any other person any payment or assistance authorized to be furnished under this chapter or pursuant to an agreement under section 331 shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

SEC. 336. REVIEW.

Except as may be provided in regulations prescribed by the Secretary of Labor to carry out his functions under this chapter, determinations under this chapter as to the entitlement of individuals for adjustment assistance shall be final and conclusive for all purposes and not subject to review by any court or any other officer. To the maximum extent practicable and consistent with the purposes of this chapter, such regulations shall provide that such determinations by a State agency will be subject to review in the same manner and to the same extent as determinations under the State law.

SEC. 337. AUTHORIZATION OF APPROPRIATIONS.

There are hereby authorized to be appropriated to the Secretary of Labor such sums as may be necessary from time to time to carry out his functions under this chapter in connection with furnishing adjustment assistance to workers, which sums are authorized to be appropriated to remain available until expended.

SEC. 338. DEFINITIONS.

For purposes of this chapter—

(1) The term "adversely affected employment" means employment in a firm or appropriate subdivision of a firm, if workers of such firm or subdivision are eligible to apply for adjustment assistance under this chapter.

(2) The term "adversely affected worker" means an individual who, because of lack of work in an adversely affected employment—

(A) has been totally or partially separated from such employment, or

(B) has been totally separated from employment with the firm in a subdivision of which such adversely affected employment exists.

(3) The term "average weekly manufacturing wage" means the national gross average weekly earnings of production workers in manufacturing industries for the latest calendar year (as officially published annually by the Bureau of Labor Statistics of the Department of Labor) most recently published before the period for which the assistance under this chapter is furnished.

(4) The term "average weekly wage" means one-13th of the total wages paid to an individual in the high quarter. For purposes of this computation, the high quarter shall be that quarter in which the individual's total wages were highest among the first 4 of the last 5 completed calendar quarters immediately before the quarter in which occurs the week with respect to which the computation is made. Such week shall be the week in which total separation occurred, or, in cases where partial separation is claimed, an appropriate week, as defined in regulations prescribed by the Secretary of Labor.

(5) The term "average weekly hours" means the average hours worked by the individual (excluding overtime) in the employment from which he has been or claims to have been separated in the 52 weeks (excluding weeks during which the individual was sick or on vacation) preceding the week specified in the last sentence of paragraph (4).

(6) The term "partial separation" means, with respect to an individual who has not been totally separated, that he has had his hours of work reduced to 80 percent or less of his average weekly hours in adversely affected employment and his wages reduced to 75 percent or less of his average weekly wage in such adversely affected employment.

(7) The term "remuneration" means wages and net earnings derived from services performed as a self-employed individual.

(8) The term "State" includes the District of Columbia and the Commonwealth of Puerto Rico; and the term "United States" when used in the geographical sense includes such Commonwealth.

(9) The term "State agency" means the agency of the State which administers the State law.

(10) The term "State law" means the unemployment insurance law of the State approved by the Secretary of Labor under section 3304 of the Internal Revenue Code of 1954.

68A Stat. 443.
26 USC 3304.

(11) The term "total separation" means the layoff or severance of an individual from employment with a firm in which, or in a subdivision of which, adversely affected employment exists.

(12) The term "unemployment insurance" means the unemployment insurance payable to an individual under any State law or Federal unemployment insurance law, including title XV of the Social Security Act, the Railroad Unemployment Insurance Act, and the Temporary Extended Unemployment Compensation Act of 1961.

42 USC 1361-1371; 45 USC 367; 42 USC 1400l note.

(13) The term "week" means a week as defined in the applicable State law.

(14) The term "week of unemployment" means with respect to an individual any week for which his remuneration for services performed during such week is less than 75 percent of his average weekly wage and in which, because of lack of work—

(A) if he has been totally separated, he worked less than the full-time week (excluding overtime) in his current occupation, or

(B) if he has been partially separated, he worked 80 percent or less of his average weekly hours.

CHAPTER 4—TARIFF ADJUSTMENT

SEC. 351. AUTHORITY.

(a)(1) After receiving an affirmative finding of the Tariff Commission under section 301(b) with respect to an industry, the President may proclaim such increase in, or imposition of, any duty or other import restriction on the article causing or threatening to cause serious injury to such industry as he determines to be necessary to prevent or remedy serious injury to such industry.

(2) If the President does not, within 60 days after the date on which he receives such affirmative finding, proclaim the increase in, or imposition of, any duty or other import restriction on such article found and reported by the Tariff Commission pursuant to section 301(e)—

Presidential report to Congress.

(A) he shall immediately submit a report to the House of Representatives and to the Senate stating why he has not proclaimed such increase or imposition, and

(B) such increase or imposition shall take effect (as provided in paragraph (3)) upon the adoption by both Houses of the Congress (within the 60-day period following the date on which the report referred to in subparagraph (A) is submitted to the House of Representatives and the Senate), by the yeas and nays by the affirmative vote of a majority of the authorized membership of each House, of a concurrent resolution stating in effect that the Senate and House of Representatives approve the increase in, or imposition of, any duty or other import restriction on the article found and reported by the Tariff Commission.

For purposes of subparagraph (B), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die. The report referred to in subparagraph (A) shall be delivered to both Houses of the Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House of Representatives is not in session and to the Secretary of the Senate if the Senate is not in session.

(3) In any case in which the contingency set forth in paragraph (2)(B) occurs, the President shall (within 15 days after the adoption of such resolution) proclaim the increase in, or imposition of, any duty or other import restriction on the article which was found and reported by the Tariff Commission pursuant to section 301(e).

(4) The President may, within 60 days after the date on which he receives an affirmative finding of the Tariff Commission under section 301(b) with respect to an industry, request additional information from the Tariff Commission. The Tariff Commission shall, as soon as practicable but in no event more than 120 days after the date on which it receives the President's request, furnish additional information with respect to such industry in a supplemental report. For purposes of paragraph (2), the date on which the President receives such supplemental report shall be treated as the date on which the Presi-

dent received the affirmative finding of the Tariff Commission with respect to such industry.

(b) No proclamation pursuant to subsection (a) shall be made—

(1) increasing any rate of duty to a rate more than 50 percent above the rate existing on July 1, 1934, or, if the article is dutiable but no rate existed on July 1, 1934, the rate existing at the time of the proclamation,

(2) in the case of an article not subject to duty, imposing a duty in excess of 50 percent ad valorem.

For purposes of paragraph (1), the term "existing on July 1, 1934" has the meaning assigned to such term by paragraph (5) of section 256.

(c) (1) Any increase in, or imposition of, any duty or other import restriction proclaimed pursuant to this section or section 7 of the Trade Agreements Extension Act of 1951—

Ante, p. 882.
19 USC 1364.

(A) may be reduced or terminated by the President when he determines, after taking into account the advice received from the Tariff Commission under subsection (d)(2) and after seeking advice of the Secretary of Commerce and the Secretary of Labor, that such reduction or termination is in the national interest, and

(B) unless extended under paragraph (2), shall terminate not later than the close of the date which is 4 years (or, in the case of any such increase or imposition proclaimed pursuant to such section 7, 5 years) after the effective date of the initial proclamation or the date of the enactment of this Act, whichever date is the later.

(2) Any increase in, or imposition of, any duty or other import restriction proclaimed pursuant to this section or pursuant to section 7 of the Trade Agreements Extension Act of 1951 may be extended in whole or in part by the President for such periods (not in excess of 4 years at any one time) as he may designate if he determines, after taking into account the advice received from the Tariff Commission under subsection (d)(3) and after seeking advice of the Secretary of Commerce and the Secretary of Labor, that such extension is in the national interest.

(d)(1) So long as any increase in, or imposition of, any duty or other import restriction pursuant to this section or pursuant to section 7 of the Trade Agreements Extension Act of 1951 remains in effect, the Tariff Commission shall keep under review developments with respect to the industry concerned, and shall make annual reports to the President concerning such developments.

(2) Upon request of the President or upon its own motion, the Tariff Commission shall advise the President of its judgment as to the probable economic effect on the industry concerned of the reduction or termination of the increase in, or imposition of, any duty or other import restriction pursuant to this section or section 7 of the Trade Agreements Extension Act of 1951.

(3) Upon petition on behalf of the industry concerned, filed with the Tariff Commission not earlier than the date which is 9 months, and not later than the date which is 6 months, before the date any increase or imposition referred to in paragraph (1) or (2) of subsection (c) is to terminate by reason of the expiration of the applicable period prescribed in paragraph (1) or an extension thereof under paragraph (2), the Tariff Commission shall advise the President of its judgment as to the probable economic effect on such industry of such termination.

(4) In advising the President under this subsection as to the probable economic effect on the industry concerned, the Tariff Commission shall take into account all economic factors which it considers

relevant, including idling of productive facilities, inability to operate at a level of reasonable profit, and unemployment or underemployment.

(5) Advice by the Tariff Commission under this subsection shall be given on the basis of an investigation during the course of which the Tariff Commission shall hold a hearing at which interested persons shall be given a reasonable opportunity to be present, to produce evidence, and to be heard.

(e) The President, as soon as practicable, shall take such action as he determines to be necessary to bring trade agreements entered into under section 350 of the Tariff Act of 1930 into conformity with the provisions of this section. No trade agreement shall be entered into under section 201(a) unless such agreement permits action in conformity with the provisions of this section.

48 Stat. 943; Ante, pp. 881-883. 19 USC 1351.

SEC. 352. ORDERLY MARKETING AGREEMENTS.

(a) After receiving an affirmative finding of the Tariff Commission under section 301(b) with respect to an industry, the President may, in lieu of exercising the authority contained in section 351(a)(1) but subject to the provisions of sections 351(a) (2), (3), and (4), negotiate international agreements with foreign countries limiting the export from such countries and the import into the United States of the article causing or threatening to cause serious injury to such industry, whenever he determines that such action would be more appropriate to prevent or remedy serious injury to such industry than action under section 351(a)(1).

Regulations.

(b) In order to carry out an agreement concluded under subsection (a), the President is authorized to issue regulations governing the entry or withdrawal from warehouse of the article covered by such agreement. In addition, in order to carry out a multilateral agreement concluded under subsection (a) among countries accounting for a significant part of world trade in the article covered by such agreement, the President is also authorized to issue regulations governing the entry or withdrawal from warehouse of the like article which is the product of countries not parties to such agreement.

CHAPTER 5—ADVISORY BOARD

SEC. 361. ADJUSTMENT ASSISTANCE ADVISORY BOARD.

(a) There is hereby created the Adjustment Assistance Advisory Board, which shall consist of the Secretary of Commerce, as Chairman, and the Secretaries of the Treasury, Agriculture, Labor, Interior, and Health, Education, and Welfare, the Administrator of the Small Business Administration, and such other officers as the President deems appropriate. Each member of the Board may designate an officer of his agency to act for him as a member of the Board. The Chairman may from time to time invite the participation of officers of other agencies of the executive branch.

(b) At the request of the President, the Board shall advise him and the agencies furnishing adjustment assistance pursuant to chapters 2 and 3 on the development of coordinated programs for such assistance, giving full consideration to ways of preserving and restoring the employment relationship of firms and workers where possible, consistent with sound economic adjustment.

(c) The Chairman may appoint for any industry an industry committee composed of members representing employers, workers, and the public, for the purpose of advising the Board. Members of any such committee shall, while attending meetings, be entitled to receive compensation and reimbursement as provided in section 401(3). The provisions of section 1003 of the National Defense Education Act of 1958 (20 U.S.C. 583) shall apply to members of such committee.

Conflict of interest, exemption. 72 Stat. 1603.

TITLE IV—GENERAL PROVISIONS

SEC. 401. AUTHORITIES.

The head of any agency performing functions under this Act may—

(1) authorize the head of any other agency to perform any of such functions;

(2) prescribe such rules and regulations as may be necessary to perform such functions; and

(3) to the extent necessary to perform such functions, procure the temporary (not in excess of one year) or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such services shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5). Any individual so employed may be compensated at a rate not in excess of $75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed $16 per diem in lieu of subsistence and other expenses.

SEC. 402. REPORTS.

(a) The President shall submit to the Congress an annual report on the trade agreements program and on tariff adjustment and other adjustment assistance under this Act. Such report shall include information regarding new negotiations, changes made in duties and other import restrictions of the United States, reciprocal concessions obtained, changes in trade agreements in order to effectuate more fully the purposes of the trade agreements program (including the incorporation therein of escape clauses), the results of action taken to obtain removal of foreign trade restrictions (including discriminatory restrictions) against United States exports, remaining restrictions, and the measures available to seek their removal in accordance with the purposes of this Act, and other information relating to the trade agreements program and to the agreements entered into thereunder.

(b) The Tariff Commission shall submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program.

SEC. 403. TARIFF COMMISSION.

(a) In order to expedite the performance of its functions under this Act, the Tariff Commission may conduct preliminary investigations, determine the scope and manner of its proceedings, and consolidate proceedings before it.

(b) In performing its functions under this Act, the Tariff Commission may exercise any authority granted to it under any other Act.

(c) The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements entered into under the trade agreements program.

SEC. 404. SEPARABILITY.

If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the application of such provision to other circumstances or persons, shall not be affected thereby.

SEC. 405. DEFINITIONS.

For purposes of this Act—

(1) The term "agency" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States.

(2) The term "duty or other import restriction" includes (A) the rate and form of an import duty, and (B) a limitation, prohibition, charge, and exaction other than duty, imposed on importation or imposed for the regulation of imports.

(3) The term "firm" includes an individual proprietorship, partnership, joint venture, association, corporation (including a development corporation), business trust, cooperative, trustees in bankruptcy, and receivers under decree of any court. A firm, together with any predecessor, successor, or affiliated firm controlled or substantially beneficially owned by substantially the same persons, may be considered a single firm where necessary to prevent unjustifiable benefits.

(4) An imported article is "directly competitive with" a domestic article at an earlier or later stage of processing, and a domestic article is "directly competitive with" an imported article at an earlier or later stage of processing, if the importation of the imported article has an economic effect on producers of the domestic article comparable to the effect of importation of articles in the same stage of processing as the domestic article. For purposes of this paragraph, the unprocessed article is at an earlier stage of processing.

(5) A product of a country or area is an article which is the growth, produce, or manufacture of such country or area.

(6) The term "modification", as applied to any duty or other import restriction, includes the elimination of any duty.

Approved October 11, 1962, 12:15 p.m.

1. Explanation

The Trade Expansion Act of 1962 (sec. 201) granted the President authority (1) to enter into trade agreements with foreign countries during the 5-year period from July 1, 1962, through June 30, 1967, and (2) as he determined to be required or appropriate to carry out such agreements, to modify rates of duty or other import restrictions, to continue existing duties or duty-free or excise treatment, or to impose additional import restrictions.

It should be noted that the President's authority to issue proclamations is limited to those which carry out trade agreements entered into before July 1, 1967. New legislation is required for proclamations carrying out trade agreements entered into subsequent to that date.

Several provisions in the act established limits on the President's authority to modify U.S. rates of duty. Others deal with prenegotiation procedures, the reservation of articles from negotiations, staging requirements and rounding authorizations, and the transmission of copies of trade agreements to the Congress.

Authority to modify rates of duty

The basic trade agreement authority granted to the President (sec. 201) permits him—in order to carry out a trade agreement entered into before July 1, 1967—to decrease any rate of duty to a level 50 percent below that existing on July 1, 1962,[1] or to increase any rate of duty to (or impose) a rate 50 percent above that existing on July 1, 1934. For certain articles, however, the President's authority to reduce rates of duty pursuant to trade agreements is unlimited; i.e., he could proclaim dutiable articles to be free of duty.

Low-rate articles.—Section 202 authorized the President to eliminate the duties applicable to articles for which the rate on July 1, 1962, was not more than 5 percent ad valorem (or ad valorem equivalent).

Tropical agricultural and forestry commodities.—Section 213 authorized the President, under certain circumstances, to eliminate the duties on tropical agricultural or forestry products. As prerequisites to such action, the President had to determine that (1) the European Economic Community (EEC) had made commitments with respect to the product which made its access into the EEC comparable to the access contemplated for the product into the United States, (2) such commitments applied about equally to all free-world countries of origin, and (3) the like article was not produced in significant quantities in the United States. Before the President made his determination, the Tariff Commission made findings as to whether (1) the like article was produced in significant quantities in the United States, and (2) the article was an agricultural or forestry product more than half of the world production of which occurred between the 20° lines of north and south latitude.

Negotiations with the European Economic Community.—Section 211 authorized the President, in concluding trade agreements with the EEC, to eliminate duties on articles in any category for which he had previously determined that the United States and the EEC accounted

[1] The term "existing on July 1, 1962" refers to the lowest nonpreferential rate of duty existing on such date (however established, and even though temporarily suspended by act of Congress or otherwise) or (if lower) the lowest nonpreferential rate to which the United States was committed on such date and which might be proclaimed under sec. 350 of the Tariff Act of 1930 (sec. 256(4)).

for at least 80 percent of the total free world export value in a representative period. The act directed the President to select the classification system to be used in the categorization of articles for this purpose and to make this selection public. Before the President made the aforementioned determination regarding each category, the Tariff Commission was to make findings as to (1) the representative period to be employed; (2) the articles that fell within each category; and (3) the percentage of free world export value of the articles within each category accounted for by the United States and the EEC. This authority was largely predicated on the expectation that the United Kingdom and other European countries would become members of the EEC. Since this did not occur, the number of commodities falling within the criteria of section 211 was extremely limited, and thus, the authority was not used in the recently concluded Kennedy round.

The authority granted by section 211 did not apply to any article listed in Agriculture Handbook No. 143 of the U.S. Department of Agriculture, issued in September 1959. Section 212, however, authorized the President, in carrying out trade agreements with the EEC, to eliminate the duties on any product listed in that handbook, if he determines beforehand that the agreement would tend to maintain or expand U.S. exports of the like article.

Prenegotiation procedures

The Trade Expansion Act directed the President, before he entered into a trade agreement, to seek advice and information from various Government departments and agencies, and to afford interested parties an opportunity to present their views.

Section 221 of the 1962 act, which replaced the so-called peril-point provisions of the previous trade agreements legislation, required the President, before entering into trade-agreement negotiations, to publish and to furnish to the Tariff Commission a list or lists of articles which might be considered for trade-agreement concessions.[1] For each article on which a reduction in the rate of duty in excess of the President's basic trade-agreement authority was to be considered (i.e., in excess of 50 percent of the rate existing on July 1, 1962), the President was to specify on the list the section or sections of the act under which such reductions might be made. Within 6 months after receipt of a list, the Tariff Commission was to advise the President of its judgment as to the probable economic effect of modifications of duties or other import restrictions applicable to each listed article on industries producing like or directly competitive articles. The President could not offer trade-agreement concessions on the articles until he had received the Tariff Commission's advice or until the expiration of the 6-month period, whichever occurred first (sec. 224).

In preparing its advice to the President, the Commission was required to hold public hearings. It also was directed, to the extent practicable, to (1) investigate the conditions, causes, and effects of competition between the foreign industries producing the articles in question and the domestic industries producing the like or directly competitive articles; (2) analyze the production, trade, and consumption of each like or directly competitive article, taking into consideration employ-

[1] The President directed the Special Representative for Trade Negotiations to furnish him from time to time lists of articles proposed for publication and transmittal to the Tariff Commission (48 CFR 1.3).

ment, profit levels, the use of the U.S. productive facilities, and such other economic factors in the domestic industries as the Commission considered relevant (including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production); (3) describe the probable nature and extent of significant changes which trade-agreement concessions on the listed articles would cause in employment, profit levels, use of productive facilities, and such other conditions it deemed relevant in the domestic industries concerned; and (4) make special studies of particular proposed concessions, including studies of the real wages paid in foreign supplying countries, whenever it deemed such studies warranted.

Section 222 required the President, before entering into any trade agreement, to seek information and advice from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury, and other sources he deemed appropriate. The President delegated these functions to the Special Representative for Trade Negotiations.[1]

Section 223 of the act provided for public hearings, distinct from those conducted by the Tariff Commission, to be held by an agency or interagency committee designated by the President. These hearings were designed to provide any interested person the opportunity to present his views concerning matters pertinent to proposed trade-agreement negotiations. The agency or committee which held the hearings was directed to furnish the President with a summary thereof; the President could not offer trade-agreement concessions until he had received such summary (sec. 224). The President also delegated his functions under section 223 to the Special Representative for Trade Negotiations, who in turn established a Trade Information Committee to conduct the required hearings.[2]

Reservation of articles from negotiation

Several provisions of the Trade Expansion Act of 1962 directed the President to reserve various articles from trade agreement negotiations. Some of the provisions (e.g., sec. 225(a)) were specific and mandatory; others (e.g., sec. 225(c)) were general directives or guidelines.

Section 225(a) directed the President to reserve from trade agreement negotiations for the reduction of duty or other import restriction or the elimination of duty any article for which an action was in effect under the national security or escape-clause provisions of the Trade Expansion Act of 1962 or the comparable provisions of the previous legislation.[3]

Section 225(b) directed the President, under certain conditions, to reserve from negotiations for the reduction of duty or other import restriction or the elimination of duty—for a 5-year period following the enactment of the act—any article (1) which the Tariff Commission in an earlier escape-clause investigation [4] had found, by majority vote, was being imported in such increased quantities as to cause or threaten serious injury to a domestic industry and (2) for which no escape-clause action was in effect. The President was required to

[1] 48 CFR 1.3.
[2] 48 CFR 1.3 and 202.3.
[3] Secs. 232, 351, or 352 of the Trade Expansion Act of 1962, sec. 7 of the Trade Agreements Extension Act of 1951, as amended, and sec. 2(b) of the extension act of 1954 (Public Law 464, 83d Cong., second sess.), as amended.
[4] Sec. 225(b) specified an investigation under sec. 7 of the Trade Agreements Extension Act of 1951 (or a comparable Executive order).

reserve such an article from negotiation when the following conditions were met: (*a*) The article was included in a list of articles to be considered for negotiation furnished to the Tariff Commission by the President pursuant to section 221 (and had not been included in a prior list so furnished), and (*b*) the Tariff Commission, upon request of the industry made not later than 60 days after the date of publication of such list, found and advised the President that economic conditions in the industry had not substantially improved since the date of the report of its earlier finding of injury.

Section 225(c) directed the President to reserve any article he determined to be appropriate, taking into consideration the advice of the Tariff Commission (sec. 221), the advice of other Government agencies or sources (sec. 222), and the summary of the public hearings furnished to him (sec. 223).

Staging and rounding

Section 253 of the act stipulated that reductions in rates of duty must be so staged that, generally, the aggregate of a given reduction which was in effect at any time would not exceed that which would have been in effect if the reduction had been made in five annual installments of equal magnitude. Reductions made in rates of duty on tropical agricultural and forestry products under section 213 were exempted from the staging requirement.

Section 254 permitted rates of duty to be rounded so as to avoid complex fractions or decimals. Whenever he determined that such action would simplify the calculation of the amount of duty imposed on any article, the President could exceed his basic authority to reduce rates of duty (sec. 201), as well as the limitations imposed by staging requirements (sec. 253), by the lesser of (*a*) the difference between the limitation and the next lower whole number, or (*b*) one-half of 1 percent ad valorem or an amount the ad valorem equivalent of which was one-half of 1 percent.

Transmission of agreements to Congress

Section 226 directed the President to transmit promptly to each House of Congress a copy of each trade agreement that he negotiated under the authority granted by the act. He was also to transmit a statement which, in the light of the advice of the Tariff Commission (sec. 221) and of other relevant considerations, gave his reasons for entering into the agreement.

ADMINISTRATIVE PROVISIONS

Procedures for administering the Trade Expansion Act of 1962 are provided for in part by the act itself and in part by Executive orders and directives. The Special Representative for Trade Negotiations and the Chairman of the Trade Information Committee also issued regulations. All of the executive documents are a part of title 48 of the Code of Federal Regulations. The Tariff Commission also issued rules and regulations in connection with its responsibilities under the act.

Special Representative for Trade Negotiations

Under section 241 of the Trade Expansion Act, the President is required to appoint, by and with the advice and consent of the Senate, a Special Representative for Trade Negotiations. The Special Repre-

sentative is to serve as the chief representative of the United States at trade-agreement negotiations. He is also designated to be chairman of the interagency advisory committee provided for by section 242 of the act. Generally, the Special Representative is to assist the President in the administration of the trade agreements program and by executive order is to advise the President with respect to nontariff barriers to international trade, international commodity agreements, and other matters relating to the operation of the trade agreements program. By Executive order, the President also created the positions of two Deputy Special Representatives for Trade Negotiations. The Deputy Special Representatives are assigned the principal function of conducting trade-agreement negotiations; they also perform such additional duties as the Special Representative might direct.

Interdepartmental committees

To carry out the traditional interdepartmental administration of the trade agreements program, the Congress and the executive established a series of governmental (interagency) committees. Certain of the newly identified committees are counterparts of committees that had functioned under earlier legislation and Executive orders.

Trade Expansion Act Advisory Committee.—Pursuant to section 242, the President established the Trade Expansion Act Advisory Committee. The Committee is composed of the Special Representative for Trade Negotiations (Chairman) and the Secretaries of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury. Each Secretary is authorized to designate an official from his department (who has status not below that of Assistant Secretary) as his alternate on the Committee. The Special Representative is authorized to designate the Deputy Special Representative for a similar purpose.

Under section 242, the Advisory Committee is to (1) make recommendations to the President on basic policy issues arising in the administration of the trade agreements program; (2) make recommendations to the President with respect to reports concerning tariff adjustment submitted to him by the Tariff Commission; (3) advise the President respecting foreign import restrictions; and (4) perform such other functions relating to the operation of the trade agreements program as the President designates.

Trade Executive Committee.—The Trade Executive Committee is composed of the Deputy Special Representative for Trade Negotiations (chairman) and representatives designated from their respective departments by the Secretaries of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury. The members of the Committee so designated are to be equal in status at least to Assistant Secretary. Alternate members of the Committee, with rank at least equal to that of Deputy Assistant Secretary, can be chosen by the Secretaries of the respective departments and by the Special Representative.

The functions of the Trade Executive Committee are to (1) plan, direct, and coordinate interagency activities concerning the trade agreements program and related matters; (2) recommend policies and actions, and transmit appropriate materials, to the Special Representative concerning the trade agreements program and related matters; (3) supervise and direct the activities of the Trade Staff Committee and the Trade Information Committee (see below); and (4) perform such other functions as the Special Representative might from time to time determine.

Trade Staff Committee.—The Trade Staff Committee is composed of a Chairman chosen from his office by the Special Representative and of officials designated from their respective agencies by the Secretaries of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury, and by the Chairman of the Tariff Commission. The official from the Tariff Commission is a nonvoting member; he does not participate in the discussion of any policy matter or in the consideration of any report submitted by the Tariff Commission.

The functions of the Trade Staff Committee are to—

(1) Obtain information and advice from agencies and other sources concerning any proposed trade agreement, and furnish summaries of such information and advice, together with recommendations of action with respect thereto, to the Trade Executive Committee;

(2) Review summaries of information concerning any proposed trade agreement furnished by the Trade Information Committee and transmit such summaries, together with recommendations of action with respect thereto, to the Trade Executive Committee;

(3) Review summaries of information concerning foreign import restrictions furnished by the Trade Information Committee, and transmit recommendations of action with respect thereto through the Trade Executive Committee to the Trade Expansion Act Advisory Committee;

(4) Review reports concerning tariff adjustment submitted by the Tariff Commission, and transmit such reports, together with recommendations of action with respect thereto, through the Trade Executive Committee to the Trade Expansion Act Advisory Committee;

(5) Review all materials required to be furnished by the Tariff Commission to the President through the Special Representative, and transmit such materials, together with recommendations of action with respect thereto to the Trade Executive Committee;

(6) Recommend policies and actions to the Trade Executive Committee concerning the trade agreements program and related matters, or, when appropriate, approve such policies and actions;

(7) Keep regularly informed of the operation and effect of the trade agreements program and related matters; and

(8) Perform such other functions as the Trade Executive Committee might from time to time determine.

Trade Information Committee.—The Trade Information Committee consists of a Chairman appointed from his office by the Special Representative and of officials designated from their respective agencies by the Secretaries of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury.

The functions of the Trade Information Committee are to—

(1) Provide an opportunity, by the holding of public hearings and by such other means as it deemed appropriate, for any interested party to present an oral or written statement concerning any proposed trade agreement, and furnish summaries of such hearings and other pertinent information so received to the Trade Staff Committee;

(2) Provide an opportunity, by the holding of public hearings, upon request by any interested party, and by such other means as it deemed appropriate, for any interested party to present an

oral or written statement concerning foreign import restrictions, and furnish summaries of such hearings and other pertinent information so received to the Trade Staff Committee and the Trade Expansion Act Advisory Committee;

(3) Provide an opportunity, by such means as it deemed appropriate, for any interested party to present an oral or written statement concerning any other aspect of the trade agreements program and related matters, and furnish summaries of pertinent information so received to the Trade Staff Committee;

(4) Issue regulations governing the conduct of its public hearings and the performance of such of its other functions as it deems necessary; and

(5) Perform such other functions as the Trade Executive Committee might from time to time determine.

Adjustment Assistance Advisory Board.—Section 361 of the Trade Expansion Act provides for an Adjustment Assistance Advisory Board. The Board consists of the Secretary of Commerce (Chairman), the Secretaries of the Treasury, Agriculture, Labor, Interior, and Health, Education, and Welfare, the Administrator of the Small Business Administration, and such other members as the President might designate. The function of the Adjustment Assistance Advisory Board is to advise the President and the agencies furnishing adjustment assistance under the act on the development of coordinated programs for assistance to firms and workers. The Chairman of the Advisory Board is authorized to appoint industry committees composed of representatives of employers, workers, and the public for the purpose of advising the Board.

Congressional representation at negotiations

Section 243 of the Trade Expansion Act directed the President to select, upon the recommendation of the Speaker of the House of Representatives, two members of the House Committee on Ways and Means, and, upon the recommendation of the President of the Senate, two members of the Senate Committee on Finance to be accredited as members of the U.S. delegation to any trade-agreement negotiation. The two delegates from each House of Congress are not to be members of the same political party.

GENERAL PROVISIONS

The Trade Expansion Act includes provisions relating to the generalization of trade-agreement concessions and the adjustment of imports that might impair national security. These provisions as well as title III relating to tariff adjustment and other adjustment assistance are discussed below under provisions relating to other authority of the President affecting imports, see pages 69–73.

2. Results of Kennedy Round

The Kennedy round of trade negotiations completed on June 30, 1967, is the major trade agreement which has involved the use of the President's authority under the Trade Expansion Act of 1962. The results are summarized in the President's report to the Congress submitted pursuant to section 226, noted above.

90TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { DOCUMENT No. 184

GENERAL AGREEMENT ON TARIFFS AND TRADE

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE MULTILATERAL TRADE AGREEMENT SIGNED IN GENEVA ON JUNE 30, 1967

NOVEMBER 27, 1967.—Referred to the Committee on Ways and Means and ordered to be printed, with accompanying papers

To the Congress of the United States:

I am pleased to transmit to the Congress, pursuant to Section 226 of the Trade Expansion Act of 1962, a copy of the multilateral trade agreement signed in Geneva on June 30, 1967.

The agreement brings to a successful conclusion what we all know as the Kennedy Round of trade negotiations. It fulfills the purposes and high hopes of the Trade Expansion Act passed by the Congress in 1962.

The documents contain a mass of detail. On paper those details appear dry and technical. In reality they represent new factories, more jobs, lower prices to consumers, and higher incomes for American workers and for our trading partners throughout the world.

These decisions recorded in these documents rest on solid experience. The remarkable post-war expansion of international trade brought strength and growth to the free world economy. It enriched the lives of people everywhere—and thus it served the cause of peace. We and our trading partners had an enormous stake in the further removal of trade barriers. Trade expansion would continue to benefit us all—the more so because of our growing prosperity. Protectionism and

trade wars would hurt us all—the more so because of our growing interdependence.

This report celebrates the wisdom of these decisions and the success of this tremendous effort. As a consequence, international trade can continue to be the world's biggest growth industry. We must continue to provide leadership in international trade policy to realize its vast potentialities and share fully in its benefits.

The results of the trade negotiations are of unprecedented scale. We received tariff concessions from other countries on between $7½ to $8 billion of our industrial and agricultural exports. We reduced duties on about the same volume of our imports. The gains will be even greater in future years as world trade grows.

In approaching the trade negotiations, two fundamental standards governed our actions.

First, we sought—and achieved—reciprocity in trade concessions. Our consumers will benefit by lower import costs. Our export industries will benefit by greater market opportunities abroad.

Second, we sought to safeguard domestic industries that were especially vulnerable to import competition. We accomplished this through procedures worked out in accordance with guidelines wisely established by Congress in the Trade Expansion Act.

On October 21, 1963, we issued the first of a series of public notices of our intention to negotiate. Public hearings were held by the Tariff Commission and by the interagency Trade Information Committee. From these hearings, and from special studies carried out by the Office of Emergency Planning, we were given advice on each article under review for possible concession. When this expert examination revealed that a particular industrial and agricultural product was exceptionally vulnerable to import competition, it was withheld from negotiation. These background studies also guided our negotiators in determining how large a concession we could reasonably make on each item.

Because of the care exercised in these preparations, the selectivity with which reductions were made, and the fact that most of these reductions will come into effect gradually over a 5-year period, we can be assured that the vital interests of American labor, agriculture and industry have been safeguarded.

Throughout the negotiations my Special Representative for Trade Negotiations worked closely with the bipartisan Congressional Advisors.

The thoroughness of our preparation has borne fruit. As we made many concessions, so did our leading trading partners—the West European nations, Canada, and Japan. The major features of the basic agreement illustrate its depth and potential benefits.

—Tariff cuts of 30% to 50% on a very broad range of industrial goods. For example:

- Canada reduced tariffs on a wide range of machinery from 22.5% to 15%, on metal furniture from 25% to 17.5%, and on coal from 10% to zero.
- Japan cut tariffs on bearings and parts from 25% to 12.5% and various types of radio transmission apparatus and parts from 20% to 10%.
- Great Britain cut its tariffs on American electric typewriters from 16% to 7.5%, on circuit breakers from 16% to 8%, and on air conditioners from 12% to 7.5%.

- The nations of the European Economic Community cut tariffs on U.S. pumps and compressors from 12% to 6%, on refrigerating equipment from 10% to 5%, and on automobiles from 22% to 11%.

—Agricultural concessions that will open new trading opportunities for our farmers and set a valuable precedent for bringing the benefits of competition to world agricultural trade. For example:

- Canada eliminated all tariffs on American apples, halved its tariff on orange and grapefruit juice from 10% to 5%, reduced its tariff on tallow from 17.5% to 10%.
- Japan reduced its tariff on soybeans from 13% to 6%, on turkey from 20% to 15%, and on prunes from 15% to 10%.
- The European Economic Community cut tariffs on dried peas and beans from 9% to 4.5%, on variety meats from 20% to 14%, and on unmanufactured tobacco from 28% to 23%.
- Great Britain cut duties on soybeans from 5% to zero, on variety meats from 20% to 10%, and on raisins from 7.5% to 3.5%.

We gave comparable concessions on a wide range of products that we import. From them, we will gain the opportunity to choose from a wider variety of consumer goods, industrial materials, and capital equipment at lower prices.

Other parts of the Geneva agreement will also promote trade and encourage economic growth in all free world nations. These are:

—*The basic elements of a world grains arrangement.* This understanding provides for higher minimum trading prices and a program under which other nations will join us in the task of supplying food aid to the undernourished people in many of the developing nations.

—*A significant accord on antidumping procedures.* This accord—consistent with existing American law—binds our trading partners to insure fair procedures to American exporters, while safeguarding American industry.

—*Progress in dealing with particular commodity groups.* A 3-year extension of the Long Term Cotton Textile Arrangement was concluded. Useful approaches were developed in negotiating tariffs for steel, aluminum, chemicals, pulp and paper.

—*A separate bargain on the American Selling Price issue.* The U.S. stands to gain additional tariff concessions on chemical exports and liberalization of some European non-tariff barriers in exchange for abolishing the American Selling Price System of valuating certain chemicals. This package will require special legislation.

—*Significant benefits to the developing countries.* These countries will get help from the food aid provision of the grains arrangement and from concessions they received from all industrial countries on export products of particular interest to them.

Each member of the Congress has already received a copy of the *Report on United States Negotiations*. This report summarizes the concessions granted by other countries and the results of special multilateral negotiations in the Kennedy Round. It also lists all tariff concessions granted by the United States in the Kennedy Round. An additional report will soon be transmitted showing the tariff conces-

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sions each of the major Kennedy Round participants granted on the principal commodity groups in the negotiations.

I expect to issue a proclamation shortly making the reductions in the United States tariffs effective beginning on January 1, 1968. I shall seek the advice and consent of the Senate regarding United States participation in the World Grains Arrangement. International agreement on this arrangement was recently reached in Rome as a consequence of the understanding on grains negotiated in the Kennedy Round.

Finally, I shall submit to the Congress a Trade Bill to make effective the American Selling Price agreement in the Kennedy Round, to revise the Adjustment Assistance Program for firms and workers, and to provide authority that will enable us to make further progress in promoting world trade.

The Geneva Conference set a solid record of achievement, unmatched in world trade history for its constructive and beneficial results. The results represent a monument not only to our late President who gave the negotiations his name, but also to another great American, the late Governor Christian A. Herter, whose inspiration and leadership guided us through the difficult first three years of the negotiations.

I commend this agreement and these reports to your attention.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *November 27, 1967.*

B. SECTION 350, TARIFF ACT OF 1930, AS AMENDED

19 U.S.C.1351
48 Stat.943
63 Stat.698
69 Stat.163

SEC. 350

(a) (1) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time--

48 Stat.943
69 Stat.163
See 60 Stat. 158, 69 Stat. 426;
22 usc 1357, 1373, 1376.

(A) To enter into foreign trade agreements with foreign governments or instrumentalities [except the Philippine Islands] thereof: Provided, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

48 Stat.943
57 Stat.125
69 Stat.163

(B) To proclaim such modifications of existing duties[1/] and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

48 Stat.943
59 Stat.410
69 Stat.163

(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made--

48 Stat.943
59 Stat.410
69 Stat.163
72 Stat.673

(A) Increasing by more than 50 per centum any rate of duty existing on July 1, 1934; except that a specific rate of duty existing on July 1, 1934, may be converted to its ad valorem equivalent based on the value of imports of the article concerned during the calendar year 1934 (determined in the same

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1/ No action shall be taken pursuant to section 350 to decrease the duty on any article if the President finds that such reduction would threaten to impair the national security.

manner as provided in subparagraph (D) (ii)) and the proclamation may provide an ad valorem rate of duty not in excess of 50 per centum above such ad valorem equivalent.

48 Stat.943
59 Stat.410
69 Stat.163

(B) Transferring any article between the dutiable and free lists.

48 Stat.943
59 Stat.410
69 Stat.163

(C) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, or with respect to which notice of intention to negotiate was published in the Federal Register on November 16, 1954, decreasing by more than 50 per centum any rate of duty existing on January 1, 1945.

69 Stat.163
72 Stat.673

(D) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, and before July 1, 1958, decreasing (except as provided in subparagraph (C) of this paragraph) any rate of duty below the lowest of the following rates:

(i) The rate 15 per centum below the rate existing on January 1, 1955.

(ii) In the case of any article subject to an ad valorem rate of duty above 50 per centum (or a combination of ad valorem rates aggregating more than 50 per centum), the rate 50 per centum ad valorem (or a combination of ad valorem rates aggregating 50 per centum). In the case of any article subject to a specific rate of duty (or a combination of rates including a specific rate) the ad valorem equivalent of which has been determined by the President to have been above 50 per centum during a period determined by the President to be a representative period, the rate 50 per centum ad valorem or the rate (or a combination of rates), however stated, the ad valorem equivalent of which the President determines would have been 50 per centum during such period. The standards of valuation contained in section 402 or 402a of this Act (as in effect, with respect to the article concerned, during the representative period) shall be utilized by the President, to the maximum extent he finds such utilization practicable, in making the determinations under the preceding sentence.

72 Stat.673

72 Stat.673

(E) In order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the rates provided for in paragraph (4) (A) of this subsection.

[Sec. 350(a)(3)(A)]

69 Stat. 164
72 Stat. 673

(3) (A) Subject to the provisions of subparagraphs (B) and (C) of this paragraph and of subparagraph (B) of paragraph (4) of this subsection, the provisions of any proclamation made under paragraph (1) (B) of this subsection, and the provisions of any proclamation of suspension under paragraph (5) of this subsection, shall be in effect from and after such time as is specified in the proclamation.

(B) In the case of any decrease in duty to which paragraph (2) (D) of this subsection applies--

(i) if the total amount of the decrease under the foreign trade agreement does not exceed 15 per centum of the rate existing on January 1, 1955, the amount of decrease becoming initially effective at one time shall not exceed 5 per centum of the rate existing on January 1, 1955;

(ii) except as provided in clause (i), not more than one-third of the total amount of the decrease under the foreign trade agreement shall become initially effective at one time; and

(iii) no part of the decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year.

(C) No part of any decrease in duty to which the alternative specified in paragraph (2) (D) (i) of this subsection applies shall become initially effective after the expiration of the three-year period which begins on July 1, 1955. If any part of such decrease has become effective, then for purposes of this subparagraph any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

(D) If (in order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955) the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed any limitation specified in paragraph (2) (C) or (D) or paragraph (4) (A) or (B) of this subsection or subparagraph (B) of this paragraph by not more than whichever of the following is lesser:

72 Stat. 673

[Sec. 350(a)(3)(D)(i)]

(i) The difference between the limitation and the next lower whole number, or

(ii) One-half of 1 per centum ad valorem.

In the case of a specific rate (or of a combination of rates which includes a specific rate), the one-half of 1 per centum specified in clause (ii) of the preceding sentence shall be determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purposes of paragraph (2) (D) (ii) of this subsection.

72 Stat.673 (4) (A) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made, in order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the following rates:

(i) The rate which would result from decreasing the rate existing on July 1, 1958, by 20 per centum of such rate.

(ii) Subject to paragraph (2) (B) of this subsection, the rate 2 per centum ad valorem below the rate existing on July 1, 1958.

(iii) The rate 50 per centum ad valorem or, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, any rate (or combination of rates), however stated, the ad valorem equivalent of which has been determined as 50 per centum ad valorem.

72 Stat.674 The provisions of clauses (ii) and (iii) of this subparagraph and of subparagraph (B) (ii) of this paragraph shall, in the case of any article subject to a combination of ad valorem rates of duty, apply to the aggregate of such rates; and, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, such provisions shall apply on the basis of the ad valorem equivalent of such rate or rates, during a representative period (whether or not such period includes July 1, 1958), determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purpose of paragraph (2) (D) (ii) of this subsection.

(B) (i) In the case of any decrease in duty to which clause (i) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than four annual stages, and no amount of decrease becoming initially

effective at one time shall exceed 10 per centum of the rate of duty existing on July 1, 1958, or, in any case in which the rate has been increased since that date, exceed such 10 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.

(ii) In the case of any decrease in duty to which clause (ii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than four annual stages, and no amount of decrease becoming initially effective at one time shall exceed 1 per centum ad valorem or, in any case in which the rate has been increased since July 1, 1958, exceed such 1 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.

(iii) In the case of any decrease in duty to which clause (iii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than four annual stages, and no amount of decrease becoming initially effective at one time shall exceed one-third of the total amount of the decrease under the foreign trade agreement.

(C) In the case of any decrease in duty to which subparagraph (A) of this paragraph applies (i) no part of a decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year, nor after the first part shall have been in effect for a period or periods aggregating more than three years, and (ii) no part of a decrease shall become initially effective after the expiration of the four-year period which begins on July 1, 1962. If any part of a decrease has become effective, then for the purposes of clauses (i) and (ii) of the preceding sentence any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period or the four-year period, as the case may be, expires.

69 Stat. 164
72 Stat. 673

(5) Subject to the provisions of section 5 of the Trade Agreements Extension Act of 1951 (19 U.S.C., sec. 1362), duties and other import restrictions proclaimed pursuant to this section

[Sec. 350(a)(5)]

shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly:

48 Stat.944
57 Stat.125

Provided, That the President shall, as soon as practicable, suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

48 Stat.944
69 Stat.165
72 Stat.673

(6) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.

48 Stat.944
59 Stat.411

(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba. Nothing in this Act shall be construed to preclude the application to any product of Cuba (including products preferentially free of duty) of a rate of duty not higher than the rate applicable to the like products of other foreign countries (except the Philippines), whether or not the application of such rate involves any preferential customs treatment. No rate of duty on products of Cuba shall be decreased--

72 Stat.674
63 Stat.698
69 Stat.165

48 Stat.944
59 Stat.411
63 Stat.698
69 Stat.165

(1) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 per centum of the rate of duty existing on January 1, 1945, with respect to products of Cuba.

69 Stat.165
72 Stat.674

(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a)(2)(C) or (D) or (4)(A) (subject to the applicable provisions of subsection (a)(3)(B), (C), and (D) and (4)(B) and (C), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a)(2)(D)(ii) or (4)(A)(iii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled.

[Sec. 350(c)]

48 Stat.944
69 Stat.165

(c) (1) As used in this section, the term "duties and other import restrictions" includes (A) rate and form of import duties and classification of articles, and (B) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports.

69 Stat.165

(2) For the purposes of this section--

72 Stat.675

(A) Except as provided in subsection (d), the terms "existing on July 1, 1934", "existing on January 1, 1945", "existing on January 1, 1955", and "existing on July 1, 1958" refer to rates of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on the date specified, except rates in effect by reason of action taken pursuant to section 5 of the Trade Agreements Extension Act of 1951 (19 U.S.C., sec. 1362).

(B) The term "existing" without the specification of any date, when used with respect to any matter relating to the conclusion of, or proclamation to carry out, a foreign trade agreement, means existing on the day on which that trade agreement is entered into.

59 Stat.411

(d) (1) When any rate of duty has been increased or decreased for the duration of war or an emergency, by agreement or otherwise, any further increase or decrease shall be computed upon the basis of the post-war or post-emergency rate carried in such agreement or otherwise.

59 Stat.411

(2) Where under a foreign trade agreement the United States has reserved the unqualified right to withdraw or modify, after the termination of war or an emergency, a rate on a specific commodity, the rate on such commodity to be considered as "existing on January 1, 1945" for the purpose of this section shall be the rate which would have existed if the agreement had not been entered into.

59 Stat.411

(3) No proclamation shall be made pursuant to this section for the purpose of carrying out any foreign trade agreement the proclamation with respect to which has been terminated in whole by the President prior to the date this section is enacted [July 5, 1945].

69 Stat.165

(e) (1) The President shall submit to the Congress an annual report on the operation of the trade agreements program, including information regarding new negotiations, modifications made in duties

and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade agreements legislation (including the incorporation therein of escape clauses), the results of action taken to obtain removal of foreign trade restrictions (including discriminatory restrictions) against United States exports, remaining restrictions, and the measures available to seek their removal in accordance with the objectives of this section, and other information relating to that program and to the agreements entered into thereunder.

72 Stat. 675

(2) The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President under the authority of this section. The Tariff Commission, at least once a year, shall submit to the Congress a factual report on the operation of the trade-agreements program.

72 Stat. 675

(f) It is hereby declared to be the sense of the Congress that the President, during the course of negotiating any foreign trade agreement under this section, should seek information and advice with respect to such agreement from representatives of industry, agriculture, and labor.

[RELATED LAWS]

The following excerpts, although NOT PART OF THE TARIFF ACT of 1930, as amended, are directly related thereto, particularly to section 350:

TRADE AGREEMENTS ACT OF JUNE 12, 1934, AS AMENDED

19 U.S.C.1352
48 Stat.944
65 Stat.75

Sec. 2. (a) Subparagraph (d) of paragraph 369, the last sentence of paragraph 1402, and the provisos to paragraphs 371, 401, 1650, 1687, and 1803(1) of the Tariff Act of 1930 are repealed. The provisions of section 336 of the Tariff Act of 1930 shall not apply to any article with respect to the importation of which into the United States a foreign trade agreement has been concluded pursuant to this Act, or to any provision of any such agreement. The third paragraph of section 311 of the Tariff Act of 1930 shall apply to any agreement concluded pursuant to this Act to the extent only that such agreement assures to the United States a rate of duty on wheat flour produced in the United States which is preferential in respect to the lowest rate of duty imposed by the country with which such agreement has been concluded on like flour produced in any other country; and upon the withdrawal of wheat flour from bonded manufacturing warehouses for exportation to the country with which such agreement has been concluded, there shall be levied, collected, and paid on the imported wheat used, a duty equal to the amount of such assured preference.

19 U.S.C.1352
48 Stat.944

(b) Every foreign trade agreement concluded pursuant to this Act shall be subject to termination, upon due notice to the foreign government concerned, at the end of not more than three years from the date on which the agreement comes into force, and, if not then terminated, shall be subject to termination thereafter upon not more than six months' notice.

19 U.S.C.1352
48 Stat.944
50 Stat. 24
54 Stat.107
57 Stat.125
59 Stat.410
62 Stat.1053
63 Stat.698
65 Stat. 72
67 Stat.472
68 Stat.360
69 Stat.162
72 Stat.673

(c) The authority of the President to enter into foreign trade agreements under section 1 of this Act shall terminate at the close of [June 30, 1962].

19 U.S.C.1353
48 Stat.944

Sec. 3. Nothing in this Act shall be construed to give any authority to cancel or reduce, in any manner, any of the indebtedness of any foreign country to the United States.

19 U.S.C.1354
48 Stat.945

Sec. 4. Before any foreign trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this Act, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe; and before concluding such agreement the President shall request the Tariff Commission to make the investigation and report provided for by section 3 of the Trade Agreements Extension Act of 1951, and shall seek information and advice with respect to such agreement from the Departments of State, Agriculture, Commerce, and Defense, and from such other sources as he may deem appropriate.

62 Stat.1053
63 Stat.698
65 Stat.73

59 Stat.411

TRADE AGREEMENTS EXTENSION ACT OF 1951, AS AMENDED

"PERIL-POINT" PROCEDURE
19 U.S.C.1360
62 Stat.1053
63 Stat.698
65 Stat.72

Sec. 3. (a) Before entering into negotiations concerning any proposed foreign trade agreement under section 350 of the Tariff Act of 1930, as amended, the President shall furnish the United States Tariff Commission (hereinafter in this Act referred to as the "Commission") with a list of all articles imported into the United States to be considered for possible modification of duties and other import restrictions, imposition of additional import restrictions, or continuance of existing customs or excise treatment. Upon receipt of such list the Commission shall make an investigation and report to the President the findings of the Commission with respect to each such article as to (1) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of such section 350 without causing or threatening serious injury to the domestic industry producing like or directly competitive articles; and (2) if increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or directly competitive articles the minimum increases in duties or additional import restrictions required. Such report shall be made by the Commission to the President not later than six months after the receipt of such list by the Commission. No such foreign trade agreement shall be entered into until the Commission has made its report to the President or until the expiration of the six-month period.

72 Stat.675

62 Stat.1053
63 Stat.698
65 Stat.72

(b) (1) In the course of any investigation pursuant to this section the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. If in the course of any such investigation the Commission shall find with respect to any article on the list upon which a tariff concession has been granted that an increase in duty or additional import restriction is required to avoid serious injury to the domestic industry producing like or directly competitive articles, the Commission shall promptly institute an investigation with respect to that article pursuant to section 7 of this Act.

72 Stat.675

72 Stat.675

(2) In each such investigation the Commission shall, to the extent practicable and without excluding other factors, ascertain for the last calendar year preceding the investigation the average invoice price on a country-of-origin basis (converted into currency of the United States in accordance with the provisions of section 522 of the Tariff Act of 1930, as amended) at which the foreign article was sold for export to the United States, and the average prices at which the like or directly competitive domestic articles were sold at wholesale in the principal markets of the United States. The Commission shall also, to the extent practicable, estimate for each article on the list the maximum increase in annual imports which may occur without causing serious injury to the domestic industry producing like or directly competitive articles. The Commission shall request the executive departments and agencies for information in their possession concerning prices and other economic data from the principal supplier foreign country of each such article.

19 U.S.C.1361
62 Stat.1054
63 Stat.698
65 Stat.73

Sec. 4. (a) Within thirty days after any trade agreement under section 350 of the Tariff Act of 1930, as amended, has been entered into which, when effective, will (1) require or make appropriate any modification of duties or other import restrictions, the imposition of additional import restrictions, or the continuance of existing customs or excise treatment, which modification, imposition, or continuance will exceed the limit to which such modification, imposition, or continuance may be extended without causing or threatening serious injury to the domestic industry producing like or directly competitive articles as found and reported by the Tariff Commission under section 3, or (2) fail to require or make appropriate the minimum increase in duty or additional import restrictions required to avoid such injury, the President shall transmit to Congress a copy of such agreement together with a message accurately identifying the article with respect to which such limits or minimum requirements are not complied with, and stating his reasons for the action taken with respect to such article. If either the Senate or the House of

Representatives, or both, are not in session at the time of such transmission, such agreement and message shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

62 Stat.1054
63 Stat.698
65 Stat.73

(b) Promptly after the President has transmitted such foreign trade agreement to Congress the Commission shall deposit with the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a copy of the portions of its report to the President dealing with the articles with respect to which such limits or minimum requirements are not complied with.

WITHDRAWAL OF CONCESSIONS FROM PRODUCTS OF COMMUNIST AREAS
19 U.S.C.1362
65 Stat.73

Sec. 5. As soon as practicable, the President shall take such action as is necessary to suspend, withdraw or prevent the application of any reduction in any rate of duty, or binding of any existing customs or excise treatment, or other concession contained in any trade agreement entered into under the authority of section 350 of the Tariff Act of 1930, as amended and extended, to imports from the Union of Soviet Socialist Republics and to imports from any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

"ESCAPE-CLAUSE" POLICY
19 U.S.C.1363
65 Stat.73

Sec. 6. (a) No reduction in any rate of duty, or binding of any existing customs or excise treatment, or other concession hereafter proclaimed under section 350 of the Tariff Act of 1930, as amended, shall be permitted to continue in effect when the product on which the concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

65 Stat.73

(b) The President, as soon as practicable, shall take such action as may be necessary to bring trade agreements heretofore entered into under section 350 of the Tariff Act of 1930, as amended, into conformity with the policy established in subsection (a) of this section.

69 Stat.165

"ESCAPE-CLAUSE" PROCEDURE
19 U.S.C.1364
65 Stat.74
67 Stat.472
72 Stat.676

Sec. 7. (a) Upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon application of any interested party (including any organization or group of employees), the United States Tariff Commission shall promptly make an investigation and make a report thereon not later than six months

after the application is made to determine whether any product upon which a concession has been granted under a trade agreement is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

65 Stat.74

In the course of any such investigation, whenever it finds evidence of serious injury or threat of serious injury or whenever so directed by resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, the Tariff Commission shall hold hearings giving reasonable public notice thereof and shall afford reasonable opportunity for interested parties to be present, to produce evidence, and to be heard at such hearings.

65 Stat.74

Should the Tariff Commission find, as the result of its investigation and hearings, that a product on which a concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products, it shall recommend to the President the withdrawal or modification of the concession, its suspension in whole or in part, or the establishment of import quotas, to the extent and for the time necessary to prevent or remedy such injury.
69 Stat.166 The Tariff Commission shall immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and shall cause a summary thereof to be published in the Federal Register.

65 Stat.74

(b) In arriving at a determination in the foregoing procedure the Tariff Commission, without excluding other factors, shall take into consideration a downward trend of production, employment, prices, profits, or wages in the domestic industry concerned, or a decline in sales, an increase in imports, either actual or relative to domestic production, a higher or growing inventory, or a decline in the proportion of the domestic market supplied by domestic producers.

69 Stat.166

Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed substantially towards causing or threatening serious injury to such industry.

65 Stat.74

(c) (1) Upon receipt of the Tariff Commission's report of its investigation and hearings, the President may make such adjustments in the rates of duty, impose such quotas, or make such other modifications as are found and reported by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry. If the President does not take such action within sixty days he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not made such adjustments or modifications, or imposed such quotas.

72 Stat.676

(2) The action so found and reported by the Commission to be necessary shall take effect (as provided in the first sentence of paragraph (1) or in paragraph (3), as the case may be)--

(A) if approved by the President, or

CONGRESSIONAL ACTION IF THE PRESIDENT DISAPPROVES TARIFF COMM. RECOMMENDATION

(B) if disapproved by the President in whole or in part, upon the adoption by both Houses of the Congress (within the 60-day period following the date on which the report referred to in the second sentence of paragraph (1) is submitted to such committees), by the yeas and nays by a two-thirds vote of each House, of a concurrent resolution stating in effect that the Senate and House of Representatives approve the action so found and reported by the Commission to be necessary.

For the purposes of subparagraph (B), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

72 Stat.676

(3) In any case in which the contingency set forth in paragraph (2)(B) occurs, the President shall (within 15 days after the adoption of such resolution) take such action as may be necessary to make the adjustments, impose the quotas, or make such other modifications as were found and reported by the Commission to be necessary.

65 Stat.74

(d) When in the judgment of the Tariff Commission no sufficient reason exists for a recommendation to the President that a concession should be withdrawn or modified or a quota established, it shall make and publish a report stating its findings and conclusions.

69 Stat.166

(e) As used in this Act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion

or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities. In applying the preceding sentence, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles.

72 Stat.676

(f) In carrying out the provisions of this section the President may, notwithstanding section 350(a)(2) of the Tariff Act of 1930, as amended, impose a duty not in excess of 50 per centum ad valorem on any article not otherwise subject to duty.

PERISHABLE AGRICULTURAL COMMODITIES--EMERGENCY "ESCAPE-CLAUSE" ACTION
19 U.S.C.1365
65 Stat.75

Sec. 8. (a) In any case where the Secretary of Agriculture determines and reports to the President and to the Tariff Commission with regard to any agricultural commodity that due to the perishability of the commodity a condition exists requiring emergency treatment, the Tariff Commission shall make an immediate investigation * * * under the provisions of section 7 of this Act to determine the facts and make recommendations to the President for such relief under those provisions as may be appropriate. The President may take immediate action however, without awaiting the recommendations of the Tariff Commission if in his judgment the emergency requires such action. In any case the report and findings of the Tariff Commission and the decision of the President shall be made at the earliest possible date and in any event not more than 25 calendar days after the submission of the case to the Tariff Commission.

GATT NOT APPROVED OR DISAPPROVED
19 U.S.C.1366
65 Stat.75
Note also:
67 Stat.472
68 Stat.360
72 Stat.680

Sec. 10. The enactment of this Act shall not be construed to determine or indicate the approval or disapproval by the Congress of the Executive Agreement known as the General Agreement on Tariffs and Trade.

IMPORTATION OF CERTAIN FURS PROHIBITED
19 U.S.C.1367
65 Stat.75

Sec. 11. The President shall, as soon as practicable, take such measures as may be necessary to prevent the importation of ermine, fox, kolinsky, marten, mink, muskrat, and weasel furs and skins, dressed or undressed, which are the product of the Union of Soviet Socialist Republics or of Communist China.

TRADE AGREEMENTS EXTENSION ACT OF JULY 1, 1954,
AS AMENDED (NATIONAL SECURITY)

19 U.S.C. 1352a
68 Stat. 360
69 Stat. 166
72 Stat. 678

Sec. 2. (a) No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U.S.C., sec. 1351), to decrease the duty on any article if the President finds that such reduction would threaten to impair the national security.

69 Stat. 166
72 Stat. 678

(b) Upon request of the head of any Department or Agency, upon application of an interested party, or upon his own motion, the Director of the Office of Defense and Civilian Mobilization (hereinafter in this section referred to as the "Director") shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate Departments and Agencies, to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security as set forth in this section, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not so threaten to impair the national security.

72 Stat. 678

(c) For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements. In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any

substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

72 Stat.678

(d) A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (b).

72 Stat.678

(e) The Director, with the advice and consultation of other appropriate Departments and Agencies and with the approval of the President, shall by February 1, 1959, submit to the Congress a report on the administration of this section. In preparing such a report, an analysis should be made of the nature of projected national defense requirements, the character of emergencies that may give rise to such requirements, the manner in which the capacity of the economy to satisfy such requirements can be judged, the alternative means of assuring such capacity and related matters.

2. Explanation

Section 350 was added to the Tariff Act of 1930 by the Trade Agreements Act of 1934. The basic grant of authority to the President contained in that section to enter into trade agreements had been extended periodically prior to the enactment of the Trade Expansion Act of 1962. Since July 1, 1962, the President has had, with one minor exception (sec. 257(c) of the Trade Expansion Act), no authority under section 350 to enter into trade agreements, but he still possesses authority under that section to proclaim the changes in duties and other import restrictions required or appropriate to carry out the agreements entered into prior to that date. For example, such authority could be utilized to carry out various concessions in those agreements which are subject to provisos or reservations providing for further decreases or increases in the concession rates of duty in the event of a specified contingency.

Section 350 also authorizes the President to terminate, in whole or in part, any proclamation made pursuant to that section. The utilization of this authority could result in increases in concession rates.

B. SECTION 204, AGRICULTURAL ACT OF 1956, AS AMENDED

SEC. 204. The President may, whenever he determines such action appropriate, negotiate with representatives of foreign governments in an effort to obtain agreements limiting the export from such countries and the importation into the United States of any agricultural commodity or product manufactured therefrom or textiles or textile products, and the President is authorized to issue regulations governing the entry or withdrawal from warehouse of any such commodity, product, textiles, or textile products to carry out any such agreement. In addition, if a multilateral agreement has been or shall be concluded under the authority of this section among countries accounting for a significant part of world trade in the articles with respect to which the agreement was concluded, the President may also issue, in order to carry out such an agreement, regulations governing the entry or withdrawal from warehouse of the same articles which are the products of countries not parties to the agreement.[1] Nothing herein shall affect the authority provided under section 22 of the Agricultural Adjustment Act (of 1933) as amended (7 U.S.C. 1854).

1. Explanation

Section 204 of the Agricultural Act of 1956, as amended, authorizes the President, whenever he determines it to be appropriate, to negotiate with representatives of foreign Governments in an effort to obtain agreements limiting the export from such countries and the importation into the United States of any agricultural commodity or product manufactured therefrom or textile or textile product. He is authorized to issue regulations governing the entry or withdrawal from warehouse of any such commodity, product, textiles, or textile products to carry out any such agreement. In addition, if a multilateral agreement exists among countries accounting for a significant part of world trade in the articles concerned, the President may

[1] This sentence added by the act of June 19, 1962, 76 Stat. 104.

also issue regulations controlling trade in products of countries not parties to the agreement. There are no administrative regulations for petitioning for Presidential action under this provision.

2. Status of Action

(1) Commodities currently under control:
Commodity: Cotton textiles.[1]
Effective: October 1, 1962.
(2) Commodities formerly under control:
Commodity: None.
(3) Commodities investigated but controls not imposed:
Commodity: Canned mushrooms.
Date of finding: August 15, 1966.

D. SECTION 305, PHILIPPINE TRADE AGREEMENT REVISION ACT OF 1955

Section 305 of the Philippine Trade Agreement Revision Act of 1955 (see page 412), construed in light of section 258 of the Trade Expansion Act of 1962 (see page 12), provides that until July 4, 1974, no trade agreement shall be entered into with the Republic of the Philippines, which is inconsistent with the current trade agreement existing between the United States and the Philippines unless, prior to such time, the present trade agreement is terminated.

[1] See p. 291 below in Tariff Commission report on "Quantitative Import Restrictions of the United States."

II. Imports in Relation to Agricultural Programs

A. SECTION 22, AGRICULTURAL ADJUSTMENT ACT OF 1933, AS AMENDED

SEC. 22. (a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall so advise the President, and, if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify (7 U.S.C. 624(a)).

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided*, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 per centum of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the President: *And provided*

further, That in designating any article or articles, the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine.

In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President.[1] (7 U.S.C. 624(b).)

(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States. (7 U.S.C. 624(c).)

(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section. (7 U.S.C. 624(d).)

(e) Any decision of the President as to facts under this section shall be final. (7 U.S.C. 624(e).)

(f)[2] No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section (7 U.S.C. 624(f).)

1. Explanation[3]

Section 22 was originally added to the Agricultural Adjustment Act of 1933 by the act of August 24, 1935. It has been amended several times and was revised in its entirety by section 3, of the Agricultural Act of 1948, and again by section 3, of the act of June 28, 1950. It was further amended by sections 8(b) and 104 of the Trade Agreements Extension Acts of 1951 and 1953.

This section directs the Secretary of Agriculture to advise the President whenever he has reason to believe that any article or articles are being imported under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with any price support or other program, relating to agricultural commodities, undertaken by the Department of Agriculture, or to

[1] Paragraph added by sec. 104 of the Trade Agreements Extension Act of 1958, 67 Stat. 472.

[2] The provisions of this subsec. (f) were substituted for the original provisions by sec. 8(b) of the Trade Agreements Extension Act of 1951, approved June 16, 1951, 65 Stat. 72, 75.

[3] See also p. 286 below in Tariff Commission "Report on Quantitative Import Restrictions of the United States."

reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken. If the President agrees there is reason for such belief, he directs the Tariff Commission to conduct an investigation including a public hearing and to submit a report to him of its findings and recommendations.

The President is authorized, based on such findings, to impose such fees or quotas in addition to the basic duty as he shall determine necessary. The additional fees may not exceed 50 percent ad valorem and the quotas proclaimed may not be less than 50 percent of the quantity imported during a previous representative period, as determined by the President. Furthermore, the President may designate the affected article or articles by physical qualities, value, use or upon such other basis as he shall determine.

Whenever the Secretary of Agriculture reports to the President that condition exists requiring emergency treatment, the President may take action without awaiting the report of the Tariff Commission. Any such action by the President shall continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President.

2. History of Actions and Status

(1) Commodities currently under control are subject to absolute import quotas imposed in part 3 of the Appendix to the Tariff Schedules of the United States, as follows:

COMMODITY	EFFECTIVE
Cotton and certain cotton waste	Restrictions on these items initially became effective on Sept. 20, 1939, and were subsequently modified.
Processed cotton fibers	Sept. 11, 1961.
Wheat and milled wheat products (fit for human consumption).	May 28, 1941.
Certain dairy products	Restrictions on these items were initiated on July 1, 1953, and were subsequently modified.
Peanuts	July 1953.

(2) Commodities formerly under control:

COMMODITY	EFFECTIVE DATE
Harsh or rough cotton less than ¾ inch in staple length	Sept. 20, 1946, to Jan. 28, 1958.
Card strips made from cotton 1 3/16 inches or more in length.	Sept. 20, 1939, to Mar. 31, 1942.
Barley, hulled or unhulled, including rolled barley, ground barley and barley malt.	Oct. 1, 1954, to Sept. 30, 1955.
Oats, hulled or unhulled, and unhulled ground oats	Oct. 1, 1954, to Sept. 30, 1955.
Shelled almonds, and blanched, roasted, or otherwise prepared or preserved almonds (not including almond paste).	Oct. 1, 1951, to Sept. 30, 1955.
	Oct. 23, 1957, to Sept. 30, 1958.

COMMODITY	EFFECTIVE DATE
Shelled filberts, whether or not blanched	Oct. 1, 1952, to Sept. 30, 1953. Oct. 1, 1954, to Sept. 30, 1955.
Peanut oil	July 1, 1953, to May 5, 1961.
Tung nuts and tung oil	Sept. 9, 1957, to May 2, 1962. Apr. 28, 1958, to May 2, 1962.
Flaxseed and linseed oil	July 1, 1953, to May 5, 1961.
Rye, rye flour, and rye meal	Apr. 1, 1954, to June 30, 1961.

(3) Commodities investigated, but controls not imposed:

COMMODITY	DATE OF INVESTIGATIVE REPORT
Articles containing cotton	Instituted July 26, 1939; June 27, 1960; Sept. 6, 1962.
Wool, wool tops, and carbonized wool	Feb. 19, 1954.
Dried figs and fig paste	Dec. 17, 1956; Sept. 17, 1957.
Dates	Feb. 5, 1957; Nov. 4, 1957.
Certain edible tree nuts	Nov. 24, 1950; Nov. 28, 1951; Sept. 25, 1952; Sept. 21, 1953; Sept. 24, 1954; July 1, 1955.

B. OTHER AGRICULTURAL LAWS

(Note: For a discussion of other trade laws affecting agricultural imports, including meat, sugar, and coffee, see the Tariff Commission's "Report on Quantitative Import Restrictions of the United States." See pp. 310, 322 and 330.)

III. Other Authority Delegated to the President Affecting Imports

A. TARIFF ADJUSTMENT AND OTHER ADJUSTMENT ASSISTANCE, TITLE III, TRADE EXPANSION ACT OF 1962

[For provisions of title III see pp. 12–30]

1. Explanation

The Trade Expansion Act of 1962 provides for a variety of tariff and other forms of assistance to industries, firms, and groups of workers which establish that they have been seriously injured or threatened with serious injury by increased imports resulting in major part from trade-agreement concessions. Industrywide assistance can take the form of an increase in rates of duty or other import restrictions (so-called escape-clause action), or the negotiation of orderly marketing agreements with foreign countries limiting imports into the United States. Assistance to individual firms can be in the form of technical aid, financial help, or tax benefits; that to individual groups of workers, in the form of unemployment compensation, job training, or relocation allowances for adversely affected workers.

Tariff assistance to industries

Under section 301 of the act, a petition for tariff adjustment may be filed with the Tariff Commission by a trade association, firm, certified or recognized union, or other representative of an industry. Upon the filing of such a petition, or upon request of the President, resolution of either the Senate Committee on Finance or the House Committee on Ways and Means, or its own motion, the Tariff Commission is promptly to conduct an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to an industry producing an article which was like or directly competitive with the article being imported.

Tariff Commission investigations.—During the course of its investigation, the Tariff Commission is required to hold public hearings and afford interested parties an opportunity to present their views. It is to report the result of each such investigation to the President as soon as practicable, but not later than 6 months after the date on which the petition is filed. Whenever the Commission determines, as a result of an investigation, that serious injury to a domestic industry has occurred or is threatened, it has to find the amount of increase in, or imposition of, any duty or other import restriction that it deems necessary to prevent or remedy such injury, and include the finding in its report to the President.[1]

[1] Under Executive Order 11075, the Commission's report, as well as a transcript of the hearing and the briefs relating thereto, are to be transmitted to the President through the Special Representative for Trade Negotiations.

In making a determination concerning injury to an industry, the Tariff Commission is directed to take into account all economic factors which it considers relevant, including the idling of productive facilities, inability to operate at a level of reasonable profit, and unemployment or underemployment. The Commission is also directed to consider that the increased imports caused, or threatened to cause, serious injury to the domestic industry concerned when it finds that such increased imports have been the major factor in causing, or threatening to cause, such injury.

Presidential action.—Section 302 of the act provides several alternative course of action that the President may take after he has received a report containing an affirmative finding by the Tariff Commission with respect to a domestic industry:

(1) The President may proclaim such increase in, or imposition of, any duty or other import restriction on the article concerned as he determines to be necessary to prevent or remedy serious injury to the industry involved (sec. 351). The President generally may not, however, increase any rate of duty more than 50 percent above that existing on July 1, 1934, or, if the article is not subject to duty, he may not impose a duty in excess of 50 percent ad valorem.[1] In lieu of such action, the President may negotiate international agreements with foreign countries limiting export from such countries and the import into the United States of the article causing or threatening to cause serious injury to a domestic industry, whenever he determines that such action would be more appropriate to prevent or remedy serious injury to such industry than would increased duties or other import restrictions (sec. 352).[2]

(2) The President may provide that the firms in the industry in question could request the Secretary of Commerce for certification of eligibility to apply for financial and other forms of assistance provided in chapter 2 of the act.[3] Upon a showing by any such firm to the satisfaction of the Secretary of Commerce that the increased imports (which the Tariff Commission has determined to result from concessions granted under trade agreements) have caused or threatened to cause serious injury to the firm in question, the Secretary is to certify it to be eligible to apply for adjustment assistance.

(3) The President may provide that the workers in the industry in question could request the Secretary of Labor for certification of eligibility to apply for the adjustment assistance provided in chapter 3 of the act.[3] Upon a showing by a group of workers in such industry to the satisfaction of the Secretary of Labor that the increased imports (which the Tariff Commission has determined to result from concessions granted under trade agreements) have caused or threatened to cause unemployment or un-

[1] For a few dutiable articles for which no rate existed on July 1, 1934, the President may not increase the rate of duty more than 50 percent above that existing at the time of the proclamation.

[2] Sec. 352(b) authorizes the President to issue regulations governing the entry or withdrawal from warehouse of any article covered by such international agreement, and, furthermore, to issue regulations governing the entry or withdrawal from warehouse of a like article from countries not party to an agreement in order to carry out a multilateral agreement concluded among countries accounting for a signficant part of world trade in such article. The President delegated his authority under this subsection to the Secretary of the Treasury.

[3] The types of assistance available to eligible firms and groups of workers are discussed in the later section on adjustment assistance to firms and workers.

deremployment of a signficant number or proportion of workers of such workers' firm or subdivision thereof, the Secretary is to certify such workers to be eligible to apply for adjustment assistance.

(4) The President may take any combination of these actions.

Section 351 of the act provides that, if the President does not, within 60 days following the receipt of an affirmative finding from the Tariff Commission, proclaim the increase in, or imposition of, a duty or other import restriction found by the Tariff Commission, he is to report immediately to both Houses of Congress his reasons for not so doing. If within 60 days thereafter, both Houses of Congress adopts a concurrent resolution stating in effect that they approve the finding of the Tariff Commission, the President, within 15 days after the adoption of the resolution, has to proclaim the increase in, or imposition of, duty or other import restriction found by the Tariff Commission to be necessary to prevent or remedy serious injury to the industry concerned.[1]

The President, may within 60 days after the receipt of an affirmative finding of injury by the Tariff Commission, request additional information from that body. The supplemental report by the Tariff Commission, in response to the President's request, is to be submitted as soon as practicable, but in no event later than 120 days following the receipt of such a request.

Review of escape-clause restrictions.—Section 351 contains several provisions relating to the review of escape-clause restrictions imposed by the President and to their extension or termination. Basically, any increase in, or imposition of, duty or other import restriction pursuant to the escape clause is—in the absence of action by the President—to terminate automatically after being in effect for 4 years.[2] Under certain circumstances, however, the President is authorized to reduce or terminate such a restriction at any time; under other circumstances, he is authorized to extend a restriction, in whole or in part, for such periods as he designates (but not to exceed 4 years at any one time).

So long as any increase in, or imposition of, any duty or other import restriction remains in effect pursuant to the escape clause, the Tariff Commission is to keep under review developments with respect to the industry concerned and to make anual reports to the President concerning such developments (sec. 351(d)(1)). Although these annual reports keep the President informed, he may not, until meeting other requirements described below, alter an import restriction he had earlier imposed.

Before the President may reduce or terminate an escape-clause restriction, he is required to take into account advice from the Tariff Commission of its judgment as to the probable economic effect of the reduction or termination of the restriction, and to seek advice of the Secretaries of Commerce and Labor whether such reduction or termination is in the national interest. The Tariff Commission is obligated to advise the President at his request, or it is permitted to do so on its own motion (sec. 351(d)(2)).

[1] Each House of Congress has to approve the resolution by the affirmative vote of a majority of its authorized membership. Days on which either House was not in session because of adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die are not to be counted for purposes of computing the 60-day period.

[2] Escape-clause restrictions proclaimed by the President under sec. 7 of the Trade Agreements Extension Act of 1951 were to terminate automatically 5 years after the date of the enactment of the Trade Expansion Act of 1962 (Oct. 11, 1962).

Before the President may extend an escape-clause restriction for an additional period, he has to determine that such extension is in the national interest. In doing so, he has to take into account advice received from the Tariff Commission of its judgment as to the probable economic effect of the termination of such restriction, and seek the advice of the Secretaries of Commerce and Labor. The Commission is authorized to advise the President only upon petition on behalf of the industry concerned, which has to be filed not earlier than 9 months nor later than 6 months before the escape-clause restriction would automatically terminate (sec. 351(d)(3)). In effect, then, the procedure to extend an escape-clause restriction beyond the initial 4-year period (or beyond an extended period) may be instituted only by the industry concerned.

In advising the President as to the probable economic effect on the industry concerned of the termination of escape-clause restrictions, the Tariff Commission is to take into account all economic factors which it considered relevant, including idling of productive facilities, inability to operate at a level of reasonable profit, and unemployment or underemployment. The advice is to be given on the basis of an investigation, during the course of which the Commission is to hold a public hearing.

Adjustment assistance to firms and workers

The Trade Expansion Act of 1962 provides two avenues whereby individual firms and groups of workers may become eligible to receive the adjustment assistance provided for in the act. One avenue has been discussed in the previous sections: After receiving a report from the Tariff Commission containing an affirmative finding under section 301 with respect to any industry, the President may authorize the firms and workers in such industry to apply to the Secretary of Commerce and the Secretary of Labor, respectively, for certification of eligibility. The second avenue, wherein individual firms or groups of workers petition the Tariff Commission for a determination of eligibility to apply for adjustment assistance, is discussed below.

Determination of eligibility.—Under section 301, an individual firm or its representative may file with the Tariff Commission a petition for determination of eligibility to apply for adjustment assistance. Upon receipt of such a petition, the Tariff Commission is to make an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by the firm is being imported in such increased quantities as to cause, or threaten to cause, serious injury to such firm. In making its determination, the Tariff Commission is to take cognizance of all economic factors which it considers relevant, including idling of the firm's productive facilities, the firm's inability to operate at a level of reasonable profit, and unemployment or underemployment of workers in the firm.

Also under section 301, a group of workers, or their certified or recognized union or other duly authorized representative, may file with the Commission a petition for determination of eligibility to apply for adjustment assistance. When it receives such a petition, the Tariff Commission is to conduct an investigation to determine whether, as a result in major part of concessions granted under trade agreements,

an article like or directly competitive with an article produced by such workers' firm, or an appropriate subdivision thereof, is being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such firm or subdivision.

For purposes of any investigation to determine the eligibility of a firm or group of workers for adjustment assistance, the Commission is to consider that increased imports cause, or threaten to cause, serious injury to a firm or unemployment or underemployment of a group of workers, as the case might be, whenever it finds that such increased imports have been the major factor in causing, or threatening to cause, such injury or unemployment or underemployment. The Commission is to hold public hearings, if so requested by the petitioner, or if, within 10 days after notice of the filing of a petition, a hearing is requested by any other party demonstrating a proper interest in the matter.

The results of each investigation has to be reported to the President not later than 60 days after the date of filing of the petition. After an affirmative finding by the Tariff Commission of injury to a firm or group of workers, the President can certify that such firm or group of workers is eligible to apply for adjustment assistance. The President delegated his certifying authority with respect to a firm to the Secretary of Commerce, and with respect to a group of workers, to the Secretary of Labor.[1]

Type of assistance to firms.—Adjustment assistance to firms may consist of technical, financial, or tax assistance. Such measures might be provided separately or collectively.

Under the provisions of section 311, a firm certified as eligible to apply for adjustment assistance can apply for such assistance to the Secretary of Commerce at any time within 2 years after certification. Within a reasonable time after making application, the firm has to submit a proposal for its economic adjustment. Except for technical assistance rendered to assist a firm to prepare an adjustment proposal, no adjustment assistance may be authorized until the Secretary of Commerce had certified that the adjustment proposals of the firm, (1) are reasonably calculated to contribute materially to the economic adjustment of the firm, (2) give adequate consideration to the interests of the workers of such firm adversely affected by actions taken in carrying out trade agreements, and (3) demonstrate that the firm would make all reasonable efforts to use its own resources for economic development.

Under section 312, once the Secretary of Commerce has certified a firm's economic adjustment proposal, he then refers it to the U.S. Government agency or agencies he determines appropriate to provide the technical and financial assistance called for. Each such agency is to examine the features of the proposal relevant to its functions and inform the Secretary of Commerce which parts of the proposed technical and financial assistance it is prepared to furnish. To the extent that an agency determines not to provide assistance, and if the Secretary of Commerce determines that such assistance is necessary to

[1] 48 CFR 1.7 and 1.8. The Tariff Commission reports, as well as transcripts of hearings and briefs relating thereto, are to be transmitted to the President through the appropriate Secretary.

carry out the adjustment proposal, the Secretary is authorized to provide such assistance on the terms and under the conditions he determined to be appropriate.

Technical assistance to firms (sec. 313) may consist of such aids as information, market and other economic research, managerial advice and training, and assistance in research and development. To the maximum extent practicable, technical assistance is to be furnished through existing agencies of the Federal Government. Financial assistance (sec. 314) could be in the form of loans, guarantees of loans, or agreements for deferred participation in loans. Such financial assistance is to be used by the firm for acquisition or expansion of fixed capital; in cases determined by the Secretary of Commerce to be exceptional, it may be used for working capital. Tax assistance (sec. 317) would permit a firm to carry back a net operating loss to each of the 5 taxable years preceding the year of the loss, rather than to just 3 years as provided by the Internal Revenue Code of 1954. The extended carryback period may be applied only with reference to operating losses incurred in taxable years ending on or after December 31, 1962, for which the Secretary of Commerce had issued a specific certification.

Types of assistance to workers.—Adjustment assistance to workers may consist of trade readjustment (unemployment) allowances (secs. 322–325), training (secs. 326 and 327), and relocation allowances (secs. 328–330). An unemployed or underemployed worker in a group of workers that has been certified for adjustment assistance could apply for unemployment compensation, that is, trade readjustment allowances. Such weekly allowances are to amount to the lesser of 65 percent of the worker's average weekly wage or 65 percent of the average manufacturing wage, reduced by 50 percent of the amount of the worker's remuneration for services performed during such week. Such payments are generally to be limited to a period of 52 weeks, except that a worker who was 60 years of age or older at the time of separation is entitled to 13 additional weeks, and a worker undergoing approved training is to receive up to 26 additional weeks of allowances if needed to enable him to complete such training.

Workers adversely affected are to be afforded, where appropriate, the testing, counseling, placement, and training facilities provided under any Federal law. Transportation and subsistence payments are authorized when the training provided is not within commuting distance of the worker's residence. A worker who is the head of a family and who has been totally separated from adversely affected employment may qualify for relocation allowances. Such allowances are to be paid for moves within the United States when the Secretary of Labor determines that the worker to receive the allowance does not have reasonable prospects of gaining suitable employment within commuting distance of his place of residence, and that he has a suitable job elsewhere or a bona fide offer of such a job.

2. History and Status of Actions

Reproduced below is an excerpt from a Tariff Commission report listing the disposition of applications for escape clause relief under section 7 of the Trade Agreements Extension Act of 1951, as amended.

There is also included a listing of the petitions for tariff adjustment and other adjustment assistance under section 301 of the Trade Expansion Act of 1962.

As of the time the Trade Expansion Act of 1962 was enacted the President had taken action on 15 escape clause cases under section 7 of the Trade Agreements Extension Act of 1951, as amended. Of these, 5 escape clause actions were no longer in effect on that date (October 11, 1962), having become inoperative by virtue of court actions or having been terminated by the President. Subsequent to enactment of the Trade Expansion Act, the results of 2 of the actions were made permanent with the adoption of the new Tariff Schedules of the United States (August 31, 1963). Six of the remaining eight actions have been terminated or allowed to terminate by the President. Two actions have been extended. On October 11, 1967, the President extended the escape clause action on carpets to January 1, 1970; on December 31, 1969, the President extended the action on carpets (other than imitation oriental floor coverings) to January 1, 1973. At the same time, the President extended the tariff adjustment on sheet glass, which had been previously partially terminated, to January 1, 1970; on February 27, 1970, the President extended the increased tariff rates through January 30, 1972, and provided for three staged reductions of the rates effective on January 31, 1972, January 31, 1973, and February 1, 1974, respectively, the last of which will restore the full tariff concession rate.

The Tariff Commission has instituted 47 investigations under section 301 of the Trade Expansion Act with the following results:

Type of investigation	Findings	Pending cases
Industry (escape-clause)	1 affirmative, 2 evenly divided, 13 negative.	1
Firms (adjustment assistance)	2 evenly divided, 7 negative.	1
Groups of workers (adjustment assistance)	6 affirmative, 8 negative.	6

These results reflect the fact that the standards or requirements for relief for industries under the Trade Expansion Act are more difficult to meet than were those in effect under section 7 of the Trade Agreement Extension Act. The standards for adjustment assistance for firms and for groups of workers are expressed in the TEA in the same terms as are used for industry relief.

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UNITED STATES TARIFF COMMISSION

INVESTIGATIONS UNDER THE ESCAPE CLAUSE OF TRADE AGREEMENTS

Outcome of Escape-Clause Investigations
Instituted by the United States Tariff Commission
Under Executive Orders and Under the
Trade Agreements Extension Act of 1951,
as Amended (through October 11, 1962)

15th Edition
TC Publication 116

Washington
December 1963

INTRODUCTION

This, the 15th edition, is the last of a series of reports on the outcome of escape-clause investigations conducted under section 7 of the Trade Agreements Extension Act of 1951, as amended, and earlier Executive orders. It contains data on each of the 135 escape-clause investigations instituted by the United States Tariff Commission during the period April 1948 to October 1962.

The Trade Expansion Act of 1962, which was signed into law by the President on October 11, 1962, repealed section 7 of the Trade Agreements Extension Act of 1951. The new act establishes an "escape clause" procedure for tariff adjustment which replaces that provided by section 7. The Tariff Commission intends to issue, when appropriate, reports on the outcome of investigations under the 1962 act.

A safeguarding clause, commonly known as the standard escape clause, is included in most of the trade agreements that the United States has negotiated under the Trade Agreements Act, as amended and extended. The standard escape clause provides, in essence, that either party to the agreement may withdraw or modify any concession made therein, if the article on which the concession was granted enters in such increased quantities as to cause or threaten serious injury to the domestic industry producing like or directly competitive articles. Such a clause was first included in the bilateral trade agreement between the United States and Mexico (1943). Subsequently, the clause was included in the bilateral trade agreement

between the United States and Paraguay (1947); in the multilateral General Agreement on Tariffs and Trade (1948); in the 1936 bilateral trade agreement between the United States and Switzerland (effective October 13, 1950); and in the 1939 bilateral trade agreement between the United States and Venezuela (effective October 11, 1952). The Trade Agreements Extension Act of 1951 made it mandatory for an escape clause to be included in all trade agreements that the United States concluded after its passage, and, as soon as practicable, in all trade agreements then currently in force.

Administration of the escape clause before June 16, 1951

Before passage of the Trade Agreements Extension Act of 1951, the procedure for administering trade-agreement escape clauses was provided for by Executive Order 9832 of February 25, 1947, Executive Order 10004 of October 5, 1948, and Executive Order 10082 of October 5, 1949. Under these orders, the U.S. Tariff Commission was directed to conduct investigations to determine the facts and to recommend escape action for the President's consideration in cases where facts justifying the invocation of the escape clause were found to exist.

An important difference between the instructions to the Commission in the above-mentioned Executive orders and in the later statutes (see below) was that under the Executive orders the Commission was required to make investigations in response to applications by interested parties only if in its judgment there was "good and sufficient reason therefor." Acting on its judgment, the Commission--

after "preliminary" investigation and without instituting "formal" investigations--dismissed 14 of the 21 applications for escape-clause investigations that had been made before the Trade Agreements Extension Act of 1951 was enacted. However, notwithstanding the fact that the Commission instituted no "formal" investigations in these cases, it did, in its "preliminary" investigations, assemble considerable information before taking action. Essentially, the principal differences between "preliminary" and "formal" investigations under the Executive orders were that in the "preliminary" investigations the Commission held no hearings and published no reports of the reasons for its conclusions.

Administration of the escape clause June 16, 1951-October 11, 1962

Section 7 of the Trade Agreements Extension Act of 1951, as amended, established a statutory escape-clause procedure that remained in effect until October 11, 1962, when that section was repealed by the Trade Expansion Act of 1962. Section 7 provided that the Tariff Commission, upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Senate Committee on Finance or the House Committee on Ways and Means, upon its own motion, or upon application by any interested party, was promptly to conduct an investigation to determine whether any product on which a trade-agreement concession had been granted was, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the

United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. The Commission was required to complete its investigation and make a report thereon within 6 months of the date it received the application. The statute required the Commission to hold a hearing in an investigation whenever it found evidence of serious injury or threat of serious injury, or whenever it was so directed by resolution of either the Senate Committee on Finance or the House Committee on Ways and Means. However, the Commission usually held a public hearing regardless of this provision. In arriving at its findings and conclusions, the Commission was required to consider certain factors expressly set forth in the statute.

If the Commission found, as a result of its investigation, the existence or threat of serious injury as a result of increased imports due, in whole or in part, to the customs treatment reflecting the concession, it was required to recommend to the President, to the extent and for the time necessary to prevent or remedy such injury, the withdrawal or modification of the concession in whole or in part, or the establishment of an import quota. The Commission was required to immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and to publish a summary thereof in the Federal Register. When, in the Commission's judgment, there was no sufficient reason to

recommend to the President that a trade-agreement concession be modified or withdrawn, the Commission was to make and publish a report stating its findings and conclusions.

The Trade Agreements Extension Act of 1958 provided that the Congress might override the President's rejection of a Tariff Commission recommendation for escape-clause action. To do so, the Congress was required, within 60 days after the President rejected the Commission's recommendation, to adopt by a two-thirds vote of each House a concurrent resolution approving the Commission's recommendation.

The Trade Agreements Extension Act of 1958 amended section 3 of the Trade Agreements Extension Act of 1951, as amended, by providing that if in the course of any peril-point investigation the Tariff Commission found--with respect to any article on the President's list upon which a tariff concession had been granted--that an increase in duty or additional import restriction was required to avoid serious injury to the domestic industry producing like or directly competitive articles, the Commission was promptly to institute an escape-clause investigation with respect to that article.

The Trade Agreements Extension Act of 1953, by amending section 330 of the Tariff Act of 1930, changed the effect of certain less-than-majority decisions of the Tariff Commission. The law authorized the President to regard the unanimous findings and recommendations of one-half of the number of Commissioners voting as the findings and recommendations of the Commission in the exercise of

authority conferred upon him to make changes in import restrictions. If the Commissioners voting were divided into two equal groups, each of which was unanimous in its findings and recommendations, the President might regard the findings and recommendations of either group as the findings and recommendations of the Commission. The act further specified that if, in any case in which the Tariff Commission was authorized to make an investigation or hold hearings, one-half of the number of Commissioners voting agreed that the investigation or hearing should be undertaken, such investigation or hearing was to be carried out in accordance with the statutory authority covering the matter in question.

As stated earlier, the Trade Expansion of 1962, repealed section 7 of the Trade Agreements Extension Act of 1951. Under section 257(e)(3) of the new act, any investigations by the Tariff Commission under section 7 of the Trade Agreements Extension Act of 1951, as amended, that were in progress on the date of enactment of the Trade Expansion Act of 1962 were to be continued under section 301 of that act.

Review of escape-clause actions under Executive Order 10401

The standard escape clause and section 7 of the Trade Agreements Extension Act of 1951, as amended, contemplated that any escape-clause action that the President took with respect to a particular commodity would remain in effect only "for the time necessary to prevent or remedy" the injury.

By Executive Order 10401, issued October 14, 1952, the President established a formal procedure for reviewing escape-clause actions. Paragraph 1 of that order directed the Tariff Commission to keep under review developments with regard to products on which trade-agreement concessions had been suspended, modified, or withdrawn under the escape-clause procedure, and to make periodic reports to the President concerning such developments. The Commission was to make the first such report in each case not more than 2 years after the original escape-clause action, and thereafter at intervals of 1 year as long as the concession remained suspended, modified, or withdrawn in whole or in part.

Paragraph 2 of Executive Order 10401 provided that the Commission was to institute a formal investigation in any case whenever, in the Commission's judgment, changed conditions of competition warranted it, or upon the request of the President, to determine whether, and if so, to what extent, the withdrawal, suspension, or modification of a trade-agreement concession remained necessary in order to prevent or remedy serious injury or the threat thereof to the domestic industry concerned. Upon completing such an investigation, including a public hearing, the Commission was to report its findings to the President.

These review procedures were replaced by similar procedures established in section 351(d) of the Trade Expansion Act of 1962.

Table 1.--Summary: Outcome of escape-clause investigations instituted by the U.S. Tariff Commission through Oct. 11, 1962 1/

Investigations instituted by the Commission---------- 135

Investigations dismissed by the Commission at applicant's request---------- 9

Knit gloves and mittens, wool (6-0) (July 11, 1951)
Hard-fiber cords and twines (4-0) (Jan. 14, 1953)
Fluorspar (1st investigation) (6-0) (Nov. 23, 1953)
Wood screws (4th investigation) (4-0) (Apr. 9, 1956)
Cotton blouses (5-0) (June 22, 1956)
Certain cotton cloth (gingham) (5-0) (Jan. 29, 1957)
Creeping red fescue seed (1st investigation) (5-0) (May 31, 1961)
Umbrella frames (2d investigation) (3-0) (Sept. 21, 1961)
Umbrellas (3-0) (Sept. 21, 1961)

Investigations terminated by the Commission without formal findings---------- 9

Straight pins (1st investigation) (6-0) (June 22, 1954)
Safety pins (1st investigation) (6-0) (June 22, 1954)
Leather handbags (6-0) (Mar. 14, 1956)
Toyo cloth caps (4-0) (June 21, 1957)
Fine-mesh wire cloth (3-2) (July 14, 1958)
Nails, spikes, tacks, brads, and staples (6-0) (Mar. 12, 1959)
Galvanized fencing wire and galvanized wire fencing (6-0) (Mar. 12, 1959)
Broadwoven silk fabrics (5-0) (June 25, 1959)
Tennis rackets (4-2) (Apr. 4, 1961)

Investigations continued under the Trade Expansion Act of 1962---------- 4

Household china tableware and kitchenware
Earthenware table and kitchen articles
Hatters' fur (3d investigation)
Softwood lumber

1/ The vote of the Commission (where applicable) and the date of the particular action are shown in parentheses.

Investigations completed by the Commission---------- 113

Investigations in which the Commission dismissed the applications after preliminary inquiry under procedure provided for in Executive orders (no reports issued)-------- 14

Marrons (4-0) (Aug. 27, 1948)
Whiskies and spirits (5-0) (Jan. 3, 1949)
Crude petroleum and petroleum products (4-2) (May 3, 1949)
Hops (4-2) (May 11, 1949)
Knitted berets (1st investigation) (3-3) (July 8, 1949)
Sponges (3-3) (July 22, 1949)
Narcissus bulbs (6-0) (Jan. 13, 1950)
Knitted berets (2d investigation) (5-1) (Jan. 13, 1950)
Reeds (5-0) (Feb. 17, 1950)
Beef and veal (3-3) (June 30, 1950)
Silk woven fabrics (5-0) (Sept. 21, 1950)
Aluminum and alloys (6-0) (Nov. 21, 1950)
Lead (5-0) (Jan. 25, 1951)
Stencil silk, dyed or colored (6-0) (June 7, 1951)

Investigations in which the Commission decided against escape action (no reports sent to the President)---------- 58

Spring clothespins (1st investigation) (5-1) (Dec. 20, 1949)
Wood screws (1st investigation) (4-2) (Dec. 29, 1951)
Blue-mold cheese (5-1) (June 12, 1952)
Motorcycles and parts (4-2) (June 16, 1952)
Spring clothespins (2d investigation) (3-2) (Aug. 21, 1952)
Groundfish fillets (1st investigation) (3-2) (Sept. 4, 1952)
Bicycles and parts (1st investigation) (5-0) (Oct. 9, 1952)
Glace cherries (3-2) (Oct. 17, 1952)
Bonito and tuna, not in oil (3-2) (Nov. 26, 1952)
Household china tableware (4-0) (Feb. 6, 1953)
Wood screws (2d investigation) (3-1) (Mar. 27, 1953)
Pregnant mares' urine (4-0) (Apr. 2, 1953)
Chalk whiting (3-1) (Apr. 9, 1953)
Woodwind musical instruments (5-0) (Apr. 28, 1953)
Cotton-carding machinery (5-0) (July 29, 1953)
Metal watch bracelets and parts (6-0) (Aug. 20, 1953)
Rosaries (6-0) (Aug. 21, 1953)
Mustard seeds (6-0) (Dec. 10, 1953)
Ground chicory (5-0) (Sept. 7, 1954)
Coconuts (6-0) (Oct. 25, 1954)
Wool gloves and mittens (5-1) (Dec. 28, 1954)
Glue of animal origin (6-0) (Jan. 7, 1955)
Hardwood plywood (1st investigation) (5-0) (June 2, 1955)
Red fescue seed (1st investigation) (4-0) (June 22, 1955)
Dressed rabbit furs (6-0) (Feb. 29, 1956)

Investigations in which the Commission decided against escape action (no reports sent to the President)--Continued

Cotton pillowcases (3-2) (Nov. 21, 1956)
Certain jute fabrics (5-0) (May 15, 1957)
Bicycles (3d investigation) (6-0) (Aug. 19, 1957)
Wool felts, nonwoven (5-0) (Jan. 6, 1958)
Garlic (2d investigation) (5-0) (Feb. 19, 1958)
Barium chloride (6-0) (Oct. 10, 1958)
Certain carpets and rugs (1st investigation) (3-2) (Jan. 12, 1959)
Scissors and shears (2d investigation) (6-0) (Feb. 25, 1959)
Hand-made glassware (2d investigation) (6-0) (May 6, 1959)
Axes and ax heads (5-0) (May 21, 1959)
Calf and kip leather (5-0) (May 29, 1959)
Hardwood plywood (2d investigation) (4-2) (June 22, 1959)
Mink skins (6-0) (Sept. 17, 1959)
Red fescue seed (2d investigation) (5-0) (Oct. 28, 1959)
Zinc sheet (3-2) (Jan. 14, 1960)
Women's and children's leather gloves (5-0) (Mar. 21, 1960)
Typewriters (6-0) (May 10, 1960)
Lamb, mutton, sheep, and lambs (4-2) (June 1, 1960)
Barbed wire (4-0) (Aug. 3, 1960)
Cast-iron soil-pipe fittings (6-0) (Aug. 23, 1960)
Crude horseradish (6-0) (Sept. 15, 1960)
Hatters' fur (2d investigation) (6-0) (Oct. 7, 1960)
Iron ore (5-0) (Dec. 30, 1960)
Ultramarine blue (6-0) (Mar. 16, 1961)
Plastic raincoats (4-2) (Mar. 29, 1961)
Cantaloups (6-0) (Mar. 30, 1961)
Cellulose filaments (rayon staple fiber) (4-2) (Apr. 10, 1961)
Watermelons (6-0) (Apr. 20, 1961)
Rolled glass (3-2-1) (May 25, 1961)
Procaine and salts and compounds thereof (3-0) (Nov. 2, 1961)
Standard clothespins (5-0) (Feb. 14, 1962)
Creeping red fescue seed (2d investigation) (3-2) (May 21, 1962)
Vanillin (5-0) (Aug. 20, 1962)

Investigations in which the vote of the Commission was evenly divided (reports sent to the President)---------- 8

Handmade blown glassware (1st investigation) (3-3) (Sept. 22, 1953)
Spring clothespins (3d investigation) (3-3) (Oct. 6, 1954)
Wood screws (3d investigation) (3-3) (Oct. 28, 1954)
Fluorspar (2d investigation) (3-3) (Jan. 18, 1956)
Para-aminosalicylic acid (3-3) (June 14, 1956)
Binding twines (2-2) (Dec. 9, 1960)
Hard-fiber cords and twines (2-2) (Dec. 9, 1960)
Alsike clover seed (2d investigation) (2-2) (Aug. 7, 1961)

Investigations in which the Commission decided in favor of escape action (reports sent to the President)--------- 33

Women's fur felt hats and hat bodies (5-0) (Sept. 25, 1950)
Hatters' fur (1st investigation) (6-0) (Nov. 9, 1951)
Garlic (1st investigation) (4-2) (June 6, 1952)
Watches (1st investigation (4-2) (June 14, 1952)
Dried figs (5-0) (July 24, 1952)
Tobacco pipes and bowls (4-0) (Dec. 22, 1952)
Screen-printed silk scarves (4-0) (Apr. 13, 1953)
Scissors and shears (1st investigation) (4-2) (Mar. 12, 1954)
Groundfish fillets (2d investigation) (3-2) (May 7, 1954)
Lead and zinc (1st investigation) (6-0) (May 21, 1954)
Alsike clover seed (1st investigation) (6-0) (May 21, 1954)
Watch movements (2d investigation) (4-2) (May 28, 1954)
Bicycles (2d investigation) (4-1) (Mar. 14, 1955)
Ferrocerium (lighter flints) (6-0) (Dec. 21, 1955)
Toweling of flax, hemp, or ramie (6-0) (May 15, 1956)
Groundfish fillets (3d investigation) (6-0) (Oct. 12, 1956)
Velveteen fabrics (6-0) (Oct. 24, 1956)
Violins and violas (3-2) (Jan. 29, 1957)
Straight pins (2d investigation) (4-2) (Jan. 30, 1957)
Safety pins (2d investigation) (4-2) (Jan. 30, 1957)
Spring clothespins (4th investigation) (4-1) (Sept. 10, 1957)
Stainless-steel table flatware (6-0) (Jan. 10, 1958)
Umbrella frames (1st investigation) (3-2) (Jan. 14, 1958)
Clinical thermometers (3-2) (Feb. 21, 1958)
Lead and zinc (2d investigation) (6-0) (Apr. 24, 1958)
Tartaric acid (5-0) (Jan. 14, 1959)
Cream of tartar (3-2) (Jan. 14, 1959)
Cotton typewriter-ribbon cloth (4-0) (June 30, 1960)
Baseball and softball gloves (6-0) (May 1, 1961)
Ceramic mosaic tile (6-0) (May 10, 1961)
Sheet glass (6-0) (May 17, 1961)
Certain carpets and rugs (2d investigation) (4-0) (Aug. 3, 1961)
Straight pins (3d investigation) (4-2) (Feb. 28, 1962)

Action by the President on recommendations of the Commission in favor of escape action---------- 41

President invoked the escape clause---------- 15

Women's fur felt hats and hat bodies (Oct. 30, 1950)
Hatters' fur (1st investigation) (Jan. 5, 1952)
Dried figs (Aug. 16, 1952)
Alsike clover seed (1st investigation) (June 30, 1954)
Watch movements (2d investigation) (July 27, 1954)
Bicycles (2d investigation) (Aug. 18, 1955)
Toweling of flax, hemp, or ramie (June 25, 1956)
Spring clothespins (4th investigation) (Nov. 9, 1957)
Safety pins (2d investigation) (Nov. 29, 1957)
Clinical thermometers (Apr. 21, 1958)
Lead and zinc (2d investigation) (Sept. 22, 1958)
Stainless-steel table flatware (Oct. 20, 1959)
Cotton typewriter-ribbon cloth (Aug. 23, 1960)
Sheet glass (Mar. 19, 1962)
Certain carpets and rugs (2d investigation) (Mar. 19, 1962)

President declined to invoke the escape clause---------- 26

Garlic (1st investigation) (July 21, 1952)
Watches (1st investigation) (Aug. 14, 1952)
Tobacco pipes and bowls (Nov. 10, 1953)
Scissors and shears (1st investigation) (May 11, 1954)
Groundfish fillets (2d investigation) (July 2, 1954)
Lead and zinc (1st investigation) (Aug. 20, 1954)
Handmade blown glassware (1st investigation) (Sept. 9, 1954)
Spring clothespins (3d investigation) (Nov. 20, 1954)
Screen-printed silk scarves (Dec. 23, 1954)
Wood screws (3d investigation) (Dec. 23, 1954)
Fluorspar (2d investigation) (Mar. 20, 1956)
Para-aminosalicylic acid (Aug. 10, 1956)
Ferrocerium (lighter flints) (Nov. 13, 1956)
Groundfish fillets (3d investigation) (Dec. 10, 1956)
Velveteen fabrics (Jan. 22, 1957)
Straight pins (2d investigation) (Mar. 29, 1957)
Violins and violas (Mar. 30, 1957)
Umbrella frames (1st investigation) (Sept. 30, 1958)
Tartaric acid (Mar. 14, 1959)
Cream of tartar (Mar. 14, 1959)
Binding twines (Feb. 7, 1961)
Hard-fiber cords and twines (Feb. 7, 1961)
Alsike clover seed (2d investigation) (Oct. 1, 1961)
Baseball and softball gloves (Mar. 19, 1962)
Ceramic mosaic tile (Mar. 19, 1962)
Straight pins (3d investigation) (Apr. 28, 1962)

U.S. TARIFF COMMISSION
Office of the Secretary

April 1970

SUMMARY OF INVESTIGATIONS UNDER SECTION 301 OF THE TRADE EXPANSION ACT OF 1962

Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negative finding
(a) May 4, 1962 (b) July 24, 1962 1/ (c) April 5, 1963	(a) TEA-I-1 (b) Household china tableware and kitchenware (c) American Fine China Guild, Inc., Nyack, New York	X				Dorfman Talbot Schreiber Sutton Dowling Culliton
(a) May 25, 1962 (b) July 25, 1962 1/ (c) April 11, 1963	(a) TEA-I-2 (b) Earthenware table and kitchen articles (c) The U.S. Potters Assoc East Liverpool, Ohio	X				Dorfman Talbot Schreiber Sutton Dowling Culliton
(a) June 4, 1962 (b) Sept. 11, 1962 1/ (c) March 13, 1963	(a) TEA-I-3 (b) Hatters' fur (c) Hatters' Fur Cutters Assoc. of the U.S.A. New York, N.Y.	X				Dorfman Talbot Schreiber Sutton Dowling Culliton
(a) July 23, 1962 (b) Oct. 2, 1962 1/ (c) Feb. 14, 1963	(a) TEA-I-4 (b) Softwood lumber (c) Lumbermen's Economic Survival Committee, Portland, Oregon	X				Dorfman Talbot Schreiber Sutton Dowling
(a) Jan. 7, 1963 (b) Feb. 26, 1963 (c) April 26, 1963	(a) TEA-I-5 (b) Whisky (except Irish, Irish type, Scotch, and Scotch type) (c) Publicker Industries, Inc., Philadelphia, Pa.	X				Dorfman Talbot Schreiber Sutton Dowling Culliton

1/ These investigations, which were pending under section 7 of the Trade Agreements Extension Act of 1951, as amended, on the date of enactment of the Trade Expansion Act (Oct. 11, 1962), were continued under section 301 of the latter Act.

Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negative finding
(a) Jan. 9, 1963 (b) None (c) March 11, 1963	(a) TEA-W-1 (b) Unmanufactured zinc (c) Internat'l Union of Mine, Mill & Smelter Workers, Denver, Colo			X		Dorfman Talbot Schreiber Sutton Dowling Culliton
(a) Feb. 18, 1963 (b) None (c) April 9, 1963	(a) TEA-F-1 (b) Household china tableware (c) American Ceramic Products, Inc., Santa Monica, Calif.		X			Dorfman Talbot Schreiber Sutton Dowling Culliton
(a) March 22, 1963 (b) May 1, 1963 (c) May 17, 1963	(a) TEA-W-2 (b) Transistor radios (c) Internat'l Union of Electrical, Radio, and Machine Workers, Sandusky, Ohio			X		Dorfman Talbot Schreiber Culliton
(a) May 1, 1963 (b) None (c) June 28, 1963	(a) TEA-W-3 (b) Iron ore (c) United Steelworkers of America, AFL-CIO, Red Mountain, Ala.			X		Dorfman Talbot Schreiber Sutton Culliton
(a) May 21, 1963 (b) June 27, 1963 (c) July 19, 1963	(a) TEA-W-4 (b) Cotton sheeting (c) Textile Workers Union of America, AFL-CIO, CLC, Cordova, Ala.			X		Dorfman Talbot Schreiber Sutton Culliton
(a) Sept. 26, 1963 (b) None (c) Nov. 25, 1963	(a) TEA-W-5 (b) Ceramic mosaic tile (c) Winburn Tile Mfg. Co., Little Rock, Ark.			X		Dorfman Talbot Schreiber Sutton Culliton
(a) May 27, 1963 (b) None (c) July 23, 1963	(a) TEA-F-2 (b) Sodium gluconate (c) Industrial Biochemicals Inc., Edison, N.J.		X			Dorfman Talbot Schreiber Sutton Culliton

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Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negative finding
(a) March 2, 1964 (b) June 9, 1964 (d) Sept. 1, 1964	(a) TEA-I-6 (b) Umbrellas & parts of umbrellas (except handles) (c) Umbrella Mfrs. & Suppliers, Inc. and Umbrella Frame Assoc of America, Inc., New York, N.Y.	X				Dorfman Talbot Sutton Culliton Fenn
(a) April 30, 1964 (b) July 28, 1964 (c) October 30, 1964	(a) TEA-I-7 (b) Watches, watch movements, & parts of watch movements (c) Bulova Watch Co., Elgin Nat'l Watch Co & Hamilton Watch Co. filed by Paul F. Mickey, Wash., D.C.	X				Dorfman Fenn Talbot Sutton Culliton
(a) June 24, 1964 (b) None (c) August 21, 1964	(a) TEA-F-3 (b) Crude petroleum (c) Danaho Refining Co., Houston, Texas		X			Dorfman Talbot Sutton Culliton Fenn
(a) July 27, 1964 (b) Oct. 20, 1964 (c) Jan. 27, 1965	(a) TEA-I-8 (b) Mushrooms prepared or preserved (c) Mushroom Canners Comm. Pa. Canners & Food Processors Assoc., York, Pa.	X				Dorfman Fenn Talbot Sutton Culliton
(a) Aug. 21, 1964 (b) Dec. 9, 1964 (c) Feb. 19, 1965	(a) TEA-I-9 (b) Ice skates and parts thereof (c) Roller Derby Skate Corp, Litchfield, Ill, & Nestor Johnson Mfg. Co, Chicago, Ill.	X				Dorfman Fenn Talbot Sutton Culliton

Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negative finding
(a) Sept. 28, 1964 (b) None (c) Discontinued Oct. 9, 1964	(a) TEA-F-4 (b) Ceramic floor and wall tile (c) National Tile & Mfg. Co. Anderson, Ind.		X			Dorfman Fenn Talbot Sutton Culliton
(a) Oct. 22, 1964 (b) Dec. 1, 1964 (c) Dec. 21, 1964	(a) TEA-F-5 (b) Ceramic floor and wall tile (c) National Tile & Mfg. Co., Anderson, Ind.		X		Fenn Talbot	Dorfman Sutton Culliton
(a) Aug. 30, 1965 (b) Oct. 5, 1965 (c) Oct. 29, 1965	(a) TEA-F-6 (b) Plywood door skins (c) General Plywood Corp., Louisville, Ky.		X		Fenn Thunberg	Sutton Culliton
(a) Apr. 7, 1967 (b) July 11, 1967 (c) Oct. 6, 1967	(a) TEA-I-10 (b) Eyeglass frames & mountings (c) Int'l Union of Electrical, Radio & Machine Workers, Wash., D.C.	X				Sutton Culliton Thunberg Clubb
(a) July 21, 1967 (b) Nov. 7, 1967 (c) Jan. 22, 1968	(a) TEA-I-11 (b) Barbers' Chairs (c) Certain domestic firms & labor unions	X				Metzger Sutton Culliton Thunberg Clubb
(a) Sept. 27, 1967 (b) Feb. 1, 1968 (c) Mar. 25, 1968	(a) TEA-I-12 (b) Broomcorn (c) Rocky Mountain Farmers Union	X				Metzger Sutton Culliton Thunberg Clubb

Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negativ findin
(a) Nov. 13, 1967 (b) None (c) Jan. 22, 1968	(a) TEA-F-7 (b) Barbers' chairs (c) Emil J. Paidar Co. Chicago, Ill.		X		Thunberg Clubb	Metzger Sutton Cullitc
(a) Nov. 13, 1967 (b) None (c) Jan. 22, 1968	(a) TEA-F-8 (b) Barbers' chairs (c) Koken Companies, Inc. St. Louis, Mo.		X			Metzger Sutton Cullitc Thunber Clubb
(a) Dec. 11, 1967 (b) None (c) Terminated Jan. 17, 1968	(a) TEA-W-6 (b) Certain ceramic tiles (c) United Glass & Ceramic Workers of North America, AFL-CIO,CLC, Columbus, Ohio			X		Metzger Sutton Cullitc
(a) Jan. 3, 1968 (b) None (c) March 4, 1968	(a) TEA-W-7 (b) Men's welt shoes (c) United Shoe Workers of America, AFL-CIO, CLC, on behalf of workers of Knapp Bros. Shoe Mfg. Corp. Brockton, Mass.			X		Metzger Sutton Cullitc Thunber Clubb
(a) Jan. 28, 1969 (b) April 29, 1969 (c) July 28, 1969	(a) TEA-I-13 (b) Canned sardines) (c) Maine Sardine Packers Assoc., Inc., Augusta, Maine	X				Sutton Thunberg Leonard Newsom 1/

1/ Commissioner Clubb did not participate in this investigation; there was one vacancy on the Commission as of date of completion.

Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negative finding
(a) June 23, 1969 (b) Oct. 28, 1969 (c) Dec. 23, 1969	(a) TEA-I-14 (b) Pianos and parts (c) Nat'l Piano Mfgrs. Assoc. 435 N. Michigan Ave. Chicago, Ill. 60611	X			Pianos Clubb Leonard Moore Parts Leonard 1/	Pianos Thunberg Newsom 1/ Parts Thunberg Clubb Newsom Moore
(a) June 27, 1969 (b) Oct. 16, 1969 (c) Dec. 29, 1969	(a) TEA-I-15 (b) Glass (c) American-St. Gobain Corp., Kingsport, Tenn.; Libbey-Owens-Ford Co, Toledo, Ohio; Mississippi Glass Co, St. Louis, Missouri; PPG Industries, Inc, Pittsburgh, Pa.	X			Sheetglass Sutton Clubb Moore All Other Sutton Moore	Sheetglass Thunberg Leonard Newsom All Other Thunberg Clubb Leonard Newsom
(a) Sept. 4, 1969 (b) None (c) Nov. 3, 1969	(a) TEA-W-8 (b) Buttweld pipe & tubing (c) Armco Steel Corp. Weld Mill, Ambridge, Pa.			X	Sutton Thunberg Clubb Newsom Moore	Leonard
(a) Sept. 4, 1969 (b) None (c) Nov. 3, 1969	(a) TEA-W-9 (b) Transmission towers (c) U.S. Steel Corp., American Bridge Div., Shiffler Transmission Tower Plant Pittsburgh, Pa.			X	Sutton Thunberg Clubb Newsom Moore	Leonard

1/ Chairman Sutton did not participate in these decisions.

Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negative finding
(a) Sept. 4, 1969 (b) None (c) Nov. 3, 1969	(a) TEA-W-10 (b) Transmission towers & parts (c) U.S. Steel Corp., American Bridge Div. Maywood Plant, Los Angeles, California			X	Sutton Thunberg Clubb Newsom Moore	Leonard
(a) Dec. 22, 1969 (b) Feb. 3, 1970 (c) April 21, 1970	(a) TEA-I-16 (b) Barbers' chairs (c) Emil J. Paidar Co., 1120 N. Wells St. Chicago, Ill., et al	X			Thunberg Clubb Moore 1/	Sutton Leonard Newsom
(a) Dec. 31, 1969 (b) Feb. 3, 1970 (c) April 21, 1970	(a) TEA-F-9 (b) Barbers' chairs (c) Emil J. Paidar Co. 1120 N. Wells St., Chicago, Ill., et al		X		Thunberg Clubb Moore 2/	Sutton Leonard Newsom
(a) Jan. 19, 1970 (b) None (c) March 20, 1970	(a) TEA-W-11 (b) Ceramic floor and wall tile (c) United Glass and Ceramic Workers of N. America, AFL-CIO-CLC, on behalf of certain workers of The Cambridge Tile Manufacturing Co., Cincinnati, Ohio			X	Clubb Moore	Sutton Thunberg Leonard Newsom

1/ Under the law, the President may consider the findings of either group as the findings of the Commission.
2/ The effect of the tie vote in this instance is a negative determination.

Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negative finding
(a) Jan. 14, 1970 (b) None (c) March 16, 1970	(a) TEA-W-12 (b) Transmission towers (c) Filed by -- United Steelworkers of America on behalf of certain maintenance workers of Bethlehem Steel Corp., Tower Dept., Pinole Point Works, Pinole Pt., Cal.			X	Sutton Thunberg Clubb Newsom Moore	Leonard
(a) Feb. 19, 1970 (b) None (c) April 20, 1970	(a) TEA-W-13 (b) Canvas/Rubber Footwear (c) Filed by -- Arthur, Dry, Kalish, Taylor & Wood on behalf of certain salaried workers of Woonsocket Plant, Uniroyal, Inc. Woonsocket, R.I.			X	Thunberg Clubb Moore	Sutton Newsom 1/
(a) Feb. 25, 1970 (b) None (c) April 20, 1970	(a) TEA-W-14 (b) Canvas/Rubber Footwear (c) Filed by -- Arthur, Dry, Kalish, Taylor & Wood on behalf of certain workers of Woonsocket Plant, Uniroyal, Inc. Woonsocket, R.I.			X	Thunberg Clubb Moore	Sutton Newsom 1/

1/ Commissioner Leonard did not participate because of absence.

Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negative finding
(a) March 5, 1970 (b) June 2, 1970 (c) Pending	(a) TEA-I-17 (b) Umbrellas and metal parts thereof (c) Umbrella Frame Assoc. of America, New York, N.Y.	X				
(a) March 20, 1970 (b) None (c) Pending	(a) TEA-F-10 (b) Women's and misses' dress shoes, etc. (c) Benson Shoe Co., Lynn, Mass.		X			
(a) March 30, 1970 (b) None (c) Pending	(a) TEA-W-15 (b) Women's and misses' dress shoes, etc. (c) Workers of Benson Shoe Co., Lynn, Mass.			X		
(a) March 31, 1970 (b) None (c) Pending	(a) TEA-W-16 (b) Women's and misses' dress shoes, etc. (c) Workers of Dartmouth Shoe Co., Brockton, Mass.			X		
(a) March 31, 1970 (b) None (c) Pending	(a) TEA-W-17 (b) Women's and misses' dress shoes, etc. (c) Workers of Hartman Shoe Co., Haverhill, Mass.			X		

Date of - (a) Petition (b) Hearing (c) Final Report	(a) Investigation number (b) Article (c) Petitioner & address	Type of investigation and TEA section: Industry (301(b)(1))	Firm (301(c)(1))	Workers (301(c)(2))	Vote of Commissioners: Affirmative finding	Negative finding
(a) March 31, 1970 (b) None (c) Pending	(a) TEA-W-18 (b) Women's and misses' dress shoes, etc. (c) Workers of Lemar Shoes, Inc., Haverhill, Mass.			X		
(a) March 31, 1970 (b) None (c) Pending	(a) TEA-W-19 (b) Men's and boys' dress shoes, etc. (c) Workers of Eagle Shoe Mfg. Co., Everett, Mass.			X		
(a) April 13, 1970 (b) None (c) Pending	(a) TEA-W-20 (b) Bicycle tires and tubes (c) Production and maintenance workers of Local Union No. 110, URW, UniRoyal Tire Co., Indianapolis, Ind.			X		

3. Transitional Adjustment Under the Section 302 Automotive Products Trade Act of 1965

[See p. 417 for provisions of law]

Sections 301 and 302 of the Automotive Products Trade Act includes provisions designed to make the tariff adjustment and other adjustment assistance provisions of the Trade Expansion Act of 1962 (TEA) applicable to firms and groups of workers injured as a result of the tariff reductions authorized by the Automotive Products Trade Act (APTA). The TEA provides for a variety of tariff and other forms of assistance to industries, firms, and groups of workers which establish that they had been seriously injured by increased imports resulting in major part from trade-agreement concessions. Industrywide assistance may take the form of an increase in rates of duty or other import restrictions. Assistance to individual firms may be in the form of technical aid, financial help, or tax benefits; that to individual groups of workers, in the form of unemployment compensation, job training, or relocation allowances. Section 301 of the APTA provides that a petition may be filed for tariff adjustment or for a determination of eligibility to apply for adjustment assistance under the appropriate provision of title III of the TEA.

Section 302 of the APTA establishes special "transitional" provisions for determining eligibility of firms or groups of workers to apply for the adjustment assistance provided by the TEA. The transitional arrangements of the act differs from the adjustment assistance arrangements of the TEA in that (1) the President rather than the Tariff Commission is authorized to determine the eligibility of the automobile firms and workers to apply for assistance, and (2) different criteria are provided for determining eligibility to apply for such assistance.

The transitional adjustment assistance provisions provides that during a designated period [1] ending at the close of June 30, 1968, a petition for a determination of eligibility to apply for adjustment assistance may be filed with the President by a firm which produces an automotive product or by a group of workers in such a firm or by a representative of such a firm or group of workers.

After a petition is filed, the President is to determine whether (1) dislocation of the firm or group of workers has occurred or threatened to occur, i.e., whether serious injury to a firm or unemployment of a group of workers has occurred or threatened to occur; (2) U.S. production of the automotive product concerned, or of a like or directly competitive product, has decreased appreciably; and (3) imports from Canada of the Canadian automotive product like or directly competitive with that produced by the firm, have increased appreciably; or U.S. exports to Canada of the product, or of a like or directly competitive product, have decreased appreciably and the decrease is greater than any decrease in Canadian production of like or directly competitive products. The act provides further that if the President makes an affirmative determination of eligibility with respect to all of the above criteria, he is to certify the petitioners as eligible to apply for adjustment assistance, unless he determines that the operation of the agreement had not been the primary factor in dislocation of the

[1] Beginning after the 90th day after the automotive products agreement became law.

petitioner. If the President makes an affirmative determination that dislocation has occurred or threatened to occur, but finds negatively in respect to any of the other criteria, he is to determine if the operation of the agreement has been, nevertheless, the primary factor in causing dislocation. If he makes such an affirmative determination, he is to certify the petitioner eligible for adjustment assistance.

In order to provide a factual record upon which the President may base his determination, he is to transmit promptly to the Tariff Commission a copy of each petition for a determination of eligibility to apply for adjustment assistance and, to request the Tariff Commission to conduct an investigation and make a report of the relevant facts disclosed thereby. The President is authorized to specify the particular kind of data he deems appropriate. In the course of its investigation, the Tariff Commisison is required to hold a public hearing if requested to do so by the petitioner or by any other person showing a proper interest in the subject matter of the investigation; interested persons are to be afforded an opportunity to be present, to produce evidence, and to be heard at the hearing.

The Tariff Commission is to submit its report to the President not later than 50 days after it receives his request for an investigation. The report is to be accompanied by a transcript of the hearing (if one is held) and any briefs submitted in connection with the investigation. The President is to make his final determination only after he had sought advice from the Departments of Commerce, Labor, and the Treasury, the Small Business Administration, and other agencies he deems appropriate. He is to make a determination not later than 15 days after receiving the Tariff Commission's report, unless, within the 15-day period, he requests additional factual information from the Commission. In such case, the Commission is to submit the additional information in a supplemental report not later than 25 days after it has received the request. The President then is to make his final determination within 10 days of receiving the supplemental report.

Any certification by the President that a group of workers is eligible to apply for adjustment assistance is to specify the date on which unemployment or underemployment (i.e., dislocation) began or threatened to begin. The President is authorized to terminate any such certification whenever he determines that the Agreement is no longer the primary factor causing the dislocation. Such a determination is to apply only to separations from employment occurring after the termination date specified by the President.

On October 21, 1965, the President established an Automotive Agreement Adjustment Assistance Board [1] consisting of the Secretaries of the Treasury, Commerce, and Labor; to this Board he delegated the functions conferred on him in section 302 of the Automotive Products Trade Act of 1965.[2] The President authorized the Board to redelegate any functions it deemed appropriate, other than the making of final determinations, certifications, and terminations of certifications. In its first order, issued on January 19, 1966, the Board established the Automotive Assistance Committee composed of an Assistant Secretary of the Treasury, the Assistant Secretary of Labor for International Affairs, and the Assistant Secretary of Commerce for Domestic and

[1] Executive Order 11254.

[2] Under the provisions of sec. 302(k), the President is authorized to exercise any of his functions under the adjustment assistance provisions of the act through any instrumentality of the U.S. Government which he prescribed.

International Business. With the exception of the making of final determinations, certifications and terminations, the Board delegated all its functions to the Committee.

Since the inception of the transitional adjustment assistance under the APTA, there has been no effective petitions by firms. Total workers adjustment assistance activity during the transitional period is summarized below:

Total cases acted on	21
Total certifications	14
Number of workers certified	2,500
Individual requests to State agencies for determination of eligibility	2,800
Found eligible	1,950
Allowances paid (000's)	4,100
Training allowances paid (000's)	60.4

With the end of the transitional period on June 30, 1968, the special assistance provisions expired.

B. NATIONAL SECURITY PROVISIONS, SECTION 232, TRADE EXPANSION ACT OF 1962

SEC. 232.

(a) No action shall be taken pursuant to section 201(a) or pursuant to section 350 of the Tariff Act of 1930 to decrease or eliminate the duty or other import restriction on any article if the President determines that such reduction or elimination would threaten to impair the national security.

(b) Upon request of the head of any department or agency, upon application of an interested party, or upon his own motion, the Director of the Office of Emergency Planning (hereinafter in this section referred to as the "Director") shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate departments and agencies, to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security as set forth in this section, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not so threaten to impair the national security.

(c) For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw

materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements. In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

(d) A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (b).

1. Explanation

The national security provisions of the act (sec. 232) directs the President to reserve from trade-agreement negotiations any article on which a reduction in duty or other import restrictions would threaten to impair the national security, as well as to control entries of any article being imported in such quantities or under such circumstances as to threaten to impair the national security. These provisions are nearly identical to the national security provisions of the previous trade agreements legislation (i.e., those contained in the Trade Agreements Extension Act of 1958). Section 225(a) further directs the President to reserve from trade-agreement negotiations for the reduction or the elimination of duty any article for which an action was in effect under the national security provisions of the Trade Expansion Act or the comparable provisions of earlier trade agreements legislation.

Also under section 232, the Director of the Office of Emergency Planning is required, upon the request of the head of any department or agency, upon the application of an interested party, or upon his own motion, to conduct an investigation to determine the effects on the national security of imports of any article. Such investigations can be conducted at any time and on any article (whether or not a trade-agreement concession had been granted thereon). If the investigation establishes to the satisfaction of the Director that the subject article was being imported in such quantities or under such circumstances as to threaten to impair the national security, he is to so advise the President. In turn, the President, unless he determines that the article was not being imported in such quantities or under such circumstances as to threaten to impair the national security, is to take such action as he considers necessary to "adjust" imports of such article so that they do not threaten to impair the national security. The President's authority to adjust imports under these

circumstances is not limited by the Act; he can, for example, if required, impose an import duty higher than 50 percent above that in effect in 1934 (the limit for escape-clause duty restrictions).

During the course of each investigation, the Director is to seek information and advice from other appropriate departments and agencies. Without excluding other relevant factors, the Director and the President are also to consider a number of criteria set forth in section 232. The Director is to publish a report on his disposition of each investigation.

2. History of Action and Current Status

Listed below is the disposition of requests for action under section 232 and provisions precedent thereto. For further discussion of the only action taken under the national security provisions (petroleum and petroleum products), see pages 318–322, the Tariff Commission report on Quantitative Import Restrictions of the United States.

Executive Office of the President
Office of Emergency Preparedness

STATUS OF REQUESTS FOR INVESTIGATION UNDER SEC. 7 OF THE TRADE AGREEMENTS EXTENSION ACT OF 1955 TO DETERMINE THE EFFECT OF THE IMPORTS OF AN ARTICLE ON THE NATIONAL SECURITY

(Public law 86, 84th Cong.)

Industry	Application by—	Date of action and status
Fluorspar	Committee representing American Fluorspar Producers, c/o Clyde Flynn, attorney, Elizabethtown, Ill.	Filed, June 21, 1955. Investigation suspended after request by petitioner, Nov. 1, 1956.
Cordage (hard fiber cordage and twine).	Cordage Institute, 350 Madison Ave., New York, N.Y.	Filed, July 12, 1955. Hearings held, Sept. 11 and 12, 1956. Petition denied, Mar. 7, 1957. Decision appealed, July 1, 1957. Restudy ordered, Aug. 20, 1957. Petition again denied, May 6, 1958.
Stencil silk	Albert Goode Bedlin, Inc., 437 Fifth Ave., New York, N.Y.	Filed, Nov. 2, 1955. Withdrawn, Apr. 5, 1956.
Watches, jeweled	American Watch Manufacturers Association, Inc., 1100 Shoreham Building, Washington, D.C.	Filed, Dec. 29, 1955. Hearings held, Jan. 7 and 9, 1957. Petition denied, Feb. 28, 1958.
Thermometers, clinical fever	American Clinical Thermometer Guild, 110 East 42d St., New York, N.Y.	Filed, Jan. 13, 1956. Investigation suspended after request by guild, July 2, 1957.
Analytical balances	Scientific Apparatus Makers Association, 20 North Wacker Dr., Chicago, Ill.	Filed, Feb. 6, 1956. Investigation suspended after request by association, May 24, 1957.
Photograph shutters	Wollensak Optical Co., 850 Hudson Ave., Rochester, N.Y.	Filed, Feb. 24, 1956. Withdrawn, Apr. 17, 1956.
Clocks, pin-lever, watches and timers.	Clock & Watch Manufacturers Association of America, Inc., 1625 K St. NW., Washington, D.C.	Filed, Apr. 18, 1956. Hearings held, Jan. 7 and 9, 1957. Petition denied, Feb. 28, 1958.
Wool textiles	National Association of Wool Manufacturers, 386 4th Ave., New York, N.Y.	Filed, Mar. 14, 1956. Hearings held, June 3 and 4, 1957. Petition denied, Jan. 6, 1958.
Wool felt	The Felt Association, 75 West St., New York, N.Y.	Filed, Apr. 20, 1956. Investigation suspended after request by association, May 27, 1957.
Crude oil	Independent Petroleum Association of America, 1110 Ring Building, Washington, D.C.	Filed, Aug. 7, 1956. Hearings held, Oct. 22 and 24, 1956. Certified to the President, Apr 23, 1957, that there was reason to believe that imports were threatening to impair national security. This led to a plan of voluntary limitations on imports adopted by importing companies.
Boats, wooden	American Boat Builders & Repairers Association, Inc., 2382 Grand Concourse, New York, N.Y.	Filed, Sept. 14, 1956. Investigation suspended after request by association, Jan. 7, 1958.
Wire cloth, fine mesh	The Industrial Wire Cloth Institute, 75 West St., New York, N.Y.	Filed, May 6, 1957. Investigation suspended after request by institute, Feb. 14, 1958.
Burs, dental	American Dental Trade Association, 1010 Vermont Ave. NW., Washington, D.C.	Filed, Mar 22, 1957. Withdrawn, Aug. 28, 1957. Refiled, May 12, 1958. Withdrawn, Jan. 10, 1961.
Electric power equipment, heavy.	General Electric Co., Schenectady, N.Y., and National Electrical Manufacturers Association, 155 East 44th St., New York, N.Y.	Filed, Mar. 7, 1958. Petition denied, June 12, 1959.

STATUS OF REQUESTS FOR INVESTIGATION UNDER SEC. 8 OF THE TRADE AGREEMENTS EXTENSION ACT OF 1958, TO DETERMINE THE EFFECT OF THE IMPORTS OF AN ARTICLE ON THE NATIONAL SECURITY (PUBLIC LAW 85-686)

Industry	Application by—	Date of action and status
Cobalt	Howe Sound Co., 500 Fifth Ave., New York, N.Y.	Filed, Oct. 2, 1958. Petition denied, Oct. 2, 1959.
Tungsten	do	Filed, Oct. 2, 1958. Withdrawn, Oct. 21, 1959.
Fluorspar (refiling)	American Fluorspar Producers Association, Elizabethtown, Ill.	Filed, Oct. 29, 1958. Petition denied, Sept. 25, 1959.
Crude oil and products	Department of State and Department of Defense.	Filed, Jan. 22, 1959. Certified to the President Feb. 27, 1959, that imports threaten to impair national security. In March 1959 the President issued Proclamation No. 3279, still in effect, establishing an oil imports control program. The program is administered by the Secretary of the Interior with the Director of OEP given the responsibility for maintaining a continuing surveillance over the oil import control program.
Steam turbine-generators	General Electric Co., Schenectady, N.Y., and Westinghouse Electric Corp., Pittsburgh, Pa.	Filed, Feb. 20, 1959. Petition denied, Nov. 18, 1960.
Wool knit gloves	Director's own motion	Filed, Feb. 25, 1959. On Nov. 18, 1960, the Director of OCDM made a public finding that there was no threat to national security from imports of the article.
Surplus military rifles	Sporting Arms & Ammunition Manufacturers Institute, 250 East 43d St., New York, N.Y.	Filed, June 29, 1959. Petition denied, June 5, 1962.
Transistors and related products.	Electronic Industries Association, 1721 De Sales St. NW., Washington, D.C.	Filed, Sept. 17, 1959. Petition denied, May 29, 1962.
Cordage and twine products, hardfiber (refiling).	Plymouth Cordage Co., Plymouth, Mass. and Columbian Rope Co., Auburn, N.Y.	Filed, Sept. 13, 1960. Petition denied, June 22, 1962.
Textiles and textile manufactures.	American Cotton Manufacturers Institute, Inc., Washington, D.C.	Filed, May 15, 1961. Investigation in progress.

STATUS OF REQUESTS FOR INVESTIGATION UNDER SEC. 232 OF THE TRADE EXPANSION ACT OF 1962, TO DETERMINE THE EFFECT OF THE IMPORTS OF AN ARTICLE ON THE NATIONAL SECURITY (PUBLIC LAW 87-794)

Industry	Application by—	Date of action and status
Manganese and chromium ferro-alloys.	Manufacturing Chemists' Association, Inc., 1825 Connecticut Ave., Washington, D.C.	Filed, May 20, 1963. Petition denied, July 17, 1964.
Tungsten mill products	General Electric Co., Nela Park, Cleveland, Ohio.	Filed, Jan. 6, 1964. Petition denied, Sept. 23, 1965.
Antifriction bearings and parts.	Anti-Friction Bearing Manufacturers Association, New York, N.Y.	Filed, Oct. 16, 1964. Investigation terminated on Nov. 2, 1966, at petitioners' request.
Watches, movements, and parts.	Pursuant to President Johnson's request of Apr. 2, 1965.	Notice of investigation published in Federal Register and press on Apr. 8, 1965. Report on the investigation, issued Jan. 11, 1967, concluded that there was no threat to national security.
Ferroalloys and related products.	Committee of producers of ferroalloys and related products.	Filed May 24, 1968. Pending.
Miniature and instrument precision ball bearings.	Anti-friction Bearing Manufacturers Association.	Filed January 31, 1968. Pending.

Note: In January 1963 the domestic hydraulic turbine industry requested OEP to review a previous decision issued on June 12, 1959, in which imports of certain heavy electrical power equipment, including hydraulic turbines, were found not to threaten to impair the national security. After reviewing the case, OEP, in December 1963, reaffirmed the previous denial of June 12, 1959.

C. FOREIGN IMPORT RESTRICTIONS, SECTION 252, TRADE EXPANSION ACT OF 1962

SEC. 252.

(a) Whenever unjustifiable foreign import restrictions impair the value of tariff commitments made to the United States, oppress the commerce of the United States, or prevent the expansion of trade on a mutually advantageous basis, the President shall—

(1) take all appropriate and feasible steps within his power to eliminate such restrictions,

(2) refrain from negotiating the reduction or elimination of any United States import restriction under section 201(a) in order to obtain the reduction or elimination of any such restrictions, and

(3) notwithstanding any provision of any trade agreement under this Act and to the extent he deems necessary and appropriate, impose duties or other import restrictions on the products of any foreign country or instrumentality establishing or maintaining such foreign import restrictions against United States agricultural products, when he deems such duties and other import restrictions necessary and appropriate to prevent the establishment or obtain the removal of such foreign import restrictions and to provide access for United States agricultural products to the markets of such country or instrumentality on an equitable basis.

(b) Whenever a foreign country or instrumentality the products of which receive benefits of trade agreement concessions made by the United States—

(1) maintains nontariff trade restrictions, including variable import fees, which substantially burden United States commerce in a manner inconsistent with provisions of trade agreements, or

(2) engages in discriminatory or other acts (including tolerance of international cartels) or policies unjustifiably restricting United States commerce,

the President shall, to the extent that such action is consistent with the purposes of section 102—

(A) suspend, withdraw, or prevent the application of benefits of trade agreement concessions to products of such country or instrumentality, or

(B) refrain from proclaiming benefits of trade agreement concessions to carry out a trade agreement with such country or instrumentality.

(c) Whenever a foreign country or instrumentality, the products of which receive benefits of trade agreement concessions made by the United States, maintains unreasonable import restrictions which either directly or indirectly substantially burden United States commerce, the President may, to the extent that such action is consistent with the purposes of section 102, and having due regard for the international obligations of the United States—

(1) suspend, withdraw, or prevent the application of benefits of trade agreement concessions to products of such country or instrumentality, or

(2) refrain from proclaiming benefits of trade agreement concessions to carry out a trade agreement with such country or instrumentality.

(d) The President shall provide an opportunity for the presentation of views concerning foreign import restrictions which are referred to in subsections (a), (b), and (c) and are maintained against United States commerce. Upon request by any interested person, the President shall, through the organization established pursuant to section 242(a), provide for appropriate public hearings with respect to such restrictions after reasonable notice and provide for the issuance of regulations concerning the conduct of such hearings.

1. Explanation

Section 252 of the act authorizes the President to counter unreasonable and unjustifiable foreign import restrictions, among other ways, by not applying trade-agreement rates of duty to products of the

foreign country concerned. Under the section the President is directed to take all appropriate and feasible steps within his power to eliminate unjustifiable foreign import restrictions whenever they impair the value of tariff commitments made to the United States, oppress the commerce of the United States, or prevent the expansion of foreign trade. The President is not to obtain the reduction or elimination of any such unjustifiable restriction by offering in negotiations to remove or reduce any import restriction of the United States.

Notwithstanding any provision of any trade agreement, and to the extent he deems necessary and appropriate, the President is directed to impose duties or other import restrictions on the products of any country establishing or maintaining unjustifiable import restrictions against U.S. agricultural products when he deems such action necessary and appropriate to provide access for U.S. agricultural products to the markets of that country on an equitable basis.

To the extent that such action is consistent with the purposes stated in the act, the President is also directed to deny the benefits of existing trade-agreement concessions to, or to refrain from proclaiming the benefits of any new concession to carry out a trade agreement with, any foreign country which maintains unjustified or unreasonable restrictions, including variable import fees, which substantially burden the commerce of the United States.

In taking such action, the President is directed to act with due regard for the international obligations of the United States and for the stated purposes of the act.

Section 252 also directs the President to provide an opportunity for interested parties to present their views at appropriate public hearings concerning unjustifiable and unreasonable foreign import restrictions. The President delegated his responsibilities under section 252 to the Special Representative for Trade Negotiations.

2. History of Action and Current Status

Since 1962, the President has invoked section 252 once, in the so-called chicken war.

In 1961, the EEC began a series of GATT negotiations with the United States and other countries concerning the establishment of its common external tariff (CXT). This involved the withdrawal of all the tariff concessions which each of its member states had negotiated under the GATT and the substitution of new concessions based on the tariffs in the CXT. In the process, certain agricultural products, including poultry, were not made subject to new concessions. It was agree among the countries affected that this left the EEC free legally to increase the rate on poultry, but a special bilateral agreement between the United States and the EEC left the United States free to take action if an acceptable arrangement on poultry could not be worked out.

In 1962, the EEC imposed the first of its variable levies on poultry, and U.S. exports began to drop sharply. After unsuccessful negotiations, the United States exercised its GATT rights and the President invoked section 252(c). By Proclamation No. 3564 of December 19, 1963, he increased to the statutory level the rate of duty on potato starch, brandy valued over $9 per gallon, dextrine, and automobile trucks valued at $1,000 or more. The rate increases covered about

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$27 million worth of trade—equivalent to the amount of U.S. poultry trade affected by the variable levies. These rate increases are still in effect.

D. EQUALIZATION OF COSTS OF PRODUCTION, SECTION 336, TARIFF ACT OF 1930, AS AMENDED

SEC. 336.

(a) CHANGE OF CLASSIFICATION OR DUTIES.—In order to put into force and effect the policy of Congress by this Act intended, the commission (1) upon request of the President, or (2) upon resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the commission there is good and sufficient reason therefor, upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. The commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the commission shall specify in its report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total increase or decrease of such rates of duty exceed 50 per centum of the rates expressly fixed by statute.

(b) CHANGE TO AMERICAN SELLING PRICE.—If the commission finds upon any such investigation that such differences can not be equalized by proceeding as hereinbefore provided, it shall so state in its report to the President and shall specify therein such ad valorem rates of duty based upon the American selling price of the domestic article, as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total decrease of such rates of duty exceed 50 per centum of the rates expressly fixed by statute, and no such rate shall be increased.

(c) PROCLAMATION BY THE PRESIDENT.—The President shall by proclamation approve the rates of duty and changes in classification and in basis of value specified in any report of the commission under this section, if in his judgment such rates of duty and changes are shown by such investigation of the commission to be necessary to equalize such differences in costs of production.

(d) EFFECTIVE DATE OF RATES AND CHANGES.—Commencing thirty days after the date of any presidential proclamation of approval the increased or decreased rates of duty and changes in classification or in basis of value specified in the report of the commission shall take effect.

(e) ASCERTAINMENT OF DIFFERENCES IN COSTS OF PRODUCTION.—In ascertaining under this section the differences in costs of production,

the commission shall take into consideration, insofar as it finds it practicable:

(1) In the case of a domestic article.—(A) The cost of production as hereinafter in this section defined; (B) transportation costs and other costs incident to delivery to the principal market or markets of the United States for the article; and (C) other relevant factors that constitute an advantage or disadvantage in competition.

(2) In the case of a foreign article.—(A) The cost of production as hereinafter in this section defined, or, if the commission finds that such cost is not readily ascertainable, the commission may accept as evidence thereof, or as supplemental thereto, the weighted average of the invoice prices or values for a representative period and/or the average wholesale selling price for a representative period (which price shall be that at which the article is freely offered for sale to all purchasers in the principal market or markets of the principal competing country or countries in the ordinary course of trade and in the usual wholesale quantities in such market or markets); (B) transportation costs and other costs incident to delivery to the principal market or markets of the United States for the article; (C) other relevant factors that constitute an advantage or disadvantage in competition, including advantages granted to the foreign producers by a government, person, partnership, corporation, or association in a foreign country.

(f) Modification of Changes in Duty.—Any increased or decreased rate of duty or change in classification or in basis of value which has taken effect as above provided may be modified or terminated in the same manner and subject to the same conditions and limitations (including time of taking effect) as is provided in this section in the case of original increases, decreases, or changes.

(g) Prohibition Against Transfers From the Free List to the Dutiable List or From the Dutiable List to the Free List.—Nothing in this section shall be construed to authorize a transfer of an article from the dutiable list to the free list or from the free list to the dutiable list, nor a change in form of duty. Whenever it is provided in any paragraph of Title I of this Act, or in any amendatory Act, that the duty or duties shall not exceed a specified ad valorem rate upon the articles provided for in such paragraph, no rate determined under the provisions of this section upon such articles shall exceed the maximum ad valorem rate so specified.

(h) Definitions.—For the purpose of this section—

(1) The term "domestic article" means an article wholly or in part the growth or product of the United States; and the term "foreign article" means an article wholly or in part the growth or product of a foreign country.

(2) The term "United States" includes the several States and Territories and the District of Columbia.

(3) The term "foreign country" means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions).

(4) The term "cost of production", when applied with respect to either a domestic article or a foreign article, includes for a period which is representative of conditions in production of the

article: (A) The price or cost of materials, labor costs, and other direct charges incurred in the production of the article and in the processes or methods employed in its production; (B) the usual general expenses, including charges for depreciation or depletion which are representative of the equipment and property employed in the production of the article and charges for rent or interest which are representative of the cost of obtaining capital or instruments of production; and (C) the cost of containers and coverings of whatever nature, and other costs, charges, and expenses incident to placing the article in condition packed ready for delivery.

(i) RULES AND REGULATIONS OF PRESIDENT.—The President is authorized to make all needful rules and regulations for carrying out his functions under the provisions of this section.

(j) RULES AND REGULATIONS OF SECRETARY OF TREASURY.—The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign articles of the class or kind of articles with respect to which a change in basis of value has been made under the provisions of subdivision (b) of this section, and for the form of invoice required at time of entry.

(k) INVESTIGATIONS PRIOR TO ENACTMENT OF ACT.—All uncompleted investigations instituted prior to the approval of this Act under the provisions of section 315 of the Tariff Act of 1922, including investigations in which the President has not proclaimed changes in classification or in basis of value or increases or decreases in rates of duty, shall be dismissed without prejudice; but the information and evidence secured by the commission in any such investigation may be given due consideration in any investigation instituted under the provisions of this section.

1. Explanation

Section 336 of the Tariff Act of 1930, as amended—the so-called flexible tariff provisions—sets forth the procedure under which the import duty on an article may be changed by proclamation of the President to equalize differences in costs of production at home and abroad after investigation and report by the Tariff Commission of differences between the cost of production in the United States and in the country that is the principal foreign supplier.

The Trade Agreements Act, however, made the provisions of section 336 inapplicable to any commodity on which a tariff concession is in effect pursuant to a trade agreement. As the United States has progressively extended the coverage of trade agreement concessions, it has correspondingly reduced the scope of possible action under the provisions of section 336.

All of the actions taken under section 336 which changed the dutiable status of imports, as established in the Tariff Act of 1930, have been subsequently modified by public law or trade agreement concessions. In three cases the section 336 action resulted in the establishment of the American Selling Price basis of valuation for the products concerned (certain clams, protective and sneaker-type rubber footwear and wool knit gloves). This valuation method remains in effect for such products, except for the protective rubber footwear. (See explanation of American selling price valuation on p. 170.)

IV. Conditions of Trade: Basic Tariff and Trade Policy

A. MOST-FAVORED-NATION PRINCIPLE, SECTION 251, TRADE EXPANSION ACT OF 1962; GENERAL HEADNOTES 1 THROUGH 4, TARIFF SCHEDULES OF THE UNITED STATES (TSUS)

SEC. 251

Except as otherwise provided in this title, in section 350(b) of the Tariff Act of 1930, or in section 401(a) of the Tariff Classification Act of 1962, any duty or other import restriction or duty-free treatment proclaimed in carrying out any trade agreement under this title or section 350 of the Tariff Act of 1930 shall apply to products of all foreign countries, whether imported directly or indirectly.

General Headnotes and Rules of Interpretation (TSUS)

1. *Tariff Treatment of Imported Articles.* All articles imported into the customs territory of the United States from outside thereof are subject to duty or exempt therefrom as prescribed in general headnote 3.

2. *Customs Territory of the United States.* The term "customs territory of the United States", as used in the schedules, includes only the States, the District of Columbia, and Puerto Rico.

3. *Rates of Duty.* The rates of duty in the "Rates of Duty" columns numbered 1 and 2 of the schedules apply to articles imported into the customs territory of the United States as hereinafter provided in this headnote:

(a) *Products of Insular Possessions.*

(i) Except as provided in headnote 6 of schedule 7, part 2, subpart E, [and] except as provided in headnote 4 of schedule 7, part 7, subpart A, articles imported from insular possessions of the United States which are outside the customs territory of the United States are subject to the rates of duty set forth in column numbered 1 of the schedules, except that all such articles the growth or product of any such possession, or manufactured or produced in any such possession from materials the growth, product, or manufacture of any such possession or of the customs territory of the United States, or of both, which do not contain foreign materials to the value of more than 50 percent of their total value, coming to the customs territory of the United States directly from any such

possession, and all articles previously imported into the customs territory of the United States with payment of all applicable duties and taxes imposed upon or by reason of importation which were shipped from the United States, without remission, refund, or drawback of such duties or taxes, directly to the posession from which they are being returned by direct shipment, are exempt from duty.

(ii) In determining whether an article produced or manufactured in any such insular possession contains foreign materials to the value of more than 50 percent, no material shall be considered foreign which, at the time such article is entered, may be imported into the customs territory from a foreign country, other than Cuba or the Philippine Republic, and entered free of duty.

(b) *Products of Cuba.* Products of Cuba imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. Preferential rates of duty for such products apply only as shown in the said column 1.[1]

(c) *Products of the Philippine Republic.*

(i) Products of the Philippine Republic imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty which are set forth in column numbered 1 of the schedules or to fractional parts of the rates in the said column 1, as hereinafter prescribed in subdivisions (c)(ii) and (c)(iii) of this headnote.

(ii) Except as otherwise prescribed in the schedules, a Philippine article, as defined in subdivision (c)(iv) of this headnote, imported into the customs territory of the United States and entered on or before July 3, 1974, is subject to that rate which results from the application of the following percentages to the most favorable rate of duty (i.e., including a preferential rate prescribed for any product of Cuba) set forth in column numbered 1 of the schedules:

(A) 20 percent, during calendar years 1963 through 1964,

(B) 40 percent, during calendar years 1965 through 1967,

(C) 60 percent, during calendar years 1968 through 1970,

(D) 80 percent, during calendar years 1971 through 1973,

(E) 100 percent, during the period from January 1, 1974, through July 3, 1974.

(iii) Except as otherwise prescribed in the schedules, products of the Philippine Republic, other than Philippine articles, are subject to the rates of duty (except any preferential

[1] By virtue of section 401 of the Tariff Classification Act of 1962, the application to products of Cuba of either a preferential or other reduced rate of duty in column 1 is suspended. See general headnotes 3(e), *infra*. The provisions for preferential Cuban rates continue to be reflected in the schedules because, under section 401, the rates therefor in column 1 still form the bases for determining the rates of duty applicable to certain products, including "Philippine articles."

rates prescribed for products of Cuba) set forth in column numbered 1 of the schedules.

(iv) The term "Philippine article", as used in the schedules, means an article which is the product of the Philippines, but does not include any article produced with the use of materials imported into the Philippines which are products of any foreign country (except materials produced within the customs territory of the United States) if the aggregate value of such imported materials when landed at the Philippine port of entry, exclusive of any landing cost and Philippine duty, was more than 20 percent of the appraised customs value of the article imported into the customs territory of the United States.

(d) *Products of Canada.*

(i) Products of Canada imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. The rates of duty for a Canadian article, as defined in subdivision (d) (ii) of this headnote, apply only as shown in the said column numbered 1.

(ii) The term "Canadian article", as used in the schedules, means an article which is the product of Canada, but does not include any article produced with the use of materials imported into Canada which are products of any foreign country (except materials produced within the customs territory of the United States), if the aggregate value of such imported materials when landed at the Canadian port of entry (that is, the actual purchase price, or if not purchased, the export value, of such materials, plus, if not included therein, the cost of transporting such materials to Canada but exclusive of any landing cost and Canadian duty) was—

(A) with regard to any motor vehicle or automobile truck tractor entered on or before December 31, 1967, more than 60 percent of the appraised value of the article imported into the customs territory of the United States; and

(B) with regard to any other article (including any motor vehicle or automobile truck tractor entered after December 31, 1967), more than 50 percent of the appraised value of the article imported into the customs territory of the United States.

(e) *Products of Communist Countries.* Notwithstanding any of the foregoing provisions of this headnote, the rates of duty shown in column numbered 2 shall apply to products, whether imported directly or indirectly, of the following countries and areas pursuant to section 401 of the Tariff Classification Act of 1962, to section 231 or 257(e) (2) of the Trade Expansion Act of 1962, or to action taken by the President thereunder:

Albania
Bulgaria
China (any part of which may be under Communist domination or control)
Cuba [1]
Czechoslovakia
Estonia
Germany (the Soviet zone and the Soviet sector of Berlin)
Hungary
Indochina (any part of Cambodia, Laos, or Vietnam which may be under Communist domination or control)
Korea (any part of which may be under Communist domination or control)
Kurile Islands
Latvia
Lithuania
Outer Mongolia
Rumania
Southern Sakhalin
Tanna Tuva
Tibet
Union of Soviet Socialist Republics and the area in East Prussia under the provisional administration of the Union of Soviet Socialist Republics.

(f) *Products of All Other Countries.* Products of all countries not previously mentioned in this headnote imported into the customs territory of the United States are subject to the rates of duty set forth in column numbered 1 of the schedules.

(g) *Effective Date; Exceptions—Staged Rates of Duty.* Except as specified below or as may be specified elsewhere, pursuant to section 501(a) of the Tariff Classification Act of 1962 (P.L. 87-456, approved May 24, 1962), the rates of duty in columns numbered 1 and 2 become effective with respect to articles entered on or after the 10th day following the date of the President's proclamation provided for in section 102 of the said Act. If, in column numbered 1, any rate of duty or part thereof is set forth in parenthesis, the effective date shall be governed as follows:

(i) If the rate in column numbered 1 has only one part (i.e., 8¢ (10¢) per lb.), the parenthetical rate (viz., 10¢ per lb.) shall be effective as to articles, entered before July 1, 1964, and the other rate (viz., 8¢ per lb.) shall be effective as to articles entered on or after July 1, 1964.

(ii) If the rate in column numbered 1 has two or more parts (i.e., 5¢ per lb. + 50% ad val.) and has a parenthetical rate for either or both parts, each part of the rate shall be governed as if it were a one-part rate. For example, if a rate is expressed as "4¢ (4.5¢) per lb. + 8% (9%) ad val.", the rate applicable to articles entered before July 1, 1964, would be "4.5¢ per lb. + 9% ad val."; the rate applicable to articles entered on or after July 1, 1964, would be "4¢ per lb. + 8% ad val.".

[1] In Proclamation 3447, dated February 3, 1962, the President, acting under authority of section 620(a) of the Foreign Assistance Act of 1961 (75 Stat. 445), as amended, prohibited the importation into the United States of all goods of Cuban origin and all goods imported from or through Cuba, subject to such exceptions as the Secretary of the Treasury determines to be consistent with the effective operation of the embargo.

(iii) If the rate in column numbered 1 is marked with an asterisk (*), the foregoing provisions of (i) and (ii) shall apply except that "January 1, 1964" shall be substituted for "July 1, 1964", wherever this latter date appears.

4. *Modification or Amendment of Rates of Duty.* Except as otherwise provided in the Appendix to the Tariff Schedules—

(a) a statutory rate of duty supersedes and terminates the existing rates of duty in both column numbered 1 and column numbered 2 unless otherwise specified in the amending statute;

(b) a rate of duty proclaimed pursuant to a concession granted in a trade agreement shall be reflected in column numbered 1 and, if higher than the then existing rate in column numbered 2, also in the latter column, and shall supersede but not terminate the then existing rate (or rates) in such column (or columns);

(c) a rate of duty proclaimed pursuant to section 336 of the Tariff Act of 1930 shall be reflected in both column numbered 1 and column numbered 2 and shall supersede but not terminate the then existing rates in such columns; and

(d) whenever a proclaimed rate is terminated or suspended, the rate shall revert, unless otherwise provided, to the next intervening proclaimed rate previously superseded but not terminated or, if none, to the statutory rate.

1. Explanation

By virtue of section 251 and its (predecessor provisions), the same rates of duty, including rates reduced pursuant to trade agreement concessions, apply to like articles imported into the customs territory of the United States, with certain important exceptions. This tariff policy, together with the exceptions thereto, is reflected in general headnotes 1 through 4 of the TSUS.

It will be observed that general headnotes 3 and 4 prescribe the conditions obtaining with respect to the "Rates of duty" columns numbered 1 and 2 of the TSUS. In so doing, general headnote 3 covers the substance of (a) preferential tariff treatment accorded under rate column numbered 1 to products of insular possessions, products of Cuba (under sec. 350(b) of the Tariff Act of 1930, as amended, but now suspended), products of the Philippines Republic (under the Philippine Trade Agreements Revision Act of 1955) and products of Canada (under the Automotive Products Trade Act of 1965), and (b) the discriminatory tariff treatment accorded under rate column numbered 2 to products of certain designated Communist countries and areas, including Cuba (under sec. 231 of the Trade Expansion Act of 1962, as amended, and sec. 401 of the Tariff Classification Act of 1962).

a. *Insular possessions.*—The Virgin Islands, Guam, and American Samoa are not within the customs territory of the United States. Their products, when imported into the customs territory, are accorded preferential tariff treatment, i.e. admission free of duty, under the conditions set forth in general headnote 3(a). In the case of articles dutiable at relatively high rates, the criteria in general headnote 3(a) have provided an incentive for the establishment of facilities in the insular possessions for producing such articles from foreign goods for subsequent shipment to the United States duty-free. The benefits of this provision have been limited in certain instances by actions taken by the local governments of the possessions and by the U.S. Congress.

b. *Products of Cuba.*—The preferential rates of duty for certain products of Cuba are set forth in rate column numbered 1 of the TSUS, but their application has been suspended and all products of Cuba are currently subject to the generally higher rates of duty in rate column numbered 2 by virtue of section 401(a) of the Tariff Classification Act of 1962. At the time of the enactment of the Tariff Act of 1930, Cuban products imported into the United States were accorded preferences of 20 percent of the general rates of duty, and in a few cases preferential free entry, in accordance with the policy of the Commercial Convention of 1902 between the United States and Cuba. Pursuant to the exclusive agreement with Cuba negotiated at Geneva in connection with the GATT, the general 20 percent preference in favor of Cuban products has been inoperative since 1948 and the number of articles entitled to preferential treatment has been considerably reduced.

c. *Products of the Philippine Republic.*—The substance of the preferential tariff treatment of Philippine products provided for in the Philippine Trade Agreements Revision Act of 1955 (page 408) is incorporated in the TSUS. General headnote 3(c) defines "Philippines articles" and generally provides for their being partially exempt from duty with the preference diminishing periodically until 1974 when it would cease to apply. For example, during calendar years 1968 through 1970, a Philippine article is dutiable at 60 percent of the rate provided for in the rate column numbered 1 for the products of other countries. However, certain classes of Philippine articles (filler tobacco, scrap tobacco, cigars, coconut oil, and buttons of pearl or shell) are subject to different preferential tariff treatment as specified elsewhere in the TSUS.

d. *Products of Canada.*—The preferential (duty-free) treatment of new motor vehicles and original equipment components therefor imported from Canada is provided for under general headnote 3(d) of the TSUS. Such preferential tariff treatment is based on an executive agreement between the United States and Canada as implemented by the Automotive Products Trade Act of 1965 (see page 415).

Under the automotive agreement, the United States and Canada agreed to accord one another duty-free treatment of imports of motor vehicles and of parts for use as original equipment in the manufacture of motor vehicles. This reciprocal obligation was limited in various respects. For example, to assure that U.S. duty-free treatment would be extended only to articles whose value originated primarily in Canada, the United States agreed to accord such tariff treatment only to products which met specified Canadian content requirements. The maximum permitted "foreign"[1] content for various articles was as follows:

	Percent
Motor vehicles:	
Until Jan. 1, 1968	60
Jan. 1, 1968, and after	50
Chassis and parts	50

In Canada, the specified vehicles and parts were to be free of duty only when imported by a "manufacturer" of such vehicles. To qualify as a "manufacturer," a Canadian motor-vehicle producer had to meet three criteria: (1) The firm must have produced vehicles in Canada in each of the four quarters of the base year (August 1963–July 1964); (2) the ratio of the firm's motor-vehicle production to its motor-

[1] "Foreign" refers to any country other than Canada and the United States.

vehicle sales in Canada in each "model" year must have been at least equal to that of the base year (but no less than 75 to 100); and (3) the "Canadian value added"[1] of the concern's motor-vehicle production in each "model" year must have been at least equal to that of the base year.

Before the agreement was signed, the Canadian automotive producers submitted "letters of undertaking" to the Canadian Government. In these letters, each producer committed itself (1) to increase in each ensuing "model" year the "Canadian value added" of its automotive production, on the average, by nearly 60 percent of the "growth in the market"[2] for its motor vehicles sold for consumption in Canada and, in addition, (2) to increase the "Canadian value added" of its annual production of motor vehicles and parts by a stated amount by the end of the 1968 model year—the aggregate increase, for all companies, to amount to US$241 million. These commitments, along with the provisions of the agreement proper, were regarded by the Canadian Government as integral features of a new program to expand the Canadian automotive industry.[3]

The agreement entered into force provisionally on date of its signature in January 1965, but was not to become definitive until appropriate action had been taken by the legislatures of both countries. On the date of the signature of the agreement, Canada issued two orders-in-council[4] which, though not referring to the agreement, appear to have fully carried out Canada's obligations thereunder on a *de facto* basis. In the United States, the Automotive Products Trade Act of 1965 (APTA), enacted October 21, 1965, provided for U.S. implemention of the agreement. The act authorized the President to proclaim the necessary changes in the U.S. tariff and established special temporary adjustment assistance provisions for U.S. firms or groups of workers "injured" by the operation of the agreement.

On October 22, 1965, the President issued a proclamation under section 201 of the act implementing the agreement.[5] The modifications of the Tariff Schedules of the United States (TSUS) proclaimed by the President entered into force on December 20, 1965, but were effective with respect to articles entered on or after January 18, 1965.

e. *Products of Communist countries.*—The application of rates of duty in column numbered 2 of the TSUS to imports from Communist

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[1] Approximately equivalent to the manufacturer's sales revenue less the cost of imported materials and parts.

[2] Growth in the market is to be measured by the difference between the cost to the Canadian producer of the vehicles sold in Canada in a model year and the corresponding cost in a preceding base year.

[3] The terms of the agreement are analyzed in more detail in U.S. Tariff Commission, "Report to the Committee on Ways and Means on H.R. 6960, 89th Congress, the Automotive Products Trade Act of 1965," 1965. See also, U.S. Tariff Commission, "Report to Committee on Finance on H.R. 9042, 89th Congress," an act to provide for the implementation of the agreement concerning automobile products between the Government of the United States of America and the Government of Canada, and for other purposes, 1965.

[4] P.C. 1965–99 and P.C. 1965–100.

[5] Sec. 203 had authorized him to make any such proclamation retroactive to the earliest date, after Jan. 17, 1965, he determined to be practicable. Sec. 204 authorized him to terminate, in whole or in part, any such modification of the TSUS. Sec. 202 included provisions authorizing the implementation of similar automotive products agreements with countries other than Canada. It also includes provisions designed to authorize the implementation of further agreements to include the mutual reduction or elimination of duties on replacement parts for motor vehicles; such parts were not covered by the United States-Canadian agreement. The provisions, in effect, were nullified when a committee of conference of the two Houses agreed on an addition to the bill providing that sec. 202 would cease to be in effect on the day following the enactment of the bill. For further explanation, see Conf. Rept. 1115, 89th Cong., first sess., House of Representatives, Oct. 1, 1965.

countries is provided for in general headnote 3(e) of the TSUS. Such rates of duty are statutory rates which generally reflect the rates of duty established in the Tariff Act of 1930. As such they are never lower but rather are generally higher than the rates provided in column numbered 1 of the TSUS, which for the most part reflect trade-agreement concessions. This duty treatment for countries other than Cuba is based on section 231 of the Trade Expansion Act of 1962,[1] as amended, and for Cuba, section 401(a) of the Tariff Classification Act of 1962.

Section 231,[1] as originally enacted, directed the President, as soon as practicable, to withhold the application of trade-agreement rates of duty to products, whether imported directly or indirectly, of any country or area dominated or controlled by Communism. The language of the section differed somewhat from the earlier directive contained in trade agreements legislation, which referred to "the Union of Soviet Socialist Republics and * * * any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement." [2] According to the report of the House Ways and Means Committee on H.R. 11970, the change in language was intended to assure that Cuba, Poland, and Yugoslavia were included among the "Communist countries" denied trade-agreement rates of duty. At the time the Trade Expansion Act of 1962 became law, Cuba was in fact denied trade-agreement rates of duty (pursuant to section 401(a) of the Tariff Classification Act of 1962 [3]), but Poland and Yugoslavia were not. Effective December 16, 1963, section 231 was amended by adding paragraph (b) to permit the President to extend trade-agreement concessions to imports from Poland and Yugoslavia, if he determined that such treatment would be important to the national interest and would promote the independence of those countries from domination by international Communism.[4]

B. SPECIAL EXEMPTIONS FROM DUTY; ARTICLES ASSEMBLED ABROAD WITH COMPONENTS PRODUCED IN THE UNITED STATES

Item 807.00 of the TSUS provides for a partial exemption from duty for—

> Articles assembled abroad in whole or in part of fabricated components, the product of the United States, which (*a*) were exported in condition ready for assembly without further fabrication, (*b*) have not lost their physical identity in such articles

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[1] (a) The President shall, as soon as practicable, suspend, withdraw, or prevent the application of the reduction, elimination, or continuance of any existing duty or other import restriction, or the continuance of any existing duty-free or excise treatment, proclaimed in carrying out any trade agreement under this title or under section 350 of the Tariff Act of 1930, to products, whether imported directly or indirectly, of any country or area dominated or controlled by Communism.

(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a) of this section which, on December 16, 1963, was receiving trade concessions, when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress. (Sec. 231, Trade Expansion Act of 1962, as amended).

[2] Sec. 5 of the Trade Agreements Extension Act of 1951.

[3] Public Law 87–456.

[4] Sec. 402 of Public Law 88–205.

by change in form, shape, or otherwise, and (*c*) have not been advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lubricating, and painting.

The duty imposed is on the imported article at the rate which would apply to such article elsewhere in the TSUS, but such rate is assessed upon the full value of the imported article, less the cost or value of the U.S. components assembled therein.[1]

Although there are other full and partial exemptions from duty provided for in the TSUS, the partial exemption provided for in item 807.00 is becoming increasingly important commercially because of the incentive it provides for using or establishing facilities abroad for assembly operations. To the extent that the articles returned to the United States contain U.S. components, the effective duty level for such article is proportionately reduced.

C. EMBARGOES ON IMPORTS INTO THE UNITED STATES

At the present time, numerous statutes provide for absolute embargoes on articles imported into the United States. Among the important actions taken and currently in effect imposing embargoes on foreign products are those (a) under section 5 of the Trading with the Enemy Act of 1917 of October 6, 1917, with respect to products of Communist China, North Korea, and North Viet-Nam, (b) under section 620(a) of the Foreign Assistance Act of 1961, prohibiting the importation into the United States of all goods of Cuban origin or imported from or through Cuba, with certain exceptions, and (c) under the United Nations Participation Act of 1945, prohibiting the importation of certain products of Rhodesia. See, in this connection, the Tariff Commission's Report, "Quantitative Import Restrictions of the United States," page 279.

[1] In this connection, headnote 3(b) of subpart B, part 1, schedule 8, of the TSUS, provides as follows:

"(b) the duty on the imported article shall be at the rate which would apply to the imported article itself, as an entirety without constructive separation of its components, in its condition as imported if it were not within the purview of this subpart. If the imported article is subject to a specific or compound rate of duty, the total duties shall be reduced in such proportion as the cost or value of such products of the United States bears to the full value of the imported article."

V. Conditions of Trade: Selected Provisions of Law

A. ANTIDUMPING ACT, 1921[1]

DUMPING INVESTIGATION

SEC. 201. (a) Whenever the Secretary of the Treasury (hereinafter called the "Secretary") determines that a class or kind of foreign merchandise is being, or is likely to be, sold in the United States or elsewhere at less than its fair value, he shall so advise the United States Tariff Commission, and the said Commission shall determine within three months thereafter whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. The said Commission, after such investigation as it deems necessary, shall notify the Secretary of its determination, and, if that determination is in the affirmative, the Secretary shall make public a notice (hereinafter in this Act called a "finding") of his determination and the determination of the said Commission. For the purposes of this subsection, the said Commission shall be deemed to have made an affirmative determination if the Commissioners of the said Commission voting are evenly divided as to whether its determination should be in the affirmative or in the negative. The Secretary's finding shall include a description of the class or kind of merchandise to which it applies in such detail as he shall deem necessary for the guidance of customs officers. **19 U.S.C. 160**

(b) Whenever, in the case of any imported merchandise of a class or kind as to which the Secretary has not so made public a finding, the Secretary has reason to believe or suspect, from the invoice or other papers or from information presented to him or to any person to whom authority under this section has been delegated, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the constructed value), he shall forthwith publish notice of that fact in

[1] [See page 12 for footnotes.]

the Federal Register and shall authorize, under such regulations as he may prescribe, the withholding of appraisement reports as to such merchandise entered, or withdrawn from warehouse, for consumption, not more than one hundred and twenty days before the question of dumping has been raised by or presented to him or any person to whom authority under this section has been delegated, until the further order of the Secretary, or until the Secretary has made public a finding as provided for in subdivision (a) in regard to such merchandise.

(c) The Secretary, upon determining whether foreign merchandise is being, or is likely to be, sold in the United States at less than its fair value, and the United States Tariff Commission, upon making its determination under subsection (a) of this section, shall each publish such determination in the Federal Register, with a statement of the reasons therefor, whether such determination is in the affirmative or in the negative. (As amended by § 301, Act of Sept. 1, 1954 (68 Stat. 1138), and §§ 1, 4(b), Act of Aug. 14, 1958 (72 Stat. 583, 585).)

SPECIAL DUMPING DUTY

19 U.S.C. 161 SEC. 202. (a) In the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary of the Treasury has made public a finding as provided for in section 201, entered, or withdrawn from warehouse, for consumption, not more than one hundred and twenty days before the question of dumping was raised by or presented to the Secretary or any person to whom authority under section 201 has been delegated, and as to which no appraisement report has been made before such finding has been so made public, if the purchase price or the exporter's sales price is less than the foreign market value (or, in the absence of such value, than the constructed value) there shall be levied, collected, and paid, in addition to any other duties imposed thereon by law, a special dumping duty in an amount equal to such difference.

(b) In determining the foreign market value for the purposes of subsection (a), if it is established to the satisfaction of the Secretary or his delegate that the amount of any difference between the purchase price and the foreign market value (or that the fact that the purchase price is the same as the foreign market value) is wholly or partly due to—

(1) the fact that the wholesale quantities, in which such or similar merchandise is sold or, in the absence of sales, offered for sale for exportation to the United States in the ordinary course of trade, are less or are greater than the wholesale quantities in which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States),

(2) other differences in circumstances of sale, or

(3) the fact that merchandise described in subdivision (C), (D), (E), or (F) of section 212 (3) is used in determining foreign market value,

then due allowance shall be made therefor.

(c) In determining the foreign market value for the purposes of subsection (a), if it is established to the satisfaction of the Secretary or his delegate that the amount of any difference between the exporter's sales price and the foreign market value (or that the fact that the exporter's sales price is the same as the foreign market value) is wholly or partly due to—

(1) the fact that the wholesale quantities in which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the United States in the ordinary course of trade, are less or are greater than the wholesale quantities in which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States),

(2) other differences in circumstances of sale, or

(3) the fact that merchandise described in subdivision (C), (D), (E), or (F) of section 212(3) is used in determining foreign market value,

then due allowance shall be made therefor. (As amended by § 302, Act of Sept. 1, 1954 (68 Stat. 1139), and §§ 2, 4(b), Act of Aug. 14, 1958 (72 Stat. 583, 585).)

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PURCHASE PRICE

19 U.S.C. 162 SEC. 203. That for the purposes of this title, the purchase price of imported merchandise shall be the price at which such merchandise has been purchased or agreed to be purchased, prior to the time of exportation, by the person by whom or for whose account the merchandise is imported, plus, when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less the amount, if any, included in such price, attributable to any additional costs, charges, and expenses, and United States import duties, incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States; and plus the amount, if not included in such price, of any export tax imposed by the country of exportation on the exportation of the merchandise to the United States; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States; and plus the amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller, in respect to the manufacture, production or sale of the merchandise, which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

EXPORTER'S SALES PRICE

19 U.S.C. 163 SEC. 204. That for the purpose of this title the exporter's sales price of imported mechandise shall be the price at which such merchandise is sold or agreed to be sold in the United States, before or after the time of importation, by or for the account of the exporter, plus, when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less (1) the amount, if any, included in such price, attributable to any additional costs, charges, and expenses, and United States import duties, incident to bringing the mer-

chandise from the place of shipment in the country of exportation to the place of delivery in the United States, (2) the amount of the commissions, if any, for selling in the United States the particular merchandise under consideration, (3) an amount equal to the expenses, if any, generally incurred by or for the account of the exporter in the United States in selling identical or substantially identical merchandise, and (4) the amount of any export tax imposed by the country of exportation on the exportation of the merchandise to the United States; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States; and plus the amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller in respect to the manufacture, production, or sale of the merchandise, which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

FOREIGN MARKET VALUE

SEC. 205. For the purposes of this title, the foreign market value of imported merchandise shall be the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, or if the Secretary determines that the quantity sold for home consumption is so small in relation to the quantity sold for exportation to countries other than the United States as to form an inadequate basis for comparison, then the price at which so sold or offered for sale for exportation to countries other than the United States), plus, when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States, except that in the case of merchandise purchased or agreed to be purchased by the person by whom or for whose account the merchandise is imported, prior to the time of exportation, the foreign market value shall be ascertained as of

19 U.S.C. 164

the date of such purchase or agreement to purchase. In the ascertainment of foreign market value for the purposes of this title no pretended sale or offer for sale, and no sale or offer for sale intended to establish a fictitious market, shall be taken into account. If such or similar merchandise is sold or, in the absence of sales, offered for sale through a sales agency or other organization related to the seller in any of the respects described in section 207, the prices at which such or similar merchandise is sold or, in the absence of sales, offered for sale by such sales agency or other organization may be used in determining the foreign market value. (As amended by § 3, Act of Aug. 14, 1958 (72 Stat. 584).)

CONSTRUCTED VALUE

19 U.S.C. 165

SEC. 206. (a) For the purposes of this title, the constructed value of imported merchandise shall be the sum of—

(1) the cost of materials (exclusive of any internal tax applicable in the country of exportation directly to such materials or their disposition, but remitted or refunded upon the exportation of the article in the production of which such materials are used) and of fabrication or other processing of any kind employed in producing such or similar merchandise, at a time preceding the date of exportation of the merchandise under consideration which would ordinarily permit the production of that particular merchandise in the ordinary course of business;

(2) an amount for general expenses and profit equal to that usually reflected in sales of merchandise of the same general class or kind as the merchandise under consideration which are made by producers in the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, except that (A) the amount for general expenses shall not be less than 10 per centum of the cost as defined in paragraph (1), and (B) the amount for profit shall not be less than 8 per centum of the sum of such general expenses and cost; and

(3) the cost of all containers and coverings of whatever nature, and all other expenses incidental to placing the merchandise under consideration in condition, packed ready for shipment to the United States.

(b) For the purposes of this section, a transaction directly or indirectly between persons specified in any one of the paragraphs in subsection (c) of this section may be disregarded if, in the case of any element of value required to be considered, the amount representing that element does not fairly reflect the amount usually reflected in sales in the market under consideration of merchandise of the same general class or kind as the merchandise under consideration. If a transaction is disregarded under the preceding sentence and there are no other transactions available for consideration, then the determination of the amount required to be considered shall be based on the best evidence available as to what the amount would have been if the transaction had occurred between persons not specified in any one of the paragraphs in subsection (c).

(c) The persons referred to in subsection (b) are:

(1) Members of a family, including brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants;

(2) Any officer or director of an organization and such organization;

(3) Partners;

(4) Employer and employee;

(5) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting stock or shares of any organization and such organization; and

(6) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person. (As amended by § 4(a), Act of Aug. 14, 1958 (72 Stat. 584).)

EXPORTER

SEC. 207. That for the purposes of this title the exporter of imported merchandise shall be the person by whom or for whose account the merchandise is imported into the United States: **19 U.S.C. 166**

(1) If such person is the agent or principal of the exporter, manufacturer, or producer; or

(2) If such person owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in the business of the exporter, manufacturer, or producer; or

(3) If the exporter, manufacturer, or producer owns or controls, directly or indirectly, through stock ownership

or control or otherwise, any interest in any business conducted by such person; or

(4) If any person or persons, jointly or severally, directly or indirectly, through stock ownership or control or otherwise, own or control in the aggregate 20 per centum or more of the voting power or control in the business carried on by the person by whom or for whose account the merchandise is imported into the United States, and also 20 per centum or more of such power or control in the business of the exporter, manufacturer, or producer.

OATHS AND BONDS ON ENTRY

19 U.S.C. 167 SEC. 208. That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and delivery of which has not been made by the collector [2] before such finding has been so made public, unless the person by whom or for whose account such merchandise is imported makes oath before the collector, under regulations prescribed by the Secretary, that he is not an exporter, or unless such person declares under oath at the time of entry, under regulations prescribed by the Secretary, the exporter's sales price of such merchandise, it shall be unlawful for the collector to deliver the merchandise until such person has made oath before the collector, under regulations prescribed by the Secretary, that the merchandise has not been sold or agreed to be sold by such person, and has given bond to the collector, under regulations prescribed by the Secretary, with sureties approved by the collector, in an amount equal to the estimated value of the merchandise, conditioned: (1) that he will report to the collector the exporter's sales price of the merchandise within 30 days after such merchandise has been sold or agreed to be sold in the United States, (2) that he will pay on demand from the collector the amount of special dumping duty, if any, imposed by this title upon such merchandise, and (3) that he will furnish to the collector such information as may be in his possession and as may be necessary for the ascertainment of such duty, and will keep such records as to the sale of such merchandise as the Secretary may by regulation prescribe.

DUTIES OF APPRAISERS [2]

SEC. 209. That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and as to which the appraiser or person acting as appraiser has made no appraisement report to the collector before such finding has been so made public, it shall be the duty of each appraiser or person acting as appraiser, by all reasonable ways and means to ascertain, estimate, and appraise (any invoice or affidavit thereto or statement of constructed value to the contrary notwithstanding) and report to the collector [2] the foreign market value or the constructed value, as the case may be, the purchase price, and the exporter's sales price, and any other facts which the Secretary may deem necessary for the purposes of this title. (As amended by § 4(b), Act of Aug. 14, 1958 (72 Stat. 585).) **19 U.S.C. 168**

APPEALS AND PROTESTS

SEC. 210. That for the purposes of this title the determination of the appraiser [2] or person acting as appraiser as to the foreign market value or the constructed value, as the case may be, the purchase price, and the exporter's sales price, and the action of the collector [2] in assessing special dumping duty, shall have the same force and effect and be subject to the same right of appeal and protest, under the same conditions and subject to the same limitations; and the general appraisers, the Board of General Appraisers,[3] and the Court of Customs Appeals [4] shall have the same jurisdiction, powers, and duties in connection with such appeals and protests as in the case of appeals and protests relating to customs duties under existing law. (As amended by § 4(b), Act of Aug. 14, 1958 (72 Stat. 585).) **19 U.S.C. 169**

DRAWBACKS

SEC. 211. That the special dumping duty imposed by this title shall be treated in all respects as regular customs duties within the meaning of all laws relating to the drawback of customs duties. **19 U.S.C. 170**

DEFINITIONS

SEC. 212. For the purposes of this title—

19 U.S.C. 170a

(1) The term "sold or, in the absence of sales, offered for sale" means sold or, in the absence of sales, offered—

(A) to all purchasers at wholesale, or

(B) in the ordinary course of trade to one or more selected purchasers at wholesale at a price which fairly reflects the market value of the merchandise,

without regard to restrictions as to the disposition or use of the merchandise by the purchaser except that, where such restrictions are found to affect the market value of the merchandise, adjustment shall be made therefor in calculating the price at which the merchandise is sold or offered for sale.

(2) The term "ordinary course of trade" means the conditions and practices which, for a reasonable time prior to the exportation of the merchandise under consideration, have been normal in the trade under consideration with respect to merchandise of the same class or kind as the merchandise under consideration.

(3) The term "such or similar merchandise" means merchandise in the first of the following categories in respect of which a determination for the purposes of this title can be satisfactorily made:

(A) The merchandise under consideration and other merchandise which is identical in physical characteristics with, and was produced in the same country by the same person as, the merchandise under consideration.

(B) Merchandise which is identical in physical characteristics with, and was produced by another person in the same country as, the merchandise under consideration.

(C) Merchandise (i) produced in the same country and by the same person as the merchandise under consideration, (ii) like the merchandise under consideration in component material or materials and in the purposes for which used, and (iii) approximately equal in commercial value to the merchandise under consideration.

(D) Merchandise which satisfies all the requirements of subdivision (C) except that it was produced by another person.

(E) Merchandise (i) produced in the same country and by the same person and of the same general class or kind as the merchandise under consideration, (ii) like the merchandise under consideration in the purposes for which used, and (iii) which the Secretary or his delegate determines may reasonably be compared for the purposes of this title with the merchandise under consideration.

(F) Merchandise which satisfies all the requirements of subdivision (E) except that it was produced by another person.

(4) The term "usual wholesale quantities", in any case in which the merchandise in respect of which value is being determined is sold in the market under consideration at different prices for different quantities, means the quantities in which such merchandise is there sold at the price or prices for one quantity in an aggregate volume which is greater than the aggregate volume sold at the price or prices for any other quantity. (Added by § 5, Act of Aug. 14, 1958 (72 Stat. 585).)

SHORT TITLE

SEC. 213. That this title may be cited as the "Antidumping Act, 1921." (Renumbered by § 5, Act of Aug. 14, 1958 (72 Stat. 585).) **19 U.S.C. 171**

DEFINITIONS[5]

SEC. 406. That when used in Title II or Title III or in this title— **19 U.S.C. 172**

The term "person" includes individuals, partnerships, corporations, and associations; and

The term "United States" includes all Territories and possessions subject to the jurisdiction of the United States, except the Philippine Islands,[6] the Virgin Islands, the islands of Guam and Tutuila, and the Canal Zone.

RULES AND REGULATIONS

19 U.S.C. 173 SEC. 407. That the Secretary shall make rules and regulations necessary for the enforcement of this Act.

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[1] Title II of the Act of May 27, 1921 (42 Stat. 9, 11–15, Public Law 10—67th Congress, H.R. 2435, H. Rep. 1, S. Rep. 16), as amended—

(A) by title III of the Customs Simplification Act of 1954 (68 Stat. 1136, 1138–39, Public Law 768—83d Congress, H.R. 10009, H. Rep. 2453, S. Rep. 2326), and

(B) by the Act of August 14, 1958 (72 Stat. 583, Public Law 85–630, H.R. 6006, H. Rep. 1261, S. Rep. 1619, Conf. Rep. 2352).

[2] Since the functions of the offices of collector of customs and appraiser of merchandise were transferred to the Secretary of the Treasury under Reorganization Plan No. 26 of 1950 (15 Fed. Reg. 4935), each reference in the Act to the collector or the appraiser should be a reference to the Secretary.

[3] The name of the Board of General Appraisers was changed to the United States Customs Court by the first section of the Act of May 28, 1926 (44 Stat. 669).

[4] The name of the Court of Customs Appeals was changed to the Court of Customs and Patent Appeals by the first section of the Act of March 2, 1929 (45 Stat. 1475).

[5] Although the provisions of the Antidumping Act, 1921, are contained in title II of the Act of May 27, 1921, sections 406 and 407 of title IV of that Act are applicable to the Antidumping Act, 1921.

[6] The independence of the Philippine Islands was recognized by the United States after the date of the enactment of the Act of May 27, 1921, thus the reference to the Philippine Islands in the definition of the term "United States" should be omitted.

Public Law 90-634
90th Congress, H. R. 17324
October 24, 1968

An Act

82 STAT. 1345

To extend and amend the Renegotiation Act of 1951, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

* * * * * * *

TITLE II—ADMINISTRATION OF THE ANTIDUMPING ACT, 1921

DETERMINATIONS UNDER THE ANTIDUMPING ACT, 1921

SEC. 201. (a) Nothing contained in the International Antidumping Code, signed at Geneva on June 30, 1967, shall be construed to restrict the discretion of the United States Tariff Commission in performing its duties and functions under the Antidumping Act, 1921, and in performing their duties and functions under such Act the Secretary of the Treasury and the Tariff Commission shall— 42 Stat. 9. 19 USC 160-171.

(1) resolve any conflict between the International Antidumping Code and the Antidumping Act, 1921, in favor of the Act as applied by the agency administering the Act, and

(2) take into account the provisions of the International Antidumping Code only insofar as they are consistent with the Antidumping Act, 1921, as applied by the agency administering the Act.

(b) No later than August 1, 1969, the President shall submit to the House of Representatives and United States Senate a report for the period beginning on July 1, 1968, and ending on June 30, 1969, which shall— Report to Congress.

(1) set out the text of all determinations made by the Secretary of the Treasury and the United States Tariff Commission under the Antidumping Act, 1921, in such period;

(2) analyze with respect to each determination in such period the manner in which the Antidumping Act, 1921, has been administered to take into account the provisions of the International Antidumping Code;

(3) summarize antidumping actions taken by other countries in such period against United States exports and relate such actions to the provisions of the International Antidumping Code; and

(4) include such recommendations as the President determines appropriate concerning the administration of the Antidumping Act, 1921.

1. Explanation

GENERAL

Special dumping duties may be imposed on imported merchandise, whether normally dutiable or free, if it is of a class or kind with respect to which a finding has been made under the Antidumping Act of 1921, as amended, that imported merchandise of that class or kind is being sold, or is likely to be sold, in the United States or elsewhere, at less than its fair value, and that by reason of the importation of such merchandise a domestic industry is being or is likely to be injured, or is prevented from being established. The dumping duty is imposed if in the case of a particular importation of merchandise covered by such a finding the purchase price or the exporter's sales price is less than the foreign market value (or, in the absence of such value, then constructed value). The duty collectible is an amount equal to the difference between such purchase price or exporter's sales price and the foreign market value or constructed value.

Under the act it is the responsibility of the Treasury Department to initiate investigations to determine whether a class or kind of merchandise is being sold at less than fair value. If Treasury makes an affirmative determination it is the responsibility of the Tariff Commission to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established by reason of imports of such merchandise.

The fair value of the merchandise is usually represented by the price at which the merchandise is being sold to purchasers in the export or home market, on a net, ex-factory basis. If, however, insufficient sales are made in the home market to afford a reasonable basis for determining fair value, the prices at which the exporter sells to purchasers in countries other than the United States may be used. Finally, if no acceptable sales are made in either market, a constructed value, including production costs, administration and overhead, and an addition for profit, may be used.

The price to U.S. purchasers which is used for comparison with fair value, as calculated above, usually is the purchase price of the merchandise. This is the price at which unrelated purchasers in the United States buy the merchandise from the foreign supplier. If the price is inclusive of charges to bring the merchandise to the United States, such charges are deducted to arrive at a net, ex-factory price.

At times, the importer in the United States is a subsidiary or is otherwise related to the exporter. In such circumstances, the price to be used for comparison with fair value is the exporter's sales price of the merchandise. This is the price at which the importer resells to unrelated U.S. purchasers. From this price are deducted all costs, charges, and expenses to arrive at a net, ex-factory price in the foreign country. In addition, any selling costs incurred by the related importer in reselling in the United States are deducted.

Normally, sales in the home market or to third countries are made under circumstances which differ from those incurred in the sales to the United States. Frequently, the quantities involved in the compared market differ from the quantities involved in sales to the United States. To place the sales on a basis as nearly equivalent as practicable, the law provides for adjustments for differences in quantities and circum-

stances of sales. The customs regulations further define those circumstances which normally will be deemed legitimate for adjustment. Among these are differences in credit terms, technical services, and assumption by the seller of the purchaser's selling, advertising, and other related expenses. Differences in sales price based on large quantity sales will normally be allowed only when the exporter has been selling 20 percent of his merchandise either in the home market or to third countries at a discount equal to or greater than the discount on sales to U.S. purchasers in equivalent quantities. Absent such a history of sales, the exporter may provide cost justification for the quantity allowance.

Frequently, merchandise of the type exported to the United States is not sold in the home market or to third countries. In such cases, if a similar product is available which is sold in these markets, it may be compared with the price of the article exported to the United States after appropriate adjustment for differences in the merchandise.

Many types of merchandise are sold in the home market or to third countries at prices which differ from purchaser to purchaser or from time to time. Under such circumstances, the foreign market value, or third country price, is determined by calculating a weighted-average price of all the sales during a representative period. If, however, the large majority of sales are made at a single price while some are sold at other prices, the price at which a preponderance of the sales were made may be used in determining fair value.

ADMINISTRATION

Dumping investigations are sometimes initiated on the basis of advice provided by customs officers; however, they are usually triggered by the complaint of an affected domestic industry filed with the Commissioner of Customs. Upon receipt of a complaint with supporting information, the Commissioner of Customs conducts a summary investigation to determine if grounds exist for further consideration of the case. If he concludes that such grounds do exist, he publishes an "Antidumping Proceeding Notice" in the Federal Register and immediately conducts a preliminary investigation based on the examination of information from sources immediately available to him. At this point, he may determine that no grounds exist for continuing the investigation, and so advise the Secretary of the Treasury. If, on the other hand, further inquiry is required, he initiates a full scale investigation. In this stage, the Bureau of Customs requests from the foreign exporter answers to a standard questionnaire.

If the Commissioner of Customs determines during the course of his summary investigation that reasonable grounds exist to believe or suspect that sales at less than fair value are taking place, he orders the withholding of appraisement of shipments of the merchandise being imported into the United States. A notice to this effect is published in the Federal Register. While this action in no way delays the release of the merchandise from customs custody, it insures that should a dumping finding be made the Government will be able to collect any dumping duties which may be due on these shipments. Normally, the withholding of appraisement is made effective only on shipments imported after the date of the notice. In instances in which

the exporter and importer are related, however, the withholding is made effective retroactively to 120 days prior to the date that the complaint was accepted by the Commissioner of Customs.

Normally, withholding of appraisement is not for more than 3 months. However, if both the importer and the exporter request a 6-month witholding of appraisement, it may be authorized. In cases of 3 month's withholding of appraisement, the Treasury Department, to comply with code requirements, must issue its determination of sales at less than fair value and its witholding of appraisement simultaneously. By doing so, the Treasury Department automatically complies with the Code since the Tariff Commission is required by statute to complete an investigation of injury within 3 months of the less than fair value determination.

Where 6 month's witholding of appraisement has been requested and authorized the Treasury Department's determination of sales at less than fair value, if one is made, must be issued within 3 months subsequent to the witholding of appraisement.

The Treasury Department, under current regulation, may issue a tentative negative determination, but not a tentative affirmative determination.

After analysis of the information received from all sources during the investigation, the Commissioner makes a factual report to the Secretary of the Treasury. When the Secretary has considered the matter, he publishes in the Federal Register a Notice of Tentative Determination which includes a statement of reasons for his action. Interested parties are thereupon given an opportunity to submit argument or appear in person in support or in opposition to the tentative determination.

After examination of all arguments and evidence submitted in response to the tentative determination, the Secretary publishes a final determination in the Federal Register. If the final determination is affirmative, that is, that sales at less than fair value are taking place, or are likely to take place, the case is referred to the Tariff Commission for a determination concerning injury.

If the Tariff Commission makes an affirmative determination, the case is returned to the Secretary of the Treasury who publishes a finding of dumping in the Federal Register, and customs officers assess dumping duties on any shipment on which the purchase price or exporter's sales price is less than the foreign market value or constructed value as appropriate.

INTERNATIONAL ANTIDUMPING CODE

The International Antidumping Code, which was negotiated in the Kennedy Round, is intended to implement the provisions of Article VI of the GATT by harmonizing the substantive and procedural aspects of antidumping actions by signatory countries. On July 1, 1968, the United States formally acceded to the Code and revised regulations were made effective by the Treasury Department conforming Treasury regulations to the requirements of the Code. It was maintained by the executive branch that the Antidumping Code is consistent with United States law and that no legislative changes would be required to implement the Code.

On June 27, 1968, the Senate Finance Committee held a public hearing at which conflicting views were expressed as to the consistency of the Code with U.S. law. On July 26 the Committee reported out an amendment to the Renegotiation Amendments Act of 1968 (H.R. 17324) which would have had the effect of preventing U.S. adherence to the International Antidumping Code. The bill was passed by the Senate with this amendment. During the Senate-House conference on the bill, a compromise was reached.

The compromise, as adopted by the Congress, Title II, P.L. 90-634 (see page 133), provides that nothing contained in the International Antidumping Code, signed at Geneva on June 30, 1967, shall be construed to restrict the discretion of the U.S. Tariff Commission in performing its duties and functions under the Antidumping Act, 1921, and in performing their duties and functions under such act the Secretary of the Treasury and the Tariff Commission shall—

(1) resolve any conflict between the International Antidumping Code and the Antidumping Act, 1921, in favor of the act as applied by the agency administering the act; and

(2) take into account the provisions of the International Antidumping Code only insofar as they are consistent with the Antidumping Act, 1921, as applied by the agency administering the act.

In accordance with title II, section 201 (b) of Public Law 90-634, the President submitted a report on developments under the Antidumping Act and with respect to the International Antidumping Code for the period July 1, 1968 to July 1, 1969. That report was reproduced as a committee print of the U.S. Senate Committee on Finance, 91st Cong., 1st session, August 13, 1969.

2. History of Actions and Status

Since August 1958, the date on which the Treasury Department was first required to publish its determinations under the Antidumping Act, and until June 1968, the Treasury Department had completed actions on 184 complaints of dumping, as follows:

Status	*Number*
Cases referred to the Commission	53
(The Commission found injury with respect to 21.)	
Cases discontinued upon assurances of cessation of exports	9
Cases in which there were sales at less than fair value, but case closed with a negative determination based upon assurances that either imports would stop or exporter would thereafter charge higher prices equal to or greater than fair value, or based on a decision that the size of imports or margin of dumping was de minimus	84
Cases in which there were no sales at less than fair value	80
Total cases	226

B. OTHER PROVISIONS

SECTIONS 1, 2, AND 4 OF SHERMAN ANTITRUST ACT OF 1890, AS AMENDED (15 U.S.C. 1, 2, 4)

§ 1. Trusts, etc., in restraint of trade illegal; exception of resale price agreements; penalty

Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal: *Provided*, That nothing contained in sections 1–7 of this title shall render illegal, contracts or agreements prescribing minimum prices for the resale of a commodity which bears, or the label or container of which bears, the trademark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are lawful as applied to intrastate transactions, under any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia in which such resale is to be made, or to which the commodity is to be transported for such resale, and the making of such contracts or agreements shall not be an unfair method of competition under section 45 of this title: *Provided further*, That the preceding proviso shall not make lawful any contract or agreement, providing for the establishment or maintenance of minimum resale prices on any commodity herein involved, between manufacturers, or between producers, or between wholesalers, or between brokers, or between factors, or between retailers, or between persons, firms, or corporations in competition with each other. Every person who shall make any contract or engage in any com-

bination or conspiracy declared by sections 1–7 of this title to be illegal shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court. (July 2, 1890, ch. 647, § 1, 26 Stat. 209; Aug. 17, 1937, ch. 690, title VIII, 50 Stat. 693; July 7, 1955, ch. 281, 69 Stat. 282.)

§ 2. Monopolizing trade a misdemeanor; penalty

Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdeameanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court. (July 2, 1890, ch. 647, § 2, 26 Stat. 209; July 7, 1955, ch. 281, 69 Stat. 282.)

§ 4. Jurisdiction of courts; duty of United States attorneys; procedures

The several district courts of the United States are invested with jurisdiction to prevent and restrain violations of sections 1–7 of this title; and it shall be the duty of the several United States attorneys, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises. (July 2, 1890, ch. 647, § 4, 26 Stat. 209; Mar. 3, 1911, ch. 231, § 291, 36 Stat. 1167; June 25, 1948, ch. 646, § 1, 62 Stat. 909.)

SECTIONS 73 AND 74 OF WILSON TARIFF ACT OF 1894, AS AMENDED (15 U.S.C. 8, 9)

§ 8. Trusts in restraint of import trade illegal; penalty

Every combination, conspiracy, trust, agreement, or contract is declared to be contrary to public policy, illegal, and void when the same is made by or between two or more persons or corporations, either of whom, as agents or principal, is engaged in importing any article from any foreign country into the United States, and when such combination, conspiracy, trust, agreement, or contract is intended to oper-

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ate in restraint of lawful trade, or free competition in lawful trade or commerce, or to increase the market price in any part of the United States of any article or articles imported or intended to be imported into the United States, or of any manufacture into which such imported article enters or is intended to enter. Every person who shall be engaged in the importation of goods or any commodity from any foreign country in violation of this section, or who shall combine or conspire with another to violate the same, is guilty of a misdemeanor, and on conviction thereof in any court of the United States such person shall be fined in a sum not less than $100 and not exceeding $5,000, and shall be further punished by imprisonment, in the discretion of the court, for a term not less than three months nor exceeding twelve months. (Aug. 27, 1894, ch. 349, § 73, 28 Stat. 570; Feb. 12, 1913, ch. 40, 37 Stat. 667.)

§ 9. Jurisdiction of courts; duty of United States attorneys; procedure

The several district courts of the United States are invested with jurisdiction to prevent and restrain violations of section 8 of this title; and it shall be the duty of the several United States attorneys, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petitions setting forth the case and praying that such violations shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises. (Aug. 27, 1894, ch. 349, § 74, 28 Stat. 570; Mar. 3, 1911, ch. 231, § 291, 36 Stat. 1167; June 25, 1948, ch. 646, § 1, 62 Stat. 909.)

SECTIONS 4 AND 5 OF FEDERAL TRADE COMMISSION ACT OF 1914, AS AMENDED (15 U.S.C. 44, 45)

§ 44. Definitions

The words defined in this section shall have the following meaning when found in sections 41–46 and 47–58 of this title, to wit:

"Commerce" means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation, or between the District of Columbia and any State or Territory or foreign nation.

"Corporation" shall be deemed to include any company, trust, so-called Massachusetts trust, or association, incorporated or unincorporated, which is organized to carry on business for its own profit or that of its members, and has shares of capital or capital stock or

certificates of interest, and any company, trust, so-called Massachusetts trust, or association, incorporated or unincorporated, without shares of capital or capital stock or certificates of interest, except partnerships, which is organized to carry on business for its own profit or that of its members.

"Documentary evidence" includes all documents, papers, correspondence, books of account, and financial and corporate records.

"Acts to regulate commerce" means the Act entitled "An Act to regulate commerce", approved February 14, 1887 [1] and all Acts amendatory thereof and supplementary thereto and the Communications Act of 1934 and all Acts amendatory thereof and supplementary thereto.

"Antitrust Acts" means the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890; also sections 73–77, of an Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes", approved August 27, 1894; also the Act entitled "An Act to amend sections 73 and 76 of the Act of August 27, 1894, entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes'", approved February 12, 1913; and also the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914. (Sept. 26, 1914, ch. 311. § 4, 38 Stat. 719; March 21, 1938, ch. 49 § 2, 52 Stat. 111.)

§ 45. Unfair methods of competition unlawful; prevention by Commission

(a) Declaration of unlawfulness; power to prohibit unfair practices

(1) Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are declared unlawful.

(2) Nothing contained in this section or in any of the Antitrust Acts shall render unlawful any contracts or agreements prescribing minimum or stipulated prices, or requiring a vendee to enter into contracts or agreements prescribing minimum or stipulated prices, for the resale of a commodity which bears, or the label or container of which bears, the trade-mark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are lawful as applied to intrastate transactions under any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia in which such resale is to be made, or to which the commodity is to be transported for such resale.

(3) Nothing contained in this section or in any of the Antitrust Acts shall render unlawful the exercise or the enforcement of any right or right of action created by any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia, which in substance provides that willfully and knowingly

[1] So in original. Probably should read "February 4, 1887".

advertising, offering for sale, or selling any commodity at less than the price or prices prescribed in such contracts or agreements whether the person so advertising, offering for sale, or selling is or is not a party to such a contract or agreement, is unfair competition and is actionable at the suit of any person damaged thereby.

(4) Neither the making of contracts or agreements as described in paragraph (2) of this subsection, nor the exercise or enforcement of any right or right of action as described in paragraph (3) of this subsection shall constitute an unlawful burden or restraint upon, or interference with, commerce.

(5) Nothing contained in paragraph (2) of this subsection shall make lawful contracts or agreements providing for the establishment or maintenance of minimum or stipulated resale prices on any commodity referred to in paragraph (2) of this subsection, between manufacturers, or between producers, or between wholesalers, or between brokers, or between factors, or between retailers, or between persons, firms, or corporations in competition with each other.

(5) The Commission is empowered and directed to prevent persons, partnerships, or corporations, except banks, common carriers subject to the Acts to regulate commerce, air carriers and foreign air carriers subject to the Federal Aviation Act of 1958, and persons, partnerships, or corporations insofar as they are subject to the Packers and Stockyards Act, 1921, as amended, except as provided in section 227(a) of Title 7, from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce.

(b) Proceeding by Commission; modifying and setting aside orders

Whenever the Commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition or unfair or deceptive act or practice in commerce, and if it shall appear to the Commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating its charges in that respect and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the Commission to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the Commission. If upon such hearing the Commission shall be of the opinion that the method of competition or the act or practice in question is prohibited by sections 41—46 and 47—58 of this title, it shall make a report in writing in which it shall state its findings as to the facts and shall issue and cause to be served on such person, partnership or corporation an order requiring such person, partnership, or corporation to cease and desist from using such method of competition or such act or practice. Until the expiration of the time allowed for

filing a petition for review, if no such petition has been duly filed within such time, or, if a petition for review has been filed within such time then until the record in the proceeding has been filed in a court of appeals of the United States, as hereinafter provided, the Commission may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section. After the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, the Commission may at any time, after notice and opportunity for hearing, reopen and alter, modify or set aside, in whole or in part, any report or order made or issued by it under this section, whenever in the opinion of the Commission conditions of fact or of law have so changed as to require such action or if the public interest shall so require: *Provided, however*, That the said person, partnership, or corporation may, within sixty days after service upon him or it of said report or order entered after such a reopening, obtain a review thereof in the appropriate court of appeals of the United States, in the manner provided in subsection (c) of this section.

(c) Review of order; rehearing

Any person, partnership, or corporation required by an order of the Commission to cease and desist from using any method of competition or act or practice may obtain a review of such order in the court of appeals of the United States, within any circuit where the method of competition or the act or practice in question was used or where such person, partnership, or corporation resides or carries on business, by filing in the court, within sixty days from the date of the service of such order, a writen petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Commission, and thereupon the Commission shall file in the court the record in the proceeding, as provided in section 2112 of Title 28. Upon such filing of the petition the court shall have jurisdiction of the proceeding and of the question determined therein concurrently with the Commission until the filing of the record and shall have power to make and enter a decree affirming, modifying, or setting aside the order of the Commission, and enforcing the same to the extent that such order is affirmed and to issue such writs as are ancillary to its jurisdiction or are necessary in its judgment to prevent injury to the public or to competitors pendente lite. The findings of the Commission as to the facts, if supported by evidence, shall be conclusive. To the extent that the order of the Commission is affirmed, the court shall thereupon issue its own order commending obedience to the terms of such order of the Commission. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and

it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 347 of Title 28.

(d) Jurisdiction of court

Upon the filing of the record with it the jurisdiction of the court of appeals of the United States to affirm, enforce, modify, or set aside orders of the Commission shall be exclusive.

(e) Precedence of proceedings; exemption from liability

Such proceedings in the court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the Commission or judgment of court to enforce the same shall in anywise relieve or absolve any person, partnership, or corporation from any liability under the Antitrust Acts.

(f) Service of complaints, orders and other processes; return

Complaints, orders, and other processes of the Commission under this section may be served by anyone duly authorized by the Commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the residence or the principal office or place of business of such person, partnership, or corporation; or (c) by mailing a copy thereof by registered mail or by certified mail addressed to such person, partnership, or corporation at his or its residence or principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post office receipt for said complaint, order, or other process mailed by registered mail or by certified mail as aforesaid shall be proof of the service of the same.

(g) Finality of order

An order of the Commission to cease and desist shall become final—

(1) Upon the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time; but the Commission may thereafter modify or set aside its order to the extent provided in the last sentence of subsection (b); or

(2) Upon the expiration of the time allowed for filing a petition for certiorari, if the order of the Commission has been affirmed, or the petition for review dismissed by the court of appeals, and no petition for certiorari has been duly filed; or

(3) Upon the denial of a petition for certiorari, if the order of the Commission has been affirmed or the petition for review dismissed by the court of appeals; or

(4) Upon the expiration of thirty days from the date of issuance of the mandate of the Supreme Court, if such Court directs that the order of the Commission be affirmed or the petition for review dismissed.

(h) Same; order modified or set aside by Supreme Court

If the Supreme Court directs that the order of the Commission be modified or set aside, the order of the Commission rendered in accordance with the mandate of the Supreme Court shall become final upon the expiration of thirty days from the time it was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected to accord with the mandate, in which event the order of the Commission shall become final when so corrected.

(i) Same; order modified or set aside by Court of Appeals

If the order of the Commission is modified or set aside by the court of appeals, and if (1) the time allowed for filing a petition for certiorari has expired and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered in accordance with the mandate of the court of appeals shall become final on the expiration of thirty days from the time such order of the Commission was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected so that it will accord with the mandate, in which event the order of the Commission shall become final when so corrected.

(j) Same; rehearing upon order or remand

If the Supreme Court orders a rehearing; or if the case is remanded by the court of appeals to the Commission for a rehearing, and if (1) the time allowed for filing a petition for certiorari has expired, and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered upon such rehearing shall become final in the same manner as though no prior order of the Commission had been rendered.

(k) Definition of mandate

As used in this section the term "mandate", in case a mandate has been recalled prior to the expiration of thirty days from the date of issuance thereof, means the final mandate.

(l) Penalty for violation of order

Any person, partnership, or corporation who violates an order of the Commission to cease and desist after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of not more than $5,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the United States. Each separate violation of such an order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey a final order of the Commission each day of continuance of such failure or neglect shall be deemed a separate offense. (Sept. 26, 1914, ch. 311, § 5, 38 Stat. 719; Feb. 13, 1925, ch. 229, § 2, 43 Stat. 939; Mar. 21, 1938, ch. 49, § 3, 52 Stat. 111; June 23, 1938, ch. 601, § 1107(f), 52 Stat. 1028; June 25, 1948, ch. 646, § 32(a), 62 Stat. 991; May 24, 1949, ch. 139, § 127, 63 Stat. 107; Mar. 16, 1950, ch. 61, § 4(c), 64 Stat. 21; July 14, 1952, ch. 745, § 2, 66 Stat. 632; Aug. 23, 1958, Pub. L. 85–726, title XIV, § 1411, 72 Stat. 809; Aug. 28, 1958, Pub. L. 85–791, § 3, 72 Stat. 942; Sept. 2, 1958, Pub. L. 85–909, § 3, 72 Stat. 1750; June 11, 1960, Pub. L. 86–507, § 1(13), 74 Stat. 200.)

SECTIONS 800 AND 801 OF REVENUE ACT OF 1916 (15 U.S.C. 71, 72)

PREVENTION OF UNFAIR METHODS OF COMPETITION

§ 71. Definition

When used in sections 71–77 of this title the term "person" includes partnerships, corporations, and associations. (Sept. 8, 1916, ch. 463, § 800, 39 Stat. 798.)

§ 72. Importation or sale of articles at less than market value

It shall be unlawful for any person importing or assisting in importing any articles from any foreign country into the United States, commonly and systematically to import, sell or cause to be imported or sold such articles within the United States at a price substantially less than the actual market value or wholesale price of such articles, at the time of exportation to the United States, in the principal markets of the country of their production, or of other foreign countries to which they are commonly exported after adding to such market value or wholesale price, freight, duty, and other charges and expenses necessarily incident to the importation and sale thereof in the United States: *Provided*, That such act or acts be done with the intent of destroying or injuring an industry in the United States, or of preventing the establishment of an industry in the United States, or of restraining or monopolizing any part of trade and commerce in such articles in the United States.

Any person who violates or combines or conspires with any other person to violate this section is guilty of a misdemeanor, and, on conviction thereof, shall be punished by a fine not exceeding $5,000, or imprisonment not exceeding one year, or both, in the discretion of the court.

Any person injured in his business or property by reason of any violation of, or combination or conspiracy to violate, this section, may sue therefor in the district court of the United States for the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages sustained, and the cost of the suit, including a reasonable attorney's fee.

The foregoing provisions shall not be construed to deprive the proper State courts of jurisdiction in actions for damages thereunder. (Sept. 8, 1916, ch. 463, § 801, 39 Stat. 798.)

1. Explanation of Other U.S. Statutes

Act of 1890.—Section 1 of the Sherman Anti-Trust Act (55 U.S.C. 1) declares every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, to be illegal. Violators are subject to fines and imprisonment.

Act of 1894.—Section 73 of the Wilson Tariff Act of 1894 (15 U.S.C. 8) provides, among other things, that every combination, conspiracy, trust, agreement, or contract is declared to be contrary to public policy, illegal, and void when the same is made by or between two or more persons or corporations, either of whom, as agent or principal, is

engaged in importing any article from any foreign country into the United States, and when such combination, conspiracy, trust, agreement or contract is intended to operate in restraint of lawful trade or free competition in lawful trade or commerce. Criminal sanctions apply for its enforcement. International price discrimination could be used to cause restraint of trade within the meaning of the Act.

Act of 1914.—Section 5 of the Federal Trade Commission Act (15 U.S.C. 45) provides that unfair methods of competition in commerce among the several States or with foreign nations are declared unlawful. No injury test appears in the statute. The act provides that the Federal Trade Commission may order violators to cease and desist and imposes penal sanctions on those who refuse to obey such orders. [1]

Act of 1916.—Section 801 of the Revenue Act of 1916 (15 U.S.C. 72) provides in effect that if there is predatory price discrimination in international trade, there shall be two sanctions. The injured party may recover treble damages for his injury and the persons who are responsible for such price discriminations shall be subject to a fine and/or imprisonment.

C. COUNTERVAILING DUTIES, SECTION 303, TARIFF ACT OF 1930, AS AMENDED

SEC. 303.

Whenever any country, dependency, colony, province, or other political subdivision of government, person, partnership, association, cartel, or corporation shall pay or bestow, directly or indirectly, any bounty or grant upon the manufacture or production or export of any article or merchandise manufactured or produced in such country, dependency, colony, province, or other political subdivision of government, and such article or merchandise is dutiable under the provisions of this Act, then upon the importation of any such article or merchandise into the United States, whether the same shall be imported directly from the country of production or otherwise, and whether such article or merchandise is imported in the same condition as when exported from the country of production or has been changed in condition by remanufacture or otherwise, there shall be levied and paid, in all such cases, in addition to the duties otherwise imposed by this Act, an additional duty equal to the net amount of such bounty or grant, however the same be paid or bestowed. The Secretary of the Treasury shall from time to time ascertain and determine, or estimate, the net amount of each such bounty or grant, and shall declare the net amount so determined or estimated. The Secretary of the Treasury shall make all regulations he may deem necessary for the identification of such articles and merchandise and for the assessment and collection of such additional duties.

1. Explanation

The countervailing duty law is found in section 303 of the Tariff Act of 1930 (19 U.S.C. 1303). It provides that whenever the Secretary of the Treasury finds that a bounty or grant has been paid, directly or indirectly, on any dutiable imported merchandise, he shall exact

[1] The U.S. Supreme Court has held that the FTC Act was designed to supplement and bolster the Sherman Act of 1890—to stop in their incipiency acts and practices which, when full blown, would violate that Act—as well as to condemn as "unfair methods of competition" existing violations of the Sherman Act. *F.T.C.* v. *Motion Picture Advertising Co.*, 344 U.S. 392; *F.T.C.* v. *Brown Shoe Co., Inc.*, 384 U.S. 316.

a countervailing duty equal to the amount of such bounty or grant on each importation of the commodity in question. The countervailing duty is in addition to normal customs duties.

The law is mandatory, leaving the Secretary of the Treasury no discretion as to the imposition of countervailing duties once he determines that a bounty or grant is being bestowed and estimates the amount thereof.

Unlike the countervailing duty laws of some countries and the provisions of the GATT, the U.S. law does not require that injury to a domestic industry be shown as a condition to the imposition of countervailing duties. However, the United States is not in violation of the GATT in this respect, since this Government at the time of its accession to the GATT expressly reserved commitment on matters inconsistent with existing legislation.

Countervailing duty cases may arise either on the basis of information supplied by customs officers or by persons outside the customs service. The procedure is detailed in section 16.24 of the Customs Regulations (19 CFR 16.24). However, it is the current practice of the Bureau of Customs not to initiate investigation under section 303, except upon receipt of a complaint. Under a recent amendment to the regulations, a notice that a countervailing duty question is under investigation by the Bureau of Customs is published in the Federal Register and comments by interested persons invited. Upon a determination by the Commissioner of Customs, with the approval of the Secretary of the Treasury, that a bounty or grant is being paid or bestowed, an order requiring the imposition of countervailing duties is published in the Federal Register and Customs Bulletin. These determinations are subject to review by the U.S. Customs Court on the merits of whether a bounty or grant was paid or bestowed within the meaning of the statute.

2. History of Action and Status

The United States has had a countervailing duty statute since 1897. Approximately 70 basic countervailing orders have been issued. There are many more than 70 orders regarding countervailing duties, but these are orders which take such actions as revoking earlier decisions and amending countervailing duty rates in existing orders.

From May 1, 1934, through December 31, 1969, there have been 200 cases processed which resulted in 34 countervailing duty orders, of which 17 are currently in effect.

They are (listed alphabetically, by country):

Australia: Sugar content of certain articles.
Australia: Butter.
Canada: Cheese, 93–94 score, from whole milk, cheddar.
Canada: Cheese, 93–94 score, blue vein of Roquefort type.
Cuba: Cordage.
Denmark: Butter.
France: Canned tomato paste.
France: All merchandise, except that not benefitted by Decree 68–581, dated June 29, 1968, as amended by Decree 68–599, dated July 6, 1968.

Great Britain: Spirits.
Great Britain: Sugar.
Ireland: Spirits.
Italy: Steel transmission towers.
Italy: Canned tomatoes.
Italy: Canned tomato concentrates.
Italy: Steel welded wire mesh.
Italy: Ski-lifts and parts thereof.
Italy: Certain steel products.

D. UNFAIR PRACTICES IN IMPORT TRADE, SECTION 337, TARIFF ACT OF 1930, AS AMENDED

SEC. 337.[1]

(a) UNFAIR METHODS OF COMPETITION DECLARED UNLAWFUL.—Unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, are hereby declared unlawful, and when found by the President to exist shall be dealt with, in addition to any other provisions of law, as hereinafter provided.

(b) INVESTIGATIONS OF VIOLATIONS BY COMMISSION.—To assist the President in making any decisions under this section the commission is hereby authorized to investigate any alleged violation hereof on complaint under oath or upon its initiative.

(c) HEARINGS AND REVIEW.—The commission shall make such investigation and give such notice and afford such hearing, and when deemed proper by the commission such rehearing, with opportunity to offer evidence, oral or written, as it may deem sufficient for a full presentation of the facts involved in such investigation. The testimony in every such investigation shall be reduced to writing, and a transcript thereof with the findings and recommendation of the commission shall be the official record of the proceedings and findings in the case, and in any case where the findings in such investigation show a violation of this section, a copy of the findings shall be promptly mailed or delivered to the importer or consignee of such articles. Such findings, if supported by evidence, shall be conclusive, except that a rehearing may be granted by the commission and except that, within such time after said findings are made and in such manner as appeals may be taken from decisions of the United States Customs Court, an appeal may be taken from said findings upon a question or questions of law only to the United States Court of Customs and Patent Appeals by the importer or consignee of such articles. If it shall be shown to the

[1] The importation hereafter for use, sale, or exchange of a product made, produced, processed, or mined under or by means of a process covered by the claims of any unexpired valid U.S. letters patent, whether issued heretofore or hereafter, shall have the same status for the purposes of sec. 337 of the Tariff Act of 1930 as the importation of any product or article covered by the claims of any unexpired valid U.S. letters patent.

satisfaction of said court that further evidence should be taken, and that there were reasonable grounds for the failure to adduce such evidence in the proceedings before the commission, said court may order such additional evidence to be taken before the commission in such manner and upon such terms and conditions as to the court may seem proper. The commission may modify its findings as to the facts or make new findings by reason of additional evidence, which, if supported by evidence, shall be conclusive as to the facts except that within such time and in such manner an appeal may be taken as aforesaid upon a question or questions of law only. The judgment of said court shall be final.

(d) TRANSMISSION OF FINDINGS TO PRESIDENT.—The final findings of the commission shall be transmitted with the record to the President.

(e) EXCLUSION OF ARTICLES FROM ENTRY.—Whenever the existence of any such unfair method or act shall be established to the satisfaction of the President he shall direct that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this Act, shall be excluded from entry into the United States, and upon information of such action by the President, the Secretary of the Treasury shall, through the proper officers, refuse such entry. The decision of the President shall be conclusive.

(f) ENTRY UNDER BOND.—Whenever the President has reason to believe that any article is offered or sought to be offered for entry into the United States in violation of this section but has not information sufficient to satisfy him thereof, the Secretary of the Treasury shall, upon his request in writing, forbid entry thereof until such investigation as the President may deem necessary shall be completed; except that such articles shall be entitled to entry under bond prescribed by the Secretary of the Treasury.

(g) CONTINUANCE OF EXCLUSION.—Any refusal of entry under this section shall continue in effect until the President shall find and instruct the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist.

(h) DEFINITION.—When used in this section and in sections 338 and 340, the term "United States" includes the several States and Territories, the District of Columbia, and all possessions of the United States except the Virgin Islands, American Samoa, and the island of Guam.

1. Explanation

Section 337 of the Tariff Act of 1930 authorizes the Tariff Commission to investigate alleged unfair methods of competition and unfair acts in the importation of articles or in the sale of imported articles in the United States. When the effect or tendency of such methods or acts is to destroy or substantially injure a domestic industry, or to prevent the establishment of an industry, or to restrain or monopolize trade and commerce in the United States, the articles involved may be excluded from entry into the United States by Presidential direction to the Secretary of the Treasury.

The compilation below summarizes information on the outcome or current status of all complaints that the U.S. Tariff Commission has received under the provisions of section 337 of the Tariff Act of 1930 since January 1, 1949.[1] Since 1948, the Commission has dismissed 25 complaints, discontinued 3 investigations, made 3 negative findings and 2 positive findings, and made 1 split finding. It now has 5 cases pending. The Commission has rejected 1 complaint without considering its merits. The President has taken affirmative action on only 1 recommendation by the Tariff Commission in recent years. The complaints are listed below in the order in which they were received.

[1] From 1930 through 1943 the Commission received a number of complaints under the provisions of sec. 337. Those complaints, however, are outside the scope of this compilation. From 1944 through 1948 the Commission received no complaints under the provisions of sec. 337.

Outcome or current status of complaints received by the United States Tariff Commission under the provisions of sec. 337 of the Tariff Act of 1930, Jan. 1, 1949-July 1, 1964

Commodity 1/	Status
Crisp rye wafers, imported under the name "Ry-King" (1949).	Complainant: Ralston Purina Co., St. Louis, Mo. Complaint received: Jan. 10, 1949. Complaint dismissed after preliminary inquiry: Mar. 29, 1949 (notice, Apr. 5, 1949).
Machines for manufacturing corrugated flexible metal tubing or hose, and corrugated flexible metal tubing or hose (1951).	Complainant: Chicago Metal Hose Corp., Maywood, Ill. Complaint received: Aug. 1, 1949. Complaint dismissed after preliminary inquiry: Apr. 25, 1951 (notice, May 1, 1951).
Pistol-simulating cigarette lighters (1950).	Complainant: Gunlite, Inc., New York, N.Y. Complaint received: July 26, 1950. Complaint dismissed after preliminary inquiry: Sept. 14, 1950 (notice, Sept. 15, 1950).
Rubber catheters (1950)-----	Complainant: Davol Rubber Co., Providence, R.I. Complaint received: July 26, 1950. Complaint dismissed after preliminary inquiry: Nov. 21, 1950 (notice, Nov. 28, 1950).
Multiple-compartment cooking pans (1953).	Complainant: Emco Sales Corp., Dayton, Ohio. Complaint received: Jan. 27, 1953. Complaint dismissed after preliminary inquiry: June 30, 1953 (Commissioner Brossard dissented) (notice, July 1, 1953).
Synthetic star sapphires and synthetic star rubies (1956).	Complainant: Linde Air Products Co. (a division of Union Carbide and Carbon Corp.), New York, N.Y. Complaint received: Aug. 11, 1953.

1/ Complaints are listed in the order of their receipt. The year shown in parentheses is the year that the Commission completed, or was due to complete, its action on the particular complaint.

Commodity	Status
Synthetic star sapphires and synthetic star rubies (1956)--Continued	Investigation instituted: Sept. 16, 1953. Hearing held: Dec. 8-10, 1953. Investigation completed: Sept. 20, 1954. Finding of the Commission: The Commission held (Commissioners Ryder and Edminster dissenting) that unfair methods of competition and unfair acts existed in the importation of synthetic star sapphires and synthetic star rubies, and that the effect or tendency of these unfair methods and acts was to substantially injure an efficiently and economically operated U.S. industry. Appeal to U.S. Court of Customs and Patent Appeals filed by the importer: Nov. 18, 1954. Finding of the Commission upheld by Court of Customs and Patent Appeals; mandate finalizing court's decision received by the Commission: Feb. 29, 1956. Official record of investigation submitted to the President: Mar. 5, 1956. The official record included a recommendation that the President direct the Secretary of the Treasury to exclude from entry into the United States synthetic star sapphires and synthetic star rubies covered by claims of a patent owned by the complainant. After submitting the record to the President, the Commission received information with respect to an agreement between the complainant and the foreign manufacturer of the products involved in the Commission's findings. Inasmuch as the Commission was of the opinion that the aforementioned agreement had rendered the issue in this case moot, and that no basis existed for the issuance of the exclusion order previously recommended, the Commission--in view of the particular circumstances in this case--withdrew its recommendation to the President in a letter of Apr. 4, 1956, and suggested that he return the case to it for final disposition. Pursuant to this suggestion, the President returned the case to the Commission on Apr. 10, 1956. Investigation discontinued and dismissed: Apr. 10, 1956.

Commodity	Status
Combination spray and spout plumbing fixtures (1954).	Complainants: Modern Faucet Co. and Sphinx Manufacturing Co., both of Los Angeles, Calif. Complaint received: Sept. 4, 1953. Complaint dismissed after preliminary inquiry: Jan. 11, 1954.
Pocket combination tool (1954).	Complainant: Latama Cutlery, Inc., New York, N.Y. Complaint received: May 20, 1954. Complaint dismissed after preliminary inquiry: Sept. 27, 1954 (notice, Sept. 28, 1954).
Knitted garments (1956)-----	Complainant: Renee Hall, Mount Vernon, N.Y., and others. Complaint received: July 1, 1955. Investigation instituted: Oct. 28, 1955. Hearing scheduled: Feb. 29, 1956; postponed to Mar. 20, 1956. Investigation discontinued and dismissed and hearing canceled: Mar. 13, 1956.
Apparatus for electrolytically treating metal surfaces (1955).	Complainant: Central Scientific Co., Chicago, Ill., and others. Complaint received: July 1, 1955. Complaint dismissed after preliminary inquiry: Dec. 16, 1955.
Electron tubes and component parts thereof (1957).	Complainant: Eitel-McCullough, Inc., San Bruno, Calif. Complaint received: July 7, 1955. Action on complaint suspended after preliminary inquiry: Nov. 16, 1955. The suspension of action on the complaint continued until a final decision was rendered in the case of Eitel-McCullough, Inc. v. Wholesale Radio Parts Co., Inc., and Amperex Electronic Corp. (Civil Action No. 8348), which was pending in the U.S. District Court for the District of Maryland. The court dismissed the aforementioned civil action on May 21, 1957. Complaint dismissed: June 26, 1957.

Commodity	Status
Household canisters (1958)--	Complainant: Kromex Corp., Cleveland, Ohio. Complaint received: Dec. 29, 1955. Action on complaint suspended after preliminary inquiry: Apr. 23, 1956. The suspension of action on the complaint continued until a final decision was rendered in the case of the Kromex Corp. v. L. Batlin & Son, Inc. (Civil Action No. 106-222), which was pending in the U.S. District Court for the Southern District of New York. The court dismissed the aforementioned civil action on June 26, 1957, on stipulation of the parties. Complaint dismissed: Feb. 17, 1958.
Sandals (1956)----------	Complainant: Ray J. Pastene, San Francisco, Calif. Complaint received: Nov. 18, 1955. Complaint dismissed after preliminary inquiry: Jan. 16, 1956 (notice, Jan. 17, 1956).
Badminton rackets (1957)----	Complainant: George A. Allward, doing business as H. & A. Manufacturing Co., Lacombe, La. Complaint received: June 11, 1956. Investigation instituted: Aug. 14, 1956. Hearing held: Dec. 11, 1956. Investigation completed: Apr. 22, 1957. Finding of the Commission: The Commission unanimously found no violation of sec. 337. The full Commission agreed that if unfair methods of competition or unfair acts were present, it had not been established that their effect or tendency was to substantially injure or destroy a domestic industry. The majority of the Commission (Commissioners Talbot, Sutton, Jones, and Dowling) did not rule on the question of whether or not the imported article was made in conformity with the claims of the patent. However, Commissioners Brossard and Schreiber were of the view that the imported articles were made in accordance with the claims of the patent in question and that, therefore, unfair methods of competition and unfair acts were present.

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Commodity	Status
Slip-resistant hanger covers (1956).	Complainant: L. M. Leathers' Sons, Athens, Ga. Complaint received: June 26, 1956. Complaint dismissed after preliminary inquiry: Oct. 23, 1956.
Certain expansion bracelets and parts thereof (1958).	Complainant: Speidel Corp., Providence, R.I. Complaints received: Oct. 23, 1956 (2 separate patents involved). Action on complaints suspended, pending outcome of certain patent litigation: Feb. 4, 1957. Complaints dismissed after preliminary inquiry: June 18, 1958.
Phonograph pickup cartridges, elements, and needles (1959).	Complainants: Brush Electronics Co. (a division of Clevite Corp.), Cleveland, Ohio, and The Astatic Corp., Conneaut, Ohio. Complaints received: Feb. 25, 1957. Preliminary inquiry ordered: Mar. 15, 1957. Investigation instituted: Oct. 7, 1957. Hearing held: Feb. 4-14, 18-19, 21, 26-28, Mar. 3, 6-7, and 14, 1958. Investigation completed: May 4, 1959. Finding of the Commission: The Commission found that the evidence in the investigation did not establish that any industry in the United States was being, or was likely to be, destroyed or substantially injured by reason of the imports noted in the complaints, and that there was therefore no occasion for making findings regarding "infringement" or the existence of other unfair methods of competition or unfair acts.

Commodity	Status
Certain mapmaking instruments (stereoscopic photogrammetric projection instruments) and parts thereof (1959).	Complainant: Kelsh Instrument Co., Inc., Baltimore, Md. Complaint received: Sept. 3, 1957. Action on complaint suspended after preliminary inquiry: Mar. 20, 1958. The Commission suspended action on the complaint, pending the outcome of certain patent litigation. The Commission's action was based in part on the fact that certain patents involved in the complaint were the subject of a pending patent suit in the Federal courts. Complaint dismissed: Oct. 26, 1959.
Certain steak knives and carving sets (1958).	Complainant: Chas. B. Briddell, Inc., Crisfield, Md. Complaint received: Oct. 30, 1957. Complaint dismissed after preliminary inquiry: Feb. 10, 1958.
Certain pushbutton puppets (1958).	Complainant: Kohner Bros., New York, N.Y., and Emanuel Merian, Basel, Switzerland. Complaint received: Aug. 7, 1958. Complaint dismissed after preliminary inquiry: Oct. 27, 1958.
Certain shower heads (1959).	Complainant: Speakman Co., Riverview Works, Wilmington, Del. Complaint received: Nov. 10, 1958. Complaint dismissed after preliminary inquiry: Dec. 14, 1959.
Household automatic zigzag sewing machines and parts thereof (1963).	Complainant: Singer Manufacturing Co., New York, N.Y. Complaint received: Jan. 15, 1959. Preliminary inquiry ordered: Jan. 21, 1959. Investigation instituted: Mar. 16, 1959. Hearing held: May 5-8 and 11-15, 1959. Commission announced that it had decided to hold in abeyance its decision in the investigation pending outcome of antitrust action filed on Dec. 22, 1959, by the Department of Justice against the Singer Manufacturing Co.: Jan. 12, 1960.

Commodity	Status
Household automatic zigzag sewing machines and parts thereof (1963)--Continued	U.S. Supreme Court held the Singer Manufacturing Co. to have acted in violation of the Sherman Act: June 17, 1963 (United States v. Singer Manufacturing Co.; 374 U.S. 174). Commission received request from the Singer company for permission to withdraw its complaint and for dismissal of the investigation: June 24, 1963. Request for withdrawal of complaint and dismissal of investigation granted: June 25, 1963 (notice, June 26, 1963).
Certain woven mats (1960)---	Complainant: Chicago Weaving Corp., Chicago, Ill. Complaint received: Dec. 14, 1959. Complaint dismissed after preliminary inquiry: May 23, 1960.
Self-closing containers (1962).	Complainant: Quikey Manufacturing Co., Inc., Akron, Ohio. Complaint received: June 2, 1960. Motion to amend complaint received: June 15, 1960. Amendment of complaint granted and preliminary inquiry ordered: June 21, 1960. Investigation instituted: June 14, 1961. Commission transmitted a report to the President recommending a temporary exclusion order: June 22, 1961. (The President decided not to issue such an order.) Hearing held: Oct. 3, 1961. Investigation completed: Apr. 26, 1962. Findings of the Commission: The Commission found (Chairman Dorfman dissenting) that the importation and domestic sale of the coin purses in question were in violation of sec. 337. The Commission majority found that the imported coin purses in question embodied or contained the invention disclosed in a U.S. patent owned by the complainant and that the effect or tendency of their importation and domestic sale was to substantially injure an efficiently and economically operated domestic industry. Chairman Dorfman concluded that no substantial injury to a domestic industry had been established,

Commodity	Status
Self-closing containers (1962)--Continued	and therefore found no need to determine whether the imported purses were "infringements" of the patent in question. The majority recommended that the President issue an order excluding containers covered by the patent from entry into the United States during the lifetime of the patent except where the importation was made under license. No request for a rehearing was received by the Commission within the period prescribed, and no appeal was received by the U.S. Court of Customs and Patent Appeals within the period prescribed by statute; therefore, the Commission's findings were final. Official record of investigation submitted to the President: June 26, 1962. Recommendation of Commission majority rejected by the President: Oct. 16, 1962.
Certain transfer valves (1961).	Complainant: Modern Faucet Manufacturing Co., Los Angeles, Calif. Complaint received: Oct. 31, 1960. Complaint withdrawn and preliminary inquiry terminated: May 16, 1961.
Certain folding doors (1963).	Complainant: Clopay Corp., Cincinnati, Ohio. Complaint received: Feb. 4, 1963. Complaint dismissed after preliminary inquiry: June 7, 1963.
Watches and watch movements (1964).	Complainants: Elgin National Watch Co., Elgin, Ill., and Hamilton Watch Co., Lancaster, Pa. Complaint received: Apr. 17, 1964. Preliminary inquiry ordered: Apr. 23, 1964. Public notice of Commission request for amended complaint within 60 days: Oct. 28, 1964. Amended complaint received: Dec. 28, 1964. Amendment of complaint granted and preliminary inquiry ordered: Dec. 31, 1964. Investigation instituted: Apr. 23, 1965. Hearing held: July 19, 20, 1965. Hearing reconvened: Nov. 23, 1965. Investigation completed: June 8, 1966.

Commodity	Status
Watches and watch movements (1964)--Continued	Findings of the Commission: The Commission found (three Commissioners participating out of five--one vacancy) that the respondents were not currently engaged in unfair methods of competition or unfair acts in the importation of watches, watch movements, or watch parts into the United States, or in their sale, of sufficient viability to bring them within the proscription of section 337 of the Tariff Act of 1930 and the application of its sanction.
Walkie-talkie units (1965).	Complainant: Electrosolids Corporation, Los Angeles, Calif. Complaint received: June 11, 1965. Preliminary inquiry ordered: July 7, 1965. Complaint dismissed after preliminary inquiry: Dec. 1, 1965.
Hearing aids (1965).	Complainant: Dahlberg Electronics, Inc., Minneapolis, Minn. Complaint received: June 15, 1965. Preliminary inquiry ordered: June 25, 1965. Amended complaint received: Sept. 3, 1965. Second amendment to complaint received: Sept. 21, 1965. Investigation instituted: Sept. 28, 1965. Hearing held: Jan. 18-20, 1966. Investigation completed: July 29, 1966. Finding of the Commission: The Commissioners participating unanimously held that the imported hearing aids were made in accordance with the patent claims and accordingly their importation and sale constituted an unfair method of competition within the meaning of section 337. However, they divided evenly on the question of whether the effect or tendency of the sales was to injure a domestic industry substantially. Since the participating Commissioners divided evenly, there was no Commission finding of violation of the statute and the case was submitted to the President for consideration under section 330(d)(1) of the Tariff Act of 1930, as amended. In such situations, the President is authorized by said section to "consider" the finding of either group of Commissioners in an

Commodity	Status
Hearing aids (1965)--Continued	evenly divided-vote case as the "findings" of the Commission. Official record of investigation submitted to the President: July 29, 1966. The President decided not to exercise the option permitted by section 301(d)(1), thus leaving the investigation one in which there is no Tariff Commission finding of violation of section 337: Aug. 11, 1966.
Vehicle seat suspension systems (1966).	Complainant: Bostrom Corp., Milwaukee, Wis. Complaint received: Feb. 11, 1966. Preliminary inquiry ordered: Mar. 11, 1966. Complaint dismissed after preliminary inquiry: Sept. 22, 1966.
Furazolidone (1968)---------	Complainant: The Norwich Pharmacal Company, Norwich, N.Y. Complaint received: Mar. 19, 1968. Preliminary inquiry ordered: Apr. 2, 1968. Notice of investigation and recommendation of temporary exclusion order: August 1, 1968. Temporary exclusion order: August 28, 1968. Hearings held: September 30-October 5, 1968; September 5, 1969. Commission recommends continuance of exclusion order: September 17, 1969. Final action by President: Pending.
Parts for crawler tractors (1968)	Complainant: Albert Levine Associates. Complaint received: November 1, 1968. Preliminary inquiry ordered: December 11, 1969. Investigation instituted: May 14, 1969. Hearing held: July 15, 16, 17, 18, 24, 25, and August 4, 1969. Investigation pending.
Freeze-dried coffee (1968)	Complainant: Struthers Scientific and International Corporation. Complaint received: December 5, 1968. Preliminary inquiry ordered: January 16, 1969. Investigation instituted: May 14, 1969. Investigation terminated without prejudice as complainant was not prepared to proceed: November 13, 1969.
Ski poles and ski pole rings (1969)	Complainant: Robert J. McDonald. Complaint received: April 7, 1969. Preliminary inquiry ordered: May 21, 1969. Preliminary inquiry pending.
Ampicillin (1970)	Complainant: Beecham Group, Ltd., and Beecham, Inc. Complaint received: January 27, 1970. Preliminary inquiry ordered: February 12, 1970. Preliminary inquiry in progress.
Panty Hose (1970)	Complainant: Tights, Inc. Complaint received: January 30, 1970. Preliminary inquiry ordered: February 12, 1970. Preliminary inquiry in progress.
Sphygmomanometers (blood pressure apparatus) (1970)	Complainant: W. A. Baum Co., Inc. Complaint received: March 18, 1970. Preliminary inquiry ordered: April 1, 1970. Preliminary inquiry pending.

E. DISCRIMINATION BY FOREIGN COUNTRIES, SECTION 338, TARIFF ACT OF 1930, AS AMENDED

SEC. 338.

(a) ADDITIONAL DUTIES.—The President when he finds that the public interest will be served thereby shall by proclamation specify and declare new or additional duties as hereinafter provided upon articles wholly or in part the growth or product of, or imported in a vessel of, any foreign country whenever he shall find as a fact that such country—

(1) Imposes, directly or indirectly, upon the disposition in or transportation in transit through or reexportation from such country of any article wholly or in part the growth or product of the United States any unreasonable charge, exaction, regulation, or limitation which is not equally enforced upon the like articles of every foreign country; or

(2) Discriminates in fact against the commerce of the United States, directly or indirectly, by law or administrative regulation or practice, by or in respect to any customs, tonnage, or port duty, fee, charge, exaction, classification, regulation, condition, restriction, or prohibition, in such manner as to place the commerce of the United States at a disadvantage compared with the commerce of any foreign country.

(b) EXCLUSION FROM IMPORTATION.—If at any time the President shall find it to be a fact that any foreign country has not only discriminated against the commerce of the United States, as aforesaid, but has, after the issuance of a proclamation as authorized in subdivision (a) of this section, maintained or increased its said discriminations against the commerce of the United States, the President is hereby authorized, if he deems it consistent with the interests of the United States, to issue a further proclamation directing that such products of said country or such articles imported in its vessels as he shall deem consistent with the public interests shall be excluded from importation into the United States.

(c) APPLICATION OF PROCLAMATION.—Any proclamation issued by the President under the authority of this section shall, if he deems it consistent with the interests of the United States, extend to the whole of any foreign country or may be confined to any subdivision or subdivisions thereof; and the President shall, whenever he deems the public interests require, suspend, revoke, supplement, or amend any such proclamation.

(d) DUTIES TO OFFSET COMMERCIAL DISADVANTAGES.—Whenever the President shall find as a fact that any foreign country places any burden or disadvantage upon the commerce of the United States by any of the unequal impositions or discriminations aforesaid, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty as he shall determine will offset such burden or disadvantage, not to exceed 50 per centum ad valorem or its equivalent, on any products of, or on articles imported in a vessel of, such foreign country; and thirty days after the date of such proclamation there shall be levied, collected, and paid upon the articles enumerated in such proclamation when imported into the United States from such foreign country such

new or additional rate or rates of duty; or, in case of articles declared subject to exclusion from importation into the United States under the provisions of subdivision (b) of this section, such articles shall be excluded from importation.

(e) Duties To Offset Benefits to Third Country.—Whenever the President shall find as a fact that any foreign country imposes any unequal imposition or discrimination as aforesaid upon the commerce of the United States, or that any benefits accrue or are likely to accrue to any industry in any foreign country by reason of any such imposition or discrimination imposed by any foreign country other than the foreign country in which such industry is located, and whenever the President shall determine that any new or additional rate or rates of duty or any prohibition hereinbefore provided for do not effectively remove such imposition or discrimination and that any benefits from any such imposition or discrimination accrue or are likely to accrue to any industry in any foreign country, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty upon the articles wholly or in part the growth or product of any such industry as he shall determine will offset such benefits, not to exceed 50 per centum ad valorem or its equivalent, upon importation from any foreign country into the United States of such articles; and on and after thirty days after the date of any such proclamation such new or additional rate or rates of duty so specified and declared in such proclamation shall be levied, collected, and paid upon such articles.

(f) Forfeiture of Articles.—All articles imported contrary to the provisions of this section shall be forfeited to the United States and shall be liable to be seized, prosecuted, and condemned in like manner and under the same regulations, restrictions, and provisions as may from time to time be established for the recovery, collection, distribution, and remission of forfeitures to the United States by the several revenue laws. Whenever the provisions of this Act shall be applicable to importations into the United States of articles wholly or in part the growth or product of any foreign country, they shall be applicable thereto whether such articles are imported directly or indirectly.

(g) Ascertainment by Commission of Discriminations.—It shall be the duty of the commission to ascertain and at all times to be informed whether any of the discriminations against the commerce of the United States enumerated in subdivisions (a), (b), and (c) of this section are practiced by any country; and if and when such discriminatory acts are disclosed, it shall be the duty of the commission to bring the matter to the attention of the President, together with recommendations.

(h) Rules and Regulations of Secretary of Treasury.—The Secretary of the Treasury with the approval of the President shall make such rules and regulations as are necessary for the execution of such proclamations as the President may issue in accordance with the provisions of this section.

(i) Definition.—When used in this section the term "foreign country" means any empire, country, dominion, colony or protectorate, or any subdivision or subdivisions thereof (other than the United States

and its possessions), within which separate tariff rates or separate regulations of commerce are enforced.

1. Explanation

Section 338 provides for additional duties or other forms of restrictions on imports from any foreign country which the President finds is discriminating against the commerce of the United States.

No actions have been taken under this provision.

VI. Valuation of Imports

SECTION 402, 402a, TARIFF ACT OF 1930, AS AMENDED

SEC. 402. VALUE.

(a) BASIS.—Except as otherwise specifically provided for in this Act [1], the value of imported merchandise for the purposes of this Act shall be—

(1) the export value, or

(2) if the export value cannot be determined satisfactorily, then the United States value, or

(3) if neither the export value nor the United States value can be determined satisfactorily, then the constructed value;

except that, in the case of an imported article subject to a rate of duty based on the American selling price of a domestic article, such value shall be—

(4) the American selling price of such domestic article.

(b) EXPORT VALUE.—For the purposes of this section, the export value of imported merchandise shall be the price, at the time of exportation to the United States of the merchandise undergoing appraisement, at which such or similar merchandise is freely sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, plus, when not included in such price, the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the merchandise in condition, packed read for shipment to the United States.

(c) UNITED STATES VALUE.—For the purposes of this section, the United States value of imported merchandise shall be the price, at the time of exportation to the United States of the merchandise undergoing appraisement, at which such or similar merchandise is freely sold or, in the absence of sales, offered for sale in the principal market

[1] The Secretary of the Treasury shall determine and make public a list of the articles which shall be valued in accordance with sec. 402a, Tariff Act of 1930, as amended by this act, as follows:

"As soon as practicable after the enactment of this Act the Secretary shall make public a preliminary list of the imported articles which he shall have determined, after such investigation as he deems necessary, would have been appraised in accordance with section 402 of the Tariff Act of 1930, as amended by this Act, at average values for each article which are 95 (or less) per centum of the average values at which such article was actually appraised during the fiscal year 1954. If within sixty days after the publication of such preliminary list any manufacturer, producer, or wholesaler in the United States presents to the Secretary his reason for belief that any imported articles not specified in such list and like or similar to articles manufactured, produced, or sold at wholesale by him would have been appraised in accordance with such section 402 at average values which are 95 (or less) per centum of the average values at which they were on would have been appraised under section 402a, Tariff Act of 1930, as amended by this act, the Secretary shall cause such investigation of the matter to be made as he deems necessary. If in the opinion of the Secretary the reason for belief is substantiated by the investigation, the articles involved shall be added to the preliminary list and such list, including any additions so made thereto, shall be published as a final list. Every article so specified in the final list which is entered, or withdrawn from warehouse, for consumption on or after the thirtieth day following the date of publication of the final list shall be appraised in accordance with the provisions of section 402a, Tariff Act of 1930, as amended by this act."

of the United States for domestic consumption, packed ready for delivery, in the usual wholesale quantities and in the ordinary course of trade, with allowances made for—

(1) any commission usually paid or agreed to be paid, or the addition for profit and general expenses usually made, in connection with sales in such market of imported merchandise of the same class or kind as the merchandise undergoing appraisement;

(2) the usual costs of transportation and insurance and other usual expenses incurred with respect to such or similar merchandise from the place of shipment to the place of delivery, not including any expense provided for in subdivision (1); and

(3) the ordinary customs duties and other Federal taxes currently payable on such or similar merchandise by reason of its importation, and any Federal excise taxes on, or measured by the value of, such or similar merchandise, for which vendors at wholesale in the United States are ordinarily liable.

If such or similar merchandise was not so sold or offered at the time of exportation of the merchandise undergoing appraisement, the United States value shall be determined, subject to the foregoing specifications of this subsection, from the price at which such or similar merchandise is so sold or offered at the earliest date after such time of exportation but before the expiration of ninety days after the importation of the merchandise undergoing appraisement.

(d) Constructed Value.—For the purposes of this section, the constructed value of imported merchandise shall be the sum of—

(1) the cost of materials (exclusive of any internal tax applicable in the country of exportation directly to such materials or their disposition, but remitted or refunded upon the exportation of the article in the production of which such materials are used) and of fabrication or other processing of any kind employed in producing such or similar merchandise, at a time preceding the date of exportation of the merchandise undergoing appraisement which would ordinarily permit the production of that particular merchandise in the ordinary course of business;

(2) an amount for general expenses and profit equal to that usually reflected in sales of merchandise of the same general class or kind as the merchandise undergoing appraisement which are made by producers in the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, for shipment to the United States; and

(3) the cost of all containers and coverings of whatever nature, and all other expenses incidental to placing the merchandise undergoing appraisement in condition, packed ready for shipment to the United States.

(e) American Selling Price.—For the purpose of this section, the American selling price of any article produced in the United States shall be the price, including the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the article in condition packed ready for delivery, at which such article is freely sold or, in the absence of sales, offered for sale for domestic consumption in the principal market of the United States, in the ordinary course of trade and in the usual wholesale quantities, or the price that

the manufacturer, producer, or owner would have received or was willing to receive for such article when sold for domestic consumption in the ordinary course of trade and in the usual wholesale quantities, at the time of exportation of the imported article.

(f) DEFINITIONS.—For the purposes of this section—

(1) The term "freely sold or, in the absence of sales, offered for sale" means sold or, in the absence of sales, offered—

(A) to all purchasers at wholesale, or

(B) in the ordinary course of trade to one or more selected purchasers at wholesale at a price which fairly reflects the market value of the merchandise,

without restrictions as to the disposition or use of the merchandise by the purchaser, except restrictions as to such disposition or use which (i) are imposed or required by law, (ii) limit the price at which or the territory in which the merchandise may be resold, or (iii) do not substantially affect the value of the merchandise to usual purchasers at wholesale.

(2) The term "ordinary course of trade" means the conditions and practices which, for a reasonable time prior to the exportation of the merchandise undergoing appraisement, have been normal in the trade under consideration with respect to merchandise of the same class or kind as the merchandise undergoing appraisement.

(3) The term "purchasers at wholesale" means purchasers who buy in the usual wholesale quantities for industrial use or for resale otherwise than at retail; or, if there are no such purchasers, then all other purchasers for resale who buy in the usual wholesale quantities; or, if there are no purchasers in either of the foregoing categories, then all other purchasers who buy in the usual wholesale quantities.

(4) The term "such or similar merchandise" means merchandise in the first of the following categories in respect of which export value, United States value, or constructed value, as the case may be, can be satisfactorily determined:

(A) The merchandise undergoing appraisement and other merchandise which is identical in physical characteristics with, and was produced in the same country by the same person as, the merchandise undergoing appraisement.

(B) Merchandise which is identical in physical characteristics with, and was produced by another person in the same country as, the merchandise undergoing appraisement.

(C) Merchandise (i) produced in the same country and by the same person as the merchandise undergoing appraisement, (ii) like the merchandise undergoing appraisement in component material or materials and in the purposes for which used, and (iii) approximately equal in commercial value to the merchandise undergoing appraisement.

(D) Merchandise which satisfies all the requirements of subdivision (C) except that it was produced by another person.

(5) The term "usual wholesale quantities," in any case in which the merchandise in respect of which value is being determined is sold in the market under consideration at different prices for dif-

ferent quantities, means the quantities in which such merchandise is there sold at the price or prices for one quantity in an aggregate volume which is greater than the aggregate volume sold at the price or prices for any other quantity.

(g) TRANSACTIONS BETWEEN RELATED PERSONS.—

(1) For the purposes of subsection (c)(1) or (d), as the case may be, a transaction directly or indirectly between persons specified in any one of the subdivisions in paragraph (2) of this subsection may be disregarded if, in the case of any element of value required to be considered, the amount representing that element does not fairly reflect the amount usually reflected in sales in the market under consideration of merchandise of the same general class or kind as the merchandise undergoing appraisement. If a transaction is disregarded under the preceding sentence and there are no other transactions available for consideration, then, for the purposes of subsection (d), the determination of the amount required to be considered shall be based on the best evidence available as to what the amount would have been if the transaction had occurred between persons not specified in any one of the subdivisions in paragraph (2).

(2) The persons referred to in paragraph (1) are:

(A) Members of a family, including brothers and sisters (whether by whole or half blood), spouse, ancestors, and lineal descendants;

(B) Any officer or director of an organization and such organization;

(C) Partners;

(D) Employer and employee;

(E) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting stock or shares of any organization and such organization; and

(F) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person.

SEC. 402a. VALUE (ALTERNATIVE).

(a) BASIS.—For the purpose of this Act the value of imported articles designated by the Secretary of the Treasury as provided for in section 6(a) of the Customs Simplification Act of 1956 shall be—

(1) The foreign value or the export value, whichever is higher;

(2) If the appraiser determines that neither the foreign value nor the export value can be satisfactorily ascertained, then the United States value;

(3) If the appraiser determines that neither the foreign value, the export value, nor the United States value can be satisfactorily ascertained, then the cost of production;

(4) In the case of an article with respect to which there is in effect under section 336 a rate of duty based upon the American selling price of a domestic article, then the American selling price of such article.

(b) REVIEW OF APPRAISER'S DECISION.—A decision of the appraiser that foreign value, export value, or United States value cannot be satisfactorily ascertained shall be subject to review in reappraisement

proceedings under section 501; but in any such proceeding, an affidavit executed outside of the United States shall not be admitted in evidence if executed by any person who fails to permit a Treasury attache to inspect his books, papers, records, accounts, documents, or correspondence, pertaining to the value or classification of such merchandise.

(c) FOREIGN VALUE.—The foreign value of imported merchandise shall be the market value or the price at the time of exportation of such merchandise to the United States, at which such or similar merchandise is freely offered for sale for home consumption to all purchasers in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade, including the cost of all containers and coverings of whatever nature, and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States.

(d) EXPORT VALUE.—The export value of imported merchandise shall be the market value or the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is freely offered for sale to all purchasers in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, plus, when not included in such price, the cost of all containers and coverings of whatever nature, and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the nited States.

(e) UNITED STATES VALUE.—The United States value of imported merchandise shall be the price at which such or similar imported merchandise is freely offered for sale for domestic consumption, packed ready for delivery, in the principal market of the United States to all purchasers, at the time of exportation of the imported merchandise, in the usual wholesale quantities and in the ordinary course of trade, with allowance made for duty, cost of transportation and insurance, and other necessary expenses from the place of shipment to the place of delivery, a commission not exceeding 6 per centum, if any has been paid or contracted to be paid on goods secured otherwise than by purchase, or profits not to exceed 8 per centum and a reasonable allowance for general expenses, not to exceed 8 per centum on purchased goods.

(f) COST OF PRODUCTION.—For the purpose of this title the cost of production of imported merchandise shall be the sum of—

(1) The cost of materials of, and of fabrication, manipulation, or other process employed in the manufacturing or producing such or similar merchandise, at a time preceding the date of exportation of the particular merchandise under consideration which would ordinarily permit the manufacture or production of the particular merchandise under consideration in the usual course of business;

(2) The usual general expenses (not less than 10 per centum of such cost) in the case of such or similar merchandise;

(3) The cost of all containers and coverings of whatever nature, and all other costs, charges, and expenses incident to placing the particular merchandise under consideration in condition, packed ready for shipment to the United States; and

(4) An addition for profit (not less than 8 per centum of the sum of the amounts found under paragraphs (1) and (2) of this subdivision) equal to the profit which ordinarily is added, in the case of merchandise of the same general character as the particular merchandise under consideration, by manufacturers or producers in the country of manufacture or production who are engaged in the production or manufacture of merchandise of the same class or kind.

(g) AMERICAN SELLING PRICE.—The American selling price of any article manufactured or produced in the United States shall be the price, including the cost of all containers and coverings of whatever nature and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for delivery, at which such article is freely offered for sale for domestic consumption to all purchasers in the principal market of the United States, in the ordinary course of trade and in the usual wholesale quantities in such market, or the price that the manufacturer, producer, or owner would have received or was willing to receive for such merchandise when sold for domestic consumption in the ordinary course of trade and in the usual wholesale quantities, at the time of exportation of the imported article.

1. Explanation

U.S. law provides for customs purposes a system of primary and alternate valuation standards. The primary and alternate U.S. standards are set forth in sections 402 and 402a of the Tariff Act of 1930, as amended. The standard of value most often used is export value as defined in section 402 of the act. There are in addition eight other standards of value which may apply, depending in some instances solely on the class of the goods, in some instances on conditions under which they are marketed, and in some instances on a combination of both. The nine standards are:

SECTION 402	SECTION 402a
Export value	Foreign value
U.S. value	Export value
	U.S. value
Constructed value	Cost of production
* * *	* * *
American selling price	American selling price

The differences between sections 402 and 402a, in all their accurate detail, are complicated and involve many legal and administrative niceties. In brief, however, section 402 is the basic U.S. method of valuation; it is a revision of previous methods and was made effective in 1958. Section 402a is a continuation, under certain circumstances, of the value system which was generally in effect prior to the revision. One feature of section 402a is the so-called "final list" [1] which freezes,

[1] A list published by the Secretary of the Treasury in 1958 pursuant to sec. 6(a) of the Customs Simplification Act of 1956 (Public Law 927, 84th Cong.). This list was published in T.D. 54521. The 1956 act provided new standards of valuation in sec. 402, transferred the old standards to sec. 402a, directed the Secretary to list all articles for which the new standards would result in a reduction of 5 or more percent in appraised value (based on imports in fiscal 1954), and directed that such listed articles be appraised under the old standards now set forth in sec. 402a.

by classification, certain articles which are to continue to be valued under its provisions.

The system by which the standards are applied consists of several primary standards and special orders of precedence of the alternate standards for articles identified on the "final list" and for articles, whether or not on that list, designated as subject to valuation on the basis of American selling price.[1]

All ad valorem rates of duty (except those applicable to products which may be subject to the American-selling-price standard of valuation and those applicable to products specified in the final list) are applied on the basis of export value (a primary standard), United States value, or constructed value, in that order of precedence, and as defined in section 402. All ad valorem rates applicable to products specified on the final list and not subject to the American-selling-price standard of valuation are applied on the basis of the primary standards foreign or export value (whichever is higher), United States value, or cost of production, in that order of precedence, and as defined in section 402a. The primary standard for the application of ad valorem rates to products subject to the American-selling-price standard of valuation is the American-selling-price standard (a primary standard) as defined in section 402 or section 402a depending upon whether the products are on the final list. A benzenoid chemical subject to American-selling-price valuation, if no similar competitive chemical is produced in the United States, is subject to valuation on the basis of U.S. value. If U.S. value cannot be determined for such a chemical and it is not on the final list, it is subject to valuation on the basis of export value; if neither U.S. value nor export value can be determined, it is subject to valuation at constructed value. If that chemical is on the final list, it is subject to valuation at foreign value or export value (whichever is higher), or if neither of these values can be determined, at cost of production. The order of precedence of the alternate standards for the few articles made subject to American-selling-price valuation by action under section 336 of the Tariff Act of 1930, unlike the order for benzenoid chemicals, follows the usual order according to whether they are on the final list. These orders of precedence are shown in the diagram shown on page 172.

[1] Benzenoid chemicals designated by pt. 1, schedule 4, of the Tariff Schedules of the United States, in accordance with headnotes 4 and 5 of that part, and articles designated under the provisions of sec. 336 of the Tariff Act of 1930, as amended: (1) Canned clams and related products designated by headnote 1, pt. 3E, schedule, 1 (2) rubber-soled fabric-upper footwear designated by headnote 3(b), pt. 1A, schedule 7, and (3) wool knit gloves designated by headnote 4, pt. 1C, schedule 7.

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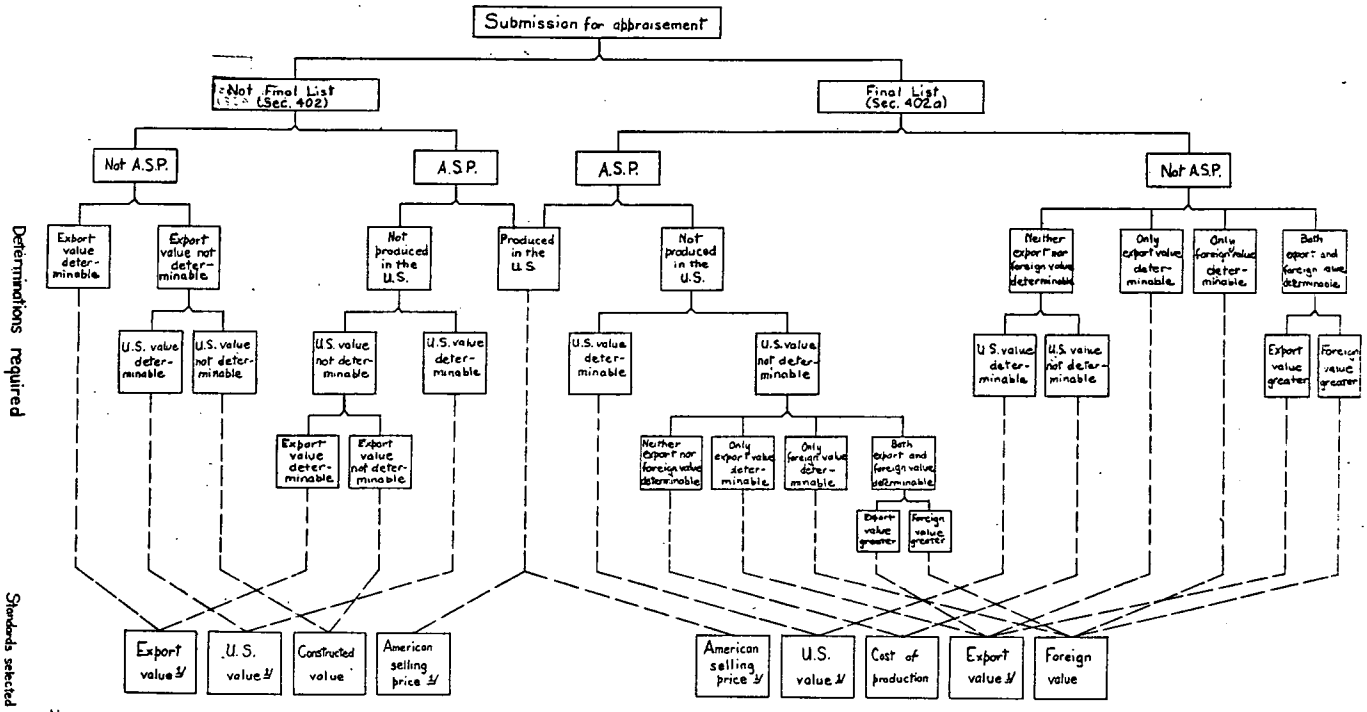
U.S. Selection of Valuation Standards



Note: The determinations and order of selection of standards for articles subject to A.S.P. valuation under sec 336 of the Tariff Act of 1930 are not shown.
1/ Although there appear to be identical standards under both sections 402 and 402a, each standard has a distinct definition.

Articles not on the final list and valued at export value account for by far the greatest number of invoices and the greatest share of the aggregate value of all U.S. imports subject to ad valorem or compound rates of duty. Other valuation standards for goods not on the final list (U.S. value, constructed value, and American selling price) account for a very small share of these totals. Final-list goods account for a small share of the total imports, and of these the majority are valued at export value (the remainder being valued at foreign value, U.S. value, cost of production, or American selling price). American-selling-price valuations, regardless of whether the goods are on the final list, account for a very small share of the total number of invoices and of the aggregate value of imports.

Following are general descriptions of export value, U.S. value, American selling price, and constructed value which are defined under section 402, and of foreign value which is defined under section 402a. Separate descriptions of the other corresponding value standards defined under section 402a are not given below. (Constructed value defined in sec. 402 corresponds to the cost-of-production value defined in sec. 402a.).

1. *Export value.*—The price, at the time of exportation to the United States, at which the merchandise identical with imported or similar to the imported merchandise is freely sold or offered for sale in the usual wholesale quantities in the principal markets of the country of exportation for export to the United States, packed ready for shipment.

2. *U.S. value.*—The price, at the time of exportation of the merchandise being valued, at which merchandise identical with or similar to the imported merchandise is freely sold or offered for sale in the usual wholesale quantities in the principal U.S. market, packed ready for delivery, less (*a*) the usual commissions or usual profit and general expenses on sales in the United States, (*b*) the usual cost of shipping it from the point of shipment in the foreign country to the place of delivery in the United States, and (*c*) all customs duties and other Federal taxes applicable by reason of importation.

3. *Constructed value.*—The sum, at a time sufficiently before the date of exportation to permit production, of the cost of producing the imported or similar merchandise and the usual general expenses and profit on sales of such merchandise made in the country of exportation, in the usual wholesale quantities for shipment to the United States, packed ready for shipping to this country.

4. *American selling price.*—The price, at the time of exportation of the imported article to the United States, at which an article produced in the United States and packed ready for delivery is sold or offered for sale for consumption in the principal U.S. market in the usual wholesale quantities; or the price which a U.S. manufacturer would have received or was willing to receive for it when sold for consumption in the United States.

5. *Foreign value.*—The price, at the time of exportation to the United States, at which such or similar merchandise is freely offered for sale in the usual wholesale quantities for consumption in the exporting country to all purchasers in the principal markets in that country, plus the cost of packing the merchandise for shipment to the United States.

6. *Differences in criteria in sections 402 and 402a valuation standards.*—Certain common terminology appearing in the valuation standards of both sections 402 and 402a have different meanings. Section 402 statutorily defines these terms to have meanings that differ from their meanings under section 402a which, lacking statutory definition, have been established by administrative or judicial precedent over a long period of years. The term "usual wholesale quantities" in section 402a, for example, means the price freely offered for quantities in which the largest *number* of sales are made. Under section 402 it means the price freely offered for quantities in which the largest *volume* of sales is made. The latter interpretation, of course, frequently results in lower dutiable values than the former. The term "freely offered" in section 402a contemplates the highest price that *any willing buyer* will pay for the foreign goods in the "usual wholesale quantities." Under section 402 the term means the highest price *any industrial user or reseller other than retailer* (or retailer if the others do not exist) will pay for the "usual wholesale quantities." Again, when the interpretation of the standard results in differences in dutiable value, that provided for in section 402 results in lower dutiable values. Additional distinctions, of lesser importance, in the meaning of common terms at times result in dutiable values under section 402a that differ from those under section 402.

APPENDIX

THE GENERAL AGREEMENT ON TARIFFS AND TRADE

MAY 1961

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Protocol of Provisional Application of the General Agreement on Tariffs and Trade . . 73

THE GENERAL AGREEMENT ON TARIFFS AND TRADE [1]

The Governments of the COMMONWEALTH OF AUSTRALIA, the KINGDOM OF BELGIUM, the UNITED STATES OF BRAZIL, BURMA, CANADA, CEYLON, the REPUBLIC OF CHILE, the REPUBLIC OF CHINA, the REPUBLIC OF CUBA, the CZECHOSLOVAK REPUBLIC, the FRENCH REPUBLIC, INDIA, LEBANON, the GRAND-DUCHY OF LUXEMBURG, the KINGDOM OF THE NETHERLANDS, NEW ZEALAND, the KINGDOM OF NORWAY, PAKISTAN, SOUTHERN RHODESIA, SYRIA, the UNION OF SOUTH AFRICA, the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, and the UNITED STATES OF AMERICA:

Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods,

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce,

Have through their Representatives agreed as follows:

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[1] The General Agreement is reproduced here as amended by various protocols, including those parts of the Protocol Amending the Preamble and Parts II and III and the Procès-Verbal of Rectification concerning that Protocol which became effective for two-thirds of the contracting parties, including the United States, on Oct. 7, 1957, and Feb. 15, 1961 (Article XIV). The remaining amendments contained in the Protocol Amending the Preamble and Parts II and III and the amendments in the Protocol Amending Part I and Articles XXIX and XXX and the Protocol of Organizational Amendments, which are not in force for any contracting party, have not been incorporated in this text.

PART I

Article I

General Most-Favoured-Nation Treatment

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation, and with respect to all matters referred to in paragraphs 2 and 4 of Article III, any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties.

2. The provisions of paragraph 1 of this Article shall not require the elimination of any preferences in respect of import duties or charges which do not exceed the levels provided for in paragraph 4 of this Article and which fall within the following descriptions:

(a) preferences in force exclusively between two or more of the territories listed in Annex A, subject to the conditions set forth therein;
(b) preferences in force exclusively between two or more territories which on July 1, 1939, were connected by common sovereignty or relations of protection or suzerainty and which are listed in Annexes B, C and D, subject to the conditions set forth therein;
(c) preferences in force exclusively between the United States of America and the Republic of Cuba;
(d) preferences in force exclusively between neighbouring countries listed in Annexes E and F.

3. The provisions of paragraph 1 shall not apply to preferences between the countries formerly a part of the Ottoman Empire and detached from it on July 24, 1923, provided such preferences are approved under paragraph 5 of Article XXV,[1] which shall be applied in this respect in the light of paragraph 1 of Article XXIX.

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[1] Pending the entry into force of the Protocol Amending Part I and Articles XXIX and XXX, this reference to Article XXV actually reads "sub-paragraph 5(a) of Article XXV," although paragraph 5 is no longer divided into sub-paragraphs (a), (b), etc., as was formerly the case. The present text of paragraph 5 was formerly sub-paragraph 5(a) of Article XXV.

4. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 of this Article but is not specifically set forth as a maximum margin of preference in the appropriate Schedule annexed to this Agreement shall not exceed:

(a) in respect of duties or charges on any product described in such Schedule, the difference between the most-favoured-nation and preferential rates provided for therein; if no preferential rate is provided for, the preferential rate shall for the purposes of this paragraph be taken to be that in force on April 10, 1947, and, if no most-favoured-nation rate is provided for, the margin shall not exceed the difference between the most-favoured-nation and preferential rates existing on April 10, 1947;
(b) in respect of duties or charges on any product not described in the appropriate Schedule, the difference between the most-favoured-nation and preferential rates existing on April 10, 1947.

In the case of the contracting parties named in Annex G, the date of April 10, 1947, referred to in sub-paragraphs (a) and (b) of this paragraph shall be replaced by the respective dates set forth in that Annex.

Article II

Schedules of Concessions

1. (a) Each contracting party shall accord to the commerce of the other contracting parties treatment no less favourable than that provided for in the appropriate Part of the appropriate Schedule annexed to this Agreement.

(b) The products described in Part I of the Schedule relating to any contracting party, which are the products of territories of other contracting parties, shall, on their importation into the territory to which the Schedule relates, and subject to the terms, conditions or qualifications set forth in that Schedule, be exempt from ordinary customs duties in excess of those set forth and provided for therein. Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this Agreement or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date.

(c) The products described in Part II of the Schedule relating to any contracting party which are the products of territories entitled under Article I to receive preferential treatment upon importation into the territory to which the Schedule relates shall, on their importation into such territory,

and subject to the terms, conditions or qualifications set forth, in that Schedule, be exempt from ordinary customs duties in excess of those set forth and provided for in Part II of that Schedule. Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this Agreement or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date. Nothing in this Article shall prevent any contracting party from maintaining its requirements existing on the date of this Agreement as to the eligibility of goods for entry at preferential rates of duty.

2. Nothing in this Article shall prevent any contracting party from imposing at any time on the importation of any product:

(a) a charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article III in respect of the like domestic product or in respect of an article from which the imported product has been manufactured or produced in whole or in part;
(b) any anti-dumping or countervailing duty applied consistently with the provisions of Article VI;
(c) fees or other charges commensurate with the cost of services rendered.

3. No contracting party shall alter its method of determining dutiable value or of converting currencies so as to impair the value of any of the concessions provided for in the appropriate Schedule annexed to this Agreement.

4. If any contracting party establishes, maintains or authorizes, formally or in effect, a monopoly of the importation of any product described in the appropriate Schedule annexed to this Agreement, such monopoly shall not, except as provided for in that Schedule or as otherwise agreed between the parties which initially negotiated the concession, operate so as to afford protection on the average in excess of the amount of protection provided for in that Schedule. The provisions of this paragraph shall not limit the use by contracting parties of any form of assistance to domestic producers permitted by other provisions of this Agreement.

5. If any contracting party considers that a product is not receiving from another contracting party the treatment which the first contracting party believes to have been contemplated by a concession provided for in the appropriate Schedule annexed to this Agreement, it shall bring the matter directly to the attention of the other contracting party. If the latter agrees that the treatment contemplated was that claimed by the first contracting party, but declares that such treatment cannot be accorded because a court or other proper authority has ruled to the effect that the product involved cannot be classified under the tariff laws of such contracting party so

as to permit the treatment contemplated in this Agreement, the two contracting parties, together with any other contracting parties substantially interested, shall enter promptly into further negotiations with a view to a compensatory adjustment of the matter.

6. (a) The specific duties and charges included in the Schedules relating to contracting parties members of the International Monetary Fund, and margins of preference in specific duties and charges maintained by such contracting parties, are expressed in the appropriate currency at the par value accepted or provisionally recognized by the Fund at the date of this Agreement. Accordingly, in case this par value is reduced consistently with the Articles of Agreement of the International Monetary Fund by more than twenty per centum, such specific duties and charges and margins of preference may be adjusted to take account of such reduction; Provided that the CONTRACTING PARTIES (i.e., the contracting parties acting jointly as provided for in Article XXV) concur that such adjustments will not impair the value of the concessions provided for in the appropriate Schedule or elsewhere in this Agreement, due account being taken of all factors which may influence the need for, or urgency of, such adjustments.

(b) Similar provisions shall apply to any contracting party not a member of the Fund, as from the date on which such contracting party becomes a member of the Fund or enters into a special exchange agreement in pursuance of Article XV.

7. The Schedules annexed to this Agreement are hereby made an integral part of Part I of this Agreement.

PART II

Article III

National Treatment on Internal Taxation and Regulation

1. The contracting parties recognize that internal taxes and other internal charges, and laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution or use of products, and internal quantitative regulations requiring the mixture, processing or use of products in specified amounts or proportions, should not be applied to imported or domestic products so as to afford protection to domestic production.

2. The products of the territory of any contracting party imported into the territory of any other contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products. Moreover, no contracting party shall otherwise apply internal taxes or other internal charges to imported or domestic products in a manner contrary to the principles set forth in paragraph 1.

3. With respect to any existing tax which is inconsistent with the provisions of paragraph 2, but which is specifically authorized under a trade agreement, in force on April 10, 1947, in which the import duty on the taxed product is bound against increase, the contracting party imposing the tax shall be free to postpone the application of the provisions of paragraph 2 to such tax until such time as it can obtain release from the obligations of such trade agreement in order to permit the increase of such duty to the extent necessary to compensate for the elimination of the protective element of the tax.

4. The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use. The provisions of this paragraph shall not prevent the application of differential internal transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

5. No contracting party shall establish or maintain any internal quantitative regulation relating to the mixture, processing or use of products in specified amounts or

proportions which requires, directly or indirectly, that any specified amount or proportion of any product which is the subject of the regulation must be supplied from domestic sources. Moreover, no contracting party shall otherwise apply internal quantitative regulations in a manner contrary to the principles set forth in paragraph 1.

6. The provisions of paragraph 5 shall not apply to any internal quantitative regulation in force in the territory of any contracting party on July 1, 1939, April 10, 1947, or March 24, 1948, at the option of that contracting party; Provided that any such regulation which is contrary to the provisions of paragraph 5 shall not be modified to the detriment of imports and shall be treated as a customs duty for the purpose of negotiation.

7. No internal quantitative regulation relating to the mixture, processing or use of products in specified amounts or proportions shall be applied in such a manner as to allocate any such amount or proportion among external sources of supply.

8. (a) The provisions of this Article shall not apply to laws, regulations or requirements governing the procurement by governmental agencies of products purchased for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

(b) The provisions of this Article shall not prevent the payment of subsidies exclusively to domestic producers, including payments to domestic producers derived from the proceeds of internal taxes or charges applied consistently with the provisions of this Article and subsidies effected through governmental purchases of domestic products.

9. The contracting parties recognize that internal maximum price control measures, even though conforming to the other provisions of this Article, can have effects prejudicial to the interests of contracting parties supplying imported products. Accordingly, contracting parties applying such measures shall take account of the interests of exporting contracting parties with a view to avoiding to the fullest practicable extent such prejudicial effects.

10. The provisions of this Article shall not prevent any contracting party from establishing or maintaining internal quantitative regulations relating to exposed cinematograph films and meeting the requirements of Article IV.

Article IV

Special Provisions relating to Cinematograph Films

If any contracting party establishes or maintains internal quantitative regulations relating to exposed cinematograph

films, such regulations shall take the form of screen quotas which shall conform to the following requirements:

(a) Screen quotas may require the exhibition of cinematograph films of national origin during a specified minimum proportion of the total screen time actually utilized, over a specified period of not less than one year, in the commercial exhibition of all films of whatever origin, and shall be computed on the basis of screen time per theatre per year or the equivalent thereof;

(b) With the exception of screen time reserved for films of national origin under a screen quota, screen time including that released by administrative action from screen time reserved for films of national origin, shall not be allocated formally or in effect among sources of supply;

(c) Notwithstanding the provisions of sub-paragraph (b) of this Article, any contracting party may maintain screen quotas conforming to the requirements of sub-paragraph (a) of this Article which reserve a minimum proportion of screen time for films of a specified origin other than that of the contracting party imposing such screen quotas; Provided that no such minimum proportion of screen time shall be increased above the level in effect on April 10, 1947;

(d) Screen quotas shall be subject to negotiation for their limitation, liberalization or elimination.

Article V

Freedom of Transit

1. Goods (including baggage), and also vessels and other means of transport, shall be deemed to be in transit across the territory of a contracting party when the passage across such territory, with or without trans-shipment, warehousing, breaking bulk, or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the contracting party across whose territory the traffic passes. Traffic of this nature is termed in this Article "traffic in transit".

2. There shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other contracting parties. No distinction shall be made which is based on the flag of vessels, the place of origin, departure, entry, exit or destination, or on any circumstances relating to the ownership of goods, of vessels or of other means of transport.

3. Any contracting party may require that traffic in transit through its territory be entered at the proper custom house, but, except in cases of failure to comply with applicable customs laws and regulations, such traffic coming from or going to the territory of other contracting parties shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

4. All charges and regulations imposed by contracting parties on traffic in transit to or from the territories of other contracting parties shall be reasonable, having regard to the conditions of the traffic.

5. With respect to all charges, regulations and formalities in connection with transit, each contracting party shall accord to traffic in transit to or from the territory of any other contracting party treatment no less favourable than the treatment accorded to traffic in transit to or from any third country.

6. Each contracting party shall accord to products which have been in transit through the territory of any other contracting party treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such other contracting party. Any contracting party shall, however, be free to maintain its requirements of direct consignment existing on the date of this Agreement, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty or has relation to the contracting party's prescribed method of valuation for duty purposes.

7. The provisions of this Article shall not apply to the operation of aircraft in transit, but shall apply to air transit of goods (including baggage).

Article VI

Anti-dumping and Countervailing Duties

1. The contracting parties recognize that dumping, by which products of one country are introduced into the commerce of another country at less than the normal value of the products, is to be condemned if it causes or threatens material injury to an established industry in the territory of a contracting party or materially retards the establishment of a domestic industry. For the purposes of this Article, a product is to be considered as being introduced into the

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commerce of an importing country at less than its normal value, if the price of the product exported from one country to another

(a) is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country, or,
(b) in the absence of such domestic price, is less than either
  (i) the highest comparable price for the like product for export to any third country in the ordinary course of trade, or
  (ii) the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit.

Due allowance shall be made in each case for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.

2. In order to offset or prevent dumping, a contracting party may levy on any dumped product an anti-dumping duty not greater in amount than the margin of dumping in respect of such product. For the purposes of this Article, the margin of dumping is the price difference determined in accordance with the provisions of paragraph 1.

3. No countervailing duty shall be levied on any product of the territory of any contracting party imported into the territory of another contracting party in excess of an amount equal to the estimated bounty or subsidy determined to have been granted, directly or indirectly, on the manufacture, production or export of such product in the country of origin or exportation, including any special subsidy to the transportation of a particular product. The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly or indirectly, upon the manufacture, production or export of any merchandise.

4. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to anti-dumping or countervailing duty by reason of the exemption of such product from duties or taxes borne by the like product when destined for consumption in the country of origin or exportation, or by reason of the refund of such duties or taxes.

5. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to both anti-dumping and countervailing duties to compensate for the same situation of dumping or export subsidization.

6. (a) No contracting party shall levy any anti-dumping or countervailing duty on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry.

(b) The CONTRACTING PARTIES may waive the requirement of sub-paragraph (a) of this paragraph so as to permit a contracting party to levy an anti-dumping or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party. The CONTRACTING PARTIES shall waive the requirements of sub-paragraph (a) of this paragraph, so as to permit the levying of a countervailing duty, in cases in which they find that a subsidy is causing or threatening material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party.

(c) In exceptional circumstances, however, where delay might cause damage which would be difficult to repair, a contracting party may levy a countervailing duty for the purpose referred to in sub-paragraph (b) of this paragraph without the prior approval of the CONTRACTING PARTIES; Provided that such action shall be reported immediately to the CONTRACTING PARTIES and that the countervailing duty shall be withdrawn promptly if the CONTRACTING PARTIES disapprove.

7. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the commodity for export at a price lower than the comparable price charged for the like commodity to buyers in the domestic market, shall be presumed not to result in material injury within the meaning of paragraph 6 if it is determined by consultation among the contracting parties substantially interested in the commodity concerned that:

(a) the system has also resulted in the sale of the commodity for export at a price higher than the comparable price charged for the like commodity to buyers in the domestic market, and
(b) the system is so operated, either because of the effective regulation of production, or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interests of other contracting parties.

Article VII

Valuation for Customs Purposes

1. The contracting parties recognize the validity of the general principles of valuation set forth in the following paragraphs of this Article, and they undertake to give effect to such principles, in respect of all products subject to duties or other charges or restrictions on importation and exportation based upon or regulated in any manner by value. Moreover, they shall, upon a request by another contracting party review the operation of any of their laws or regulations relating to value for customs purposes in the light of these principles. The CONTRACTING PARTIES may request from contracting parties reports on steps taken by them in pursuance of the provisions of this Article.

2. (a) The value for customs purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

(b) "Actual value" should be the price at which, at a time and place determined by the legislation of the country of importation, such or like merchandise is sold or offered for sale in the ordinary course of trade under fully competitive conditions. To the extent to which the price of such or like merchandise is governed by the quantity in a particular transaction, the price to be considered should uniformly be related to either (i) comparable quantities, or (ii) quantities not less favourable to importers than those in which the greater volume of the merchandise is sold in the trade between the countries of exportation and importation.

(c) When the actual value is not ascertainable in accordance with sub-paragraph (b) of this paragraph, the value for customs purposes should be based on the nearest ascertainable equivalent of such value.

3. The value for customs purposes of any imported product should not include the amount of any internal tax, applicable within the country of origin or export, from which the imported product has been exempted or has been or will be relieved by means of refund.

4. (a) Except as otherwise provided for in this paragraph, where it is necessary for the purposes of paragraph 2 of this Article for a contracting party to convert into its own currency a price expressed in the currency of another country, the conversion rate of exchange to be used shall be based, for each currency involved, on the par value as established pursuant to the Articles of Agreement of the International Monetary Fund or on the rate of exchange recognized by the Fund, or on the par value established in accordance with a special exchange agreement entered into pursuant to Article XV of this Agreement.

(b) Where no such established par value and no such recognized rate of exchange exist, the conversion rate shall reflect effectively the current value of such currency in commercial transactions.

(c) The CONTRACTING PARTIES, in agreement with the International Monetary Fund, shall formulate rules governing the conversion by contracting parties of any foreign currency in respect of which multiple rates of exchange are maintained consistently with the Articles of Agreement of the International Monetary Fund. Any contracting party may apply such rules in respect of such foreign currencies for the purposes of paragraph 2 of this Article as an alternative to the use of par values. Until such rules are adopted by the CONTRACTING PARTIES, any contracting party may employ, in respect of any such foreign currency, rules of conversion for the purposes of paragraph 2 of this Article which are designed to reflect effectively the value of such foreign currency in commercial transactions.

(d) Nothing in this paragraph shall be construed to require any contracting party to alter the method of converting currencies for customs purposes which is applicable in its territory on the date of this Agreement, if such alteration would have the effect of increasing generally the amounts of duty payable.

5. The bases and methods for determining the value of products subject to duties or other charges or restrictions based upon or regulated in any manner by value should be stable and should be given sufficient publicity to enable traders to estimate, with a reasonable degree of certainty, the value for customs purposes.

Article VIII

Fees and Formalities connected with Importation and Exportation

1. (a) All fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes.

(b) The contracting parties recognize the need for reducing the number and diversity of fees and charges referred to in sub-paragraph (a).

(c) The contracting parties also recognize the need for minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements.

2. A contracting party shall, upon request by another contracting party or by the CONTRACTING PARTIES, review the operation of its laws and regulations in the light of the provisions of this Article.

3. No contracting party shall impose substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation which is easily rectifiable and obviously made without fraudulent intent or gross negligence shall be greater than necessary to serve merely as a warning.

4. The provisions of this Article shall extend to fees, charges, formalities and requirements imposed by governmental authorities in connection with importation and exportation, including those relating to:

(a) consular transactions, such as consular invoices and certificates;
(b) quantitative restrictions;
(c) licensing;
(d) exchange control;
(e) statistical services;
(f) documents, documentation and certification;
(g) analysis and inspection; and
(h) quarantine, sanitation and fumigation.

Article IX

Marks of Origin

1. Each contracting party shall accord to the products of the territories of other contracting parties treatment with regard to marking requirements no less favourable than the treatment accorded to like products of any third country.

2. The contracting parties recognize that, in adopting and enforcing laws and regulations relating to marks of origin, the difficulties and inconveniences which such measures may cause to the commerce and industry of exporting countries should be reduced to a minimum, due regard being had to the necessity of protecting consumers against fraudulent or misleading indications.

3. Whenever it is administratively practicable to do so, contracting parties should permit required marks of origin to be affixed at the time of importation.

4. The laws and regulations of contracting parties relating to the marking of imported products shall be such as to permit compliance without seriously damaging the products, or materially reducing their value, or unreasonably increasing their cost.

5. As a general rule, no special duty or penalty should be imposed by any contracting party for failure to comply with

marking requirements prior to importation unless corrective marking is unreasonably delayed or deceptive marks have been affixed or the required marking has been intentionally omitted.

6. The contracting parties shall co-operate with each other with a view to preventing the use of trade names in such manner as to misrepresent the true origin of a product, to the detriment of such distinctive regional or geographical names of products of the territory of a contracting party as are protected by its legislation. Each contracting party shall accord full and sympathetic consideration to such requests or representations as may be made by any other contracting party regarding the application of the undertaking set forth in the preceding sentence to names of products which have been communicated to it by the other contracting party.

Article X

Publication and Administration of Trade Regulations

1. Laws, regulations, judicial decisions and administrative rulings of general application, made effective by any contracting party, pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing, inspection, exhibition, processing, mixing or other use, shall be published promptly in such a manner as to enable governments and traders to become acquainted with them. Agreements affecting international trade policy which are in force between the government or a governmental agency of any contracting party and the government or governmental agency of any other contracting party shall also be published. The provisions of this paragraph shall not require any contracting party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

2. No measure of general application taken by any contracting party effecting an advance in a rate of duty or other charge on imports under an established and uniform practice, or imposing a new or more burdensome requirement, restriction or prohibition on imports, or on the transfer of payments therefor, shall be enforced before such measure has been officially published.

3. (a) Each contracting party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, decisions and rulings of the kind described in paragraph 1 of this Article.

(b) Each contracting party shall maintain, or institute as soon as practicable, judicial, arbitral or administrative tribunals or procedures for the purpose, inter alia, of the prompt review and correction of administrative action relating to customs matters. Such tribunals or procedures shall be independent of the agencies entrusted with administrative enforcement and their decisions shall be implemented by, and shall govern the practice of, such agencies unless an appeal is lodged with a court or tribunal of superior jurisdiction within the time prescribed for appeals to be lodged by importers; Provided that the central administration of such agency may take steps to obtain a review of the matter in another proceeding if there is good cause to believe that the decision is inconsistent with established principles of law or the actual facts.

(c) The provisions of sub-paragraph (b) of this paragraph shall not require the elimination or substitution of procedures in force in the territory of a contracting party on the date of this Agreement which in fact provide for an objective and impartial review of administrative action even though such procedures are not fully or formally independent of the agencies entrusted with administrative enforcement. Any contracting party employing such procedures shall, upon request, furnish the CONTRACTING PARTIES with full information thereon in order that they may determine whether such procedures conform to the requirements of this sub-paragraph.

Article XI

General Elimination of Quantitative Restrictions

1. No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.

2. The provisions of paragraph 1 of this Article shall not extend to the following:

(a) Export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party;

(b) Import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading or marketing of commodities in international trade;

(c) Import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate:

(i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted; or

(ii) to remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level; or

(iii) to restrict the quantities permitted to be produced of any animal product the production of which is directly dependent, wholly or mainly, on the imported commodity, if the domestic production of that commodity is relatively negligible.

Any contracting party applying restrictions on the importation of any product pursuant to sub-paragraph (c) of this paragraph shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value. Moreover, any restrictions applied under (i) above shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of restrictions. In determining this proportion, the contracting party shall pay due regard to the proportion prevailing during a previous representative period and to any special factors which may have affected or may be affecting the trade in the product concerned.

Article XII

Restrictions to Safeguard the Balance of Payments

1. Notwithstanding the provisions of paragraph 1 of Article XI, any contracting party, in order to safeguard its external financial position and its balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this Article.

2. (a) Import restrictions instituted, maintained or intensified by a contracting party under this Article shall not exceed those necessary:

(i) to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or
(ii) in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

Due regard shall be paid in either case to any special factors which may be affecting the reserves of such contracting party or its need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

(b) Contracting parties applying restrictions under sub-paragraph (a) of this paragraph shall progressively relax them as such conditions improve, maintaining them only to the extent that the conditions specified in that sub-paragraph still justify their application. They shall eliminate the restrictions when conditions would no longer justify their institution or maintenance under that sub-paragraph.

3. (a) Contracting parties undertake, in carrying out their domestic policies, to pay due regard to the need for maintaining or restoring equilibrium in their balance of payments on a sound and lasting basis and to the desirability of avoiding an uneconomic employment of productive resources. They recognize that in order to achieve these ends, it is desirable so far as possible to adopt measures which expand rather than contract international trade.

(b) Contracting parties applying restrictions under this Article may determine the incidence of the restrictions on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential.

(c) Contracting parties applying restrictions under this Article undertake:

(i) to avoid unnecessary damage to the commercial or economic interests of any other contracting party;
(ii) not to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities the exclusion of which would impair regular channels of trade; and
(iii) not to apply restrictions which would prevent the importation of commercial samples or prevent compliance with patent, trade mark, copyright, or similar procedures.

(d) The contracting parties recognize that, as a result of domestic policies directed towards the achievement and maintenance of full and productive employment or towards the development of economic resources, a contracting party may experience a high level of demand for imports involving a threat to its monetary reserves of the sort referred to in paragraph 2(a) of this Article. Accordingly, a contracting party otherwise complying with the provisions of this Article shall not be required to withdraw or modify restrictions on the ground that a change in those policies would render unnecessary restrictions which it is applying under this Article.

4. (a) Any contracting party applying new restrictions or raising the general level of its existing restrictions by a substantial intensification of the measures applied under this Article shall immediately after instituting or intensifying such restrictions (or, in circumstances in which prior consultation is practicable, before doing so) consult with the CONTRACTING PARTIES as to the nature of its balance of payments difficulties, alternative corrective measures which may be available, and the possible effect of the restrictions on the economies of other contracting parties.

(b) On a date to be determined by them, the CONTRACTING PARTIES shall review all restrictions still applied under this Article on that date. Beginning one year after that date, contracting parties applying import restrictions under this Article shall enter into consultations of the type provided for in sub-paragraph (a) of this paragraph with the CONTRACTING PARTIES annually.

(c) (i) If, in the course of consultations with a contracting party under sub-paragraph (a) or (b) above, the CONTRACTING PARTIES find that the restrictions are not consistent with the provisions of this Article or with those of Article XIII (subject to the provisions of Article XIV), they shall indicate the nature of the inconsistency and may advise that the restrictions be suitably modified.

(ii) If, however, as a result of the consultations, the CONTRACTING PARTIES determine that the restrictions are being applied in a manner involving an inconsistency of a serious nature with the provisions of this Article or with those of Article XIII (subject to the provisions of Article XIV) and that damage to the trade of any contracting party is caused or threatened thereby, they shall so inform the contracting party applying the restrictions and shall make appropriate recommendations for securing conformity with such provisions within a specified period of time. If such contracting party does not comply with these recommendations within the specified period, the CONTRACTING PARTIES may release any contracting party the trade of which is adversely affected by the restrictions from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(d) The CONTRACTING PARTIES shall invite any contracting party which is applying restrictions under this Article to enter into consultations with them at the request of any contracting party which can establish a prima facie case that the restrictions are inconsistent with the provisions of this Article or with those of Article XIII (subject to the provisions of Article XIV) and that its trade is adversely affected thereby. However, no such invitation shall be issued unless the CONTRACTING PARTIES have ascertained that direct discussions between the contracting parties concerned have not been successful. If, as a result of the consultations with the CONTRACTING PARTIES, no agreement is reached and they determine that the restrictions are being applied inconsistently with such provisions, and that damage to the trade of the contracting party initiating the procedure is caused or threatened thereby, they shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified within such time as the CONTRACTING PARTIES may prescribe, they may release the contracting party initiating the procedure from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(e) In proceeding under this paragraph, the CONTRACTING PARTIES shall have due regard to any special external factors adversely affecting the export trade of the contracting party applying restrictions.

(f) Determinations under this paragraph shall be rendered expeditiously and, if possible, within sixty days of the initiation of the consultations.

5. If there is a persistent and widespread application of import restrictions under this Article, indicating the existence of a general disequilibrium which is restricting international trade, the CONTRACTING PARTIES shall initiate discussions to consider whether other measures might be taken, either by those contracting parties the balances of payments of which are under pressure or by those the balances of payments of which are tending to be exceptionally favourable, or by any appropriate intergovernmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the CONTRACTING PARTIES, contracting parties shall participate in such discussions.

Article XIII

Non-discriminatory Administration of Quantitative Restrictions

1. No prohibition or restriction shall be applied by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation

of any product destined for the territory of any other contracting party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

2. In applying import restrictions to any product, contracting parties shall aim at a distribution of trade in such product approaching as closely as possible the shares which the various contracting parties might be expected to obtain in the absence of such restrictions, and to this end shall observe the following provisions:

(a) Wherever practicable, quotas representing the total amount of permitted imports (whether allocated among supplying countries or not) shall be fixed, and notice given of their amount in accordance with paragraph 3(b) of this Article;

(b) In cases in which quotas are not practicable, the restrictions may be applied by means of import licences or permits without a quota;

(c) Contracting parties shall not, except for purposes of operating quotas allocated in accordance with subparagraph (d) of this paragraph, require that import licences or permits be utilized for the importation of the product concerned from a particular country or source;

(d) In cases in which a quota is allocated among supplying countries, the contracting party applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other contracting parties having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the contracting party concerned shall allot to contracting parties having a substantial interest in supplying the product shares based upon the proportions, supplied by such contracting parties during a previous representative period, of the total quantity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product. No conditions or formalities shall be imposed which would prevent any contracting party from utilizing fully the share of any such total quantity or value which has been allotted to it, subject to importation being made within any prescribed period to which the quota may relate.

3. (a) In cases in which import licences are issued in connection with import restrictions, the contracting party applying the restrictions shall provide, upon the request of any contracting party having an interest in the trade in the

product concerned, all relevant information concerning the administration of the restrictions, the import licences granted over a recent period and the distribution of such licences among supplying countries; Provided that there shall be no obligation to supply information as to the names of importing or supplying enterprises.

(b) In the case of import restrictions involving the fixing of quotas, the contracting party applying the restrictions shall give public notice of the total quantity or value of the product or products which will be permitted to be imported during a specified future period and of any change in such quantity or value. Any supplies of the product in question which were en route at the time at which public notice was given shall not be excluded from entry; Provided that they may be counted so far as practicable, against the quantity permitted to be imported in the period in question, and also, where necessary, against the quantities permitted to be imported in the next following period or periods; and Provided further that if any contracting party customarily exempts from such restrictions products entered for consumption or withdrawn from warehouse for consumption during a period of thirty days after the day of such public notice, such practice shall be considered full compliance with this sub-paragraph.

(c) In the case of quotas allocated among supplying countries, the contracting party applying the restrictions shall promptly inform all other contracting parties having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall give public notice thereof.

4. With regard to restrictions applied in accordance with paragraph 2 (d) of this Article or under paragraph 2 (c) of Article XI, the selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the contracting party applying the restriction; Provided that such contracting party shall, upon the request of any other contracting party having a substantial interest in supplying that product or upon the request of the CONTRACTING PARTIES, consult promptly with the other contracting party or the CONTRACTING PARTIES regarding the need for an adjustment of the proportion determined or of the base period selected, or for the reappraisal of the special factors involved, or for the elimination of conditions, formalities or any other provisions established unilaterally relating to the allocation of an adequate quota or its unrestricted utilization.

5. The provisions of this Article shall apply to any tariff quota instituted or maintained by any contracting party, and, in so far as applicable, the principles of this Article shall also extend to export restrictions.

Article XIV [1]

Exceptions to the Rule of Non-discrimination

1. A contracting party which applies restrictions under Article XII or under Section B of Article XVIII may, in the application of such restrictions, deviate from the provisions of Article XIII in a manner having equivalent effect to restrictions on payments and transfers for current international transactions which that contracting party may at that time apply under Article VIII or XIV of the Articles of Agreement of the International Monetary Fund, or under analogous provisions of a special exchange agreement entered into pursuant to paragraph 6 of Article XV.

2. A contracting party which is applying import restrictions under Article XII or under Section B of Article XVIII may, with the consent of the CONTRACTING PARTIES, temporarily deviate from the provisions of Article XIII in respect of a small part of its external trade where the benefits to the contracting party or contracting parties concerned substantially outweigh any injury which may result to the trade of other contracting parties.

3. The provisions of Article XIII shall not preclude a group of territories having a common quota in the International Monetary Fund from applying against imports from other countries, but not among themselves, restrictions in accordance with the provisions of Article XII or of Section B of Article XVIII on condition that such restrictions are in all other respects consistent with the provisions of Article XIII.

4. A contracting party applying import restrictions under Article XII or under Section B of Article XVIII shall not be precluded by Articles XI to XV or Section B of Article XVIII of this Agreement from applying measures to direct its exports in such a manner as to increase its earnings of currencies which it can use without deviation from the provisions of Article XIII.

5. A contracting party shall not be precluded by Articles XI to XV, inclusive, or by Section B of Article XVIII, of this Agreement from applying quantitative restrictions:

(a) having equivalent effect to exchange restrictions authorized under Section 3(b) of Article VII of the Articles of Agreement of the International Monetary Fund, or

(b) under the preferential arrangements provided for in Annex A of this Agreement, pending the outcome of the negotiations referred to therein.

[1] Text as amended Feb. 15, 1961, on which date Annex J was deleted.

Article XV

Exchange Arrangements

1. The CONTRACTING PARTIES shall seek co-operation with the International Monetary Fund to the end that the CONTRACTING PARTIES and the Fund may pursue a co-ordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the CONTRACTING PARTIES.

2. In all cases in which the CONTRACTING PARTIES are called upon to consider or deal with problems concerning monetary reserves, balances of payments or foreign exchange arrangements, they shall consult fully with the International Monetary Fund. In such consultations, the CONTRACTING PARTIES shall accept all findings of statistical and other facts presented by the Fund relating to foreign exchange, monetary reserves and balances of payments, and shall accept the determination of the Fund as to whether action by a contracting party in exchange matters is in accordance with the Articles of Agreement of the International Monetary Fund, or with the terms of a special exchange agreement between that contracting party and the CONTRACTING PARTIES. The CONTRACTING PARTIES, in reaching their final decision in cases involving the criteria set forth in paragraph 2 (a) of Article XII or in paragraph 9 of Article XVIII, shall accept the determination of the Fund as to what constitutes a serious decline in the contracting party's monetary reserves, a very low level of its monetary reserves or a reasonable rate of increase in its monetary reserves, and as to the financial aspects of other matters covered in consultation in such cases.

3. The CONTRACTING PARTIES shall seek agreement with the Fund regarding procedures for consultation under paragraph 2 of this Article.

4. Contracting parties shall not, by exchange action, frustrate the intent of the provisions of this Agreement, nor, by trade action, the intent of the provisions of the Articles of Agreement of the International Monetary Fund.

5. If the CONTRACTING PARTIES consider, at any time, that exchange restrictions on payments and transfers in connection with imports are being applied by a contracting party in a manner inconsistent with the exceptions provided for in this Agreement for quantitative restrictions, they shall report thereon to the Fund.

6. Any contracting party which is not a member of the Fund shall, within a time to be determined by the CONTRACTING PARTIES after consultation with the Fund, become a member of the Fund, or, failing that, enter into a special exchange agreement with the CONTRACTING PARTIES. A contracting party which ceases to be a member

of the Fund shall forthwith enter into a special exchange agreement with the CONTRACTING PARTIES. Any special exchange agreement entered into by a contracting party under this paragraph shall thereupon become part of its obligations under this Agreement.

7. (a) A special exchange agreement between a contracting party and the CONTRACTING PARTIES under paragraph 6 of this Article shall provide to the satisfaction of the CONTRACTING PARTIES that the objectives of this Agreement will not be frustrated as a result of action in exchange matters by the contracting party in question.

(b) The terms of any such agreement shall not impose obligations on the contracting party in exchange matters generally more restrictive than those imposed by the Articles of Agreement of the International Monetary Fund on members of the Fund.

8. A contracting party which is not a member of the Fund shall furnish such information within the general scope of section 5 of Article VIII of the Articles of Agreement of the International Monetary Fund as the CONTRACTING PARTIES may require in order to carry out their functions under this Agreement.

9. Nothing in this Agreement shall preclude:

(a) the use by a contracting party of exchange controls or exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund or with that contracting party's special exchange agreement with the CONTRACTING PARTIES, or

(b) the use by a contracting party of restrictions or controls on imports or exports, the sole effect of which, additional to the effects permitted under Articles XI, XII, XIII and XIV, is to make effective such exchange controls or exchange restrictions.

Article XVI

Subsidies

Section A--Subsidies in General

1. If any contracting party grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory, it shall notify the CONTRACTING PARTIES in writing of the extent and nature of the subsidization, of the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from its territory and of the circumstances making the subsidization necessary. In any case in which it is determined that

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serious prejudice to the interests of any other contracting party is caused or threatened by any such subsidization, the contracting party granting the subsidy shall, upon request, discuss with the other contracting party or parties concerned, or with the CONTRACTING PARTIES, the possibility of limiting the subsidization.

Section B--Additional Provisions on Export Subsidies

2. The contracting parties recognize that the granting by a contracting party of a subsidy on the export of any product may have harmful effects for other contracting parties, both importing and exporting, may cause undue disturbance to their normal commercial interests, and may hinder the achievement of the objectives of this Agreement.

3. Accordingly, contracting parties should seek to avoid the use of subsidies on the export of primary products. If, however, a contracting party grants directly or indirectly any form of subsidy which operates to increase the export of any primary product from its territory, such subsidy shall not be applied in a manner which results in that contracting party having more than an equitable share of world export trade in that product, account being taken of the shares of the contracting parties in such trade in the product during a previous representative period, and any special factors which may have affected or may be affecting such trade in the product.

4. Further, as from 1 January 1958 or the earliest practicable date thereafter, contracting parties shall cease to grant either directly or indirectly any form of subsidy on the export of any product other than a primary product which subsidy results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market. Until 31 December 1957 no contracting party shall extend the scope of any such subsidization beyond that existing on 1 January 1955 by the introduction of new, or the extension of existing, subsidies.

5. The CONTRACTING PARTIES shall review the operation of the provisions of this Article from time to time with a view to examining its effectiveness, in the light of actual experience, in promoting the objectives of this Agreement and avoiding subsidization seriously prejudicial to the trade or interests of contracting parties.

Article XVII

State Trading Enterprises

1. (a) Each contracting party undertakes that if it establishes or maintains a State enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or

special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the general principles of non-discriminatory treatment prescribed in this Agreement for governmental measures affecting imports or exports by private traders.

(b) The provisions of sub-paragraph (a) of this paragraph shall be understood to require that such enterprises shall, having due regard to the other provisions of this Agreement, make any such purchases or sales solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale, and shall afford the enterprises of the other contracting parties adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales.

(c) No contracting party shall prevent any enterprise (whether or not an enterprise described in sub-paragraph (a) of this paragraph) under its jurisdiction from acting in accordance with the principles of sub-paragraphs (a) and (b) of this paragraph.

2. The provisions of paragraph 1 of this Article shall not apply to imports of products for immediate or ultimate consumption in governmental use and not otherwise for re-sale or use in the production of goods for sale. With respect to such imports, each contracting party shall accord to the trade of the other contracting parties fair and equitable treatment.

3. The contracting parties recognize that enterprises of the kind described in paragraph 1 (a) of this Article might be operated so as to create serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis designed to limit or reduce such obstacles are of importance to the expansion of international trade.

4. (a) Contracting parties shall notify the CONTRACTING PARTIES of the products which are imported into or exported from their territories by enterprises of the kind described in paragraph 1 (a) of this Article.

(b) A contracting party establishing, maintaining or authorizing an import monopoly of a product, which is not the subject of a concession under Article II, shall, on the request of another contracting party having a substantial trade in the product concerned, inform the CONTRACTING PARTIES of the import markup on the product during a recent representative period, or, when it is not possible to do so, of the price charged on the resale of the product.

(c) The CONTRACTING PARTIES may, at the request of a contracting party which has reason to believe that its interests under this Agreement are being adversely affected by the operations of an enterprise of the kind described in paragraph 1 (a), request the contracting party establishing, maintaining or authorizing such enterprise to supply information about its operations related to the carrying out of the provisions of this Agreement.

(d) The provisions of this paragraph shall not require any contracting party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises.

Article XVIII

Governmental Assistance to Economic Development

1. The contracting parties recognize that the attainment of the objectives of this Agreement will be facilitated by the progressive development of their economies, particularly of those contracting parties the economies of which can only support low standards of living and are in the early stages of development.

2. The contracting parties recognize further that it may be necessary for those contracting parties, in order to implement programmes and policies of economic development designed to raise the general standard of living of their people, to take protective or other measures affecting imports, and that such measures are justified in so far as they facilitate the attainment of the objectives of this Agreement. They agree, therefore, that those contracting parties should enjoy additional facilities to enable them (a) to maintain sufficient flexibility in their tariff structure to be able to grant the tariff protection required for the establishment of a particular industry and (b) to apply quantitative restrictions for balance of payments purposes in a manner which takes full account of the continued high level of demand for imports likely to be generated by their programmes of economic development.

3. The contracting parties recognize finally that with those additional facilities which are provided for in Sections A and B of this Article, the provisions of this Agreement would normally be sufficient to enable contracting parties to meet the requirements of their economic development. They agree, however, that there may be circumstances where no measure consistent with those provisions is practicable to permit a contracting party in the process of economic development to grant the governmental assistance required to promote the establishment of particular industries with a view to raising the general standard of living of its people. Special procedures are laid down in Sections C and D of this Article to deal with those cases.

4. (a) Consequently, a contracting party the economy of which can only support low standards of living and is in the early stages of development shall be free to deviate temporarily from the provisions of the other Articles of this Agreement, as provided in Sections A, B and C of this Article.

(b) A contracting party the economy of which is in the process of development but which does not come within the scope of sub-paragraph (a) above, may submit applications to the CONTRACTING PARTIES under Section D of this Article.

5. The contracting parties recognize that the export earnings of contracting parties the economies of which are of the type described in paragraph 4 (a) and (b) above, and which depend on exports of a small number of primary commodities may be seriously reduced by a decline in the sale of such commodities. Accordingly, when the exports of primary commodities by such a contracting party are seriously affected by measures taken by another contracting party, it may have resort to the consultation provisions of Article XXII of this Agreement.

6. The CONTRACTING PARTIES shall review annually all measures applied pursuant to the provisions of Sections C and D of this Article.

Section A

7. (a) If a contracting party coming within the scope of paragraph 4 (a) of this Article considers it desirable, in order to promote the establishment of a particular industry with a view to raising the general standard of living of its people, to modify or withdraw a concession included in the appropriate Schedule annexed to this Agreement, it shall notify the CONTRACTING PARTIES to this effect and enter into negotiations with any contracting party with which such concession was initially negotiated, and with any other contracting party determined by the CONTRACTING PARTIES to have a substantial interest therein. If agreement is reached between such contracting parties concerned, they shall be free to modify or withdraw concessions under the appropriate Schedules to this Agreement in order to give effect to such agreement, including any compensatory adjustments involved.

(b) If agreement is not reached within sixty days after the notification provided for in sub-paragraph (a) above, the contracting party which proposes to modify or withdraw the concession may refer the matter to the CONTRACTING PARTIES, which shall promptly examine it. If they find that the contracting party which proposes to modify or withdraw the concession has made every effort to reach an agreement and that the compensatory adjustment offered by it is adequate, that contracting party shall be free to modify or withdraw the concession if at the same time, it gives effect to the compensatory adjustment. If the CONTRACTING PARTIES do not find that the compensation offered by a contracting party proposing to modify or withdraw the concession is adequate, but find that it has made every reasonable effort to offer adequate compensation, that contracting party shall be free to proceed with such modification or withdrawal. If

such action is taken, any other contracting party referred to in sub-paragraph (a) above shall be free to modify or withdraw substantially equivalent concessions initially negotiated with the contracting party which has taken the action.

Section B

8. The contracting parties recognize that contracting parties coming within the scope of paragraph 4 (a) of this Article tend, when they are in rapid process of development, to experience balance of payments difficulties arising mainly from efforts to expand their internal markets as well as from the instability in their terms of trade.

9. In order to safeguard its external financial position and to ensure a level of reserves adequate for the implementation of its programme of economic development, a contracting party coming within the scope of paragraph 4 (a) of this Article may, subject to the provisions of paragraphs 10 to 12, control the general level of its imports by restricting the quantity or value of merchandise permitted to be imported; Provided that the import restrictions instituted, maintained or intensified shall not exceed those necessary:

(a) to forestall the threat of, or to stop, a serious decline in its monetary reserves, or

(b) in the case of a contracting party with inadequate monetary reserves, to achieve a reasonable rate of increase in its reserves.

Due regard shall be paid in either case to any special factors which may be affecting the reserves of the contracting party or its need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

10. In applying these restrictions, the contracting party may determine their incidence on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential in the light of its policy of economic development; Provided that the restrictions are so applied as to avoid unnecessary damage to the commercial or economic interests of any other contracting party and not to prevent unreasonably the importation of any description of goods in minimum commercial quantities the exclusion of which would impair regular channels of trade; and Provided further that the restrictions are not so applied as to prevent the importation of commercial samples or to prevent compliance with patent, trademark, copyright or similar procedures.

11. In carrying out its domestic policies, the contracting party concerned shall pay due regard to the need for restoring equilibrium in its balance of payments on a sound and lasting basis and to the desirability of assuring an economic employment of productive resources. It shall progressively relax any restrictions applied under this Section as conditions improve, maintaining them only to the extent necessary under the terms of paragraph 9 of this Article and shall eliminate them when conditions no longer justify such maintenance; Provided that no contracting party shall be required to withdraw or modify restrictions on the ground that a change in its development policy would render unnecessary the restrictions which it is applying under this Section.

12. (a) Any contracting party applying new restrictions or raising the general level of its existing restrictions by a substantial intensification of the measures applied under this Section, shall immediately after instituting or intensifying such restrictions (or, in circumstances in which prior consultation is practicable, before doing so) consult with the CONTRACTING PARTIES as to the nature of its balance of payments difficulties, alternative corrective measures which may be available, and the possible effect of the restrictions on the economies of other contracting parties.

(b) On a date to be determined by them, the CONTRACTING PARTIES shall review all restrictions still applied under this Section on that date. Beginning two years after that date, contracting parties applying restrictions under this Section shall enter into consultations of the type provided for in sub-paragraph (a) above with the CONTRACTING PARTIES at intervals of approximately, but not less than, two years according to a programme to be drawn up each year by the CONTRACTING PARTIES; Provided that no consultation under this sub-paragraph shall take place within two years after the conclusion of a consultation of a general nature under any other provision of this paragraph.

(c) (i) If, in the course of consultations with a contracting party under sub-paragraph (a) or (b) of this paragraph, the CONTRACTING PARTIES find that the restrictions are not consistent with the provisions of this Section or with those of Article XIII (subject to the provisions of Article XIV), they shall indicate the nature of the inconsistency and may advise that the restrictions be suitably modified.

(ii) If, however, as a result of the consultations, the CONTRACTING PARTIES determine that the restrictions are being applied in a manner involving an inconsistency of a serious nature with the provisions of this Section or with those of Article XIII (subject to the provisions of Article XIV) and that damage to the trade of any contracting party is caused or threatened thereby, they shall so inform the contracting party applying the restrictions and shall make appropriate recommendations for securing conformity with such provisions within a specified period. If such contracting

party does not comply with these recommendations within the specified period, the CONTRACTING PARTIES may release any contracting party the trade of which is adversely affected by the restrictions from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(d) The CONTRACTING PARTIES shall invite any contracting party which is applying restrictions under this Section to enter into consultations with them at the request of any contracting party which can establish a prima facie case that the restrictions are inconsistent with the provisions of this Section or with those of Article XIII (subject to the provisions of Article XIV) and that its trade is adversely affected thereby. However, no such invitation shall be issued unless the CONTRACTING PARTIES have ascertained that direct discussions between the contracting parties concerned have not been successful. If, as a result of the consultations with the CONTRACTING PARTIES no agreement is reached and they determine that the restrictions are being applied inconsistently with such provisions, and that damage to the trade of the contracting party initiating the procedure is caused or threatened thereby, they shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified within such time as the CONTRACTING PARTIES may prescribe, they may release the contracting party initiating the procedure from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(e) If a contracting party against which action has been taken in accordance with the last sentence of sub-paragraph (c)(ii) or (d) of this paragraph, finds that the release of obligations authorized by the CONTRACTING PARTIES adversely affects the operation of its programme and policy of economic development, it shall be free, not later than sixty days after such action is taken, to give written notice to the Executive Secretary to the CONTRACTING PARTIES of its intention to withdraw from this Agreement and such withdrawal shall take effect on the sixtieth day following the day on which the notice is received by him.

(f) In proceeding under this paragraph, the CONTRACTING PARTIES shall have due regard to the factors referred to in paragraph 2 of this Article. Determinations under this paragraph shall be rendered expeditiously and, if possible, within sixty days of the initiation of the consultations.

Section C

13. If a contracting party coming within the scope of paragraph 4(a) of this Article finds that governmental

assistance is required to promote the establishment of a particular industry with a view to raising the general standard of living of its people, but that no measure consistent with the other provisions of this Agreement is practicable to achieve that objective, it may have recourse to the provisions and procedures set out in this Section.

14. The contracting party concerned shall notify the CONTRACTING PARTIES of the special difficulties which it meets in the achievement of the objective outlined in paragraph 13 of this Article and shall indicate the specific measure affecting imports which it proposes to introduce in order to remedy these difficulties. It shall not introduce that measure before the expiration of the time-limit laid down in paragraph 15 or 17, as the case may be, or if the measure affects imports of a product which is the subject of a concession included in the appropriate Schedule annexed to this Agreement, unless it has secured the concurrence of the CONTRACTING PARTIES in accordance with the provisions of paragraph 18; Provided that, if the industry receiving assistance has already started production, the contracting party may, after informing the CONTRACTING PARTIES, take such measures as may be necessary to prevent, during that period, imports of the product or products concerned from increasing substantially above a normal level.

15. If, within thirty days of the notification of the measure, the CONTRACTING PARTIES do not request the contracting party concerned to consult with them, that contracting party shall be free to deviate from the relevant provisions of the other Articles of this Agreement to the extent necessary to apply the proposed measure.

16. If it is requested by the CONTRACTING PARTIES to do so, the contracting party concerned shall consult with them as to the purpose of the proposed measure, as to alternative measures which may be available under this Agreement, and as to the possible effect of the measure proposed on the commercial and economic interests of other contracting parties. If, as a result of such consultation, the CONTRACTING PARTIES agree that there is no measure consistent with the other provisions of this Agreement which is practicable in order to achieve the objective outlined in paragraph 13 of this Article, and concur in the proposed measure, the contracting party concerned shall be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to apply that measure.

17. If, within ninety days after the date of the notification of the proposed measure under paragraph 14 of this Article, the CONTRACTING PARTIES have not concurred in such measure, the contracting party concerned may introduce the measure proposed after informing the CONTRACTING PARTIES.

18. If the proposed measure affects a product which is the subject of a concession included in the appropriate Schedule annexed to this Agreement, the contracting party concerned shall enter into consultations with any other contracting party with which the concession was initially negotiated, and with any other contracting party determined by the CONTRACTING PARTIES to have a substantial interest therein. The CONTRACTING PARTIES shall concur in the measure if they agree that there is no measure consistent with the other provisions of this Agreement which is practicable in order to achieve the objective set forth in paragraph 13 of this Article, and if they are satisfied:

(a) that agreement has been reached with such other contracting parties as a result of the consultations referred to above, or

(b) if no such agreement has been reached within sixty days after the notification provided for in paragraph 14 has been received by the CONTRACTING PARTIES, that the contracting party having recourse to this Section has made all reasonable efforts to reach an agreement and that the interests of other contracting parties are adequately safeguarded.

The contracting party having recourse to this Section shall thereupon be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to permit it to apply the measure.

19. If a proposed measure of the type described in paragraph 13 of this Article concerns an industry the establishment of which has in the initial period been facilitated by incidental protection afforded by restrictions imposed by the contracting party concerned for balance of payments purposes under the relevant provisions of this Agreement, that contracting party may resort to the provisions and procedures of this Section; Provided that it shall not apply the proposed measure without the concurrence of the CONTRACTING PARTIES.

20. Nothing in the preceding paragraphs of this Section shall authorize any deviation from the provisions of Articles I, II and XIII of this Agreement. The provisos to paragraph 10 of this Article shall also be applicable to any restriction under this Section.

21. At any time while a measure is being applied under paragraph 17 of this Article any contracting party substantially affected by it may suspend the application to the trade of the contracting party having recourse to this Section of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the CONTRACTING PARTIES do not disapprove; Provided that sixty days' notice of such suspension is given to the CONTRACTING PARTIES not later than six months after

the measure has been introduced or changed substantially to the detriment of the contracting party affected. Any such contracting party shall afford adequate opportunity for consultation in accordance with the provisions of Article XXII of this Agreement.

Section D

22. A contracting party coming within the scope of subparagraph 4(b) of this Article desiring, in the interest of the development of its economy, to introduce a measure of the type described in paragraph 13 of this Article in respect of the establishment of a particular industry may apply to the CONTRACTING PARTIES for approval of such measure. The CONTRACTING PARTIES shall promptly consult with such contracting party and shall, in making their decision, be guided by the considerations set out in paragraph 16. If the CONTRACTING PARTIES concur in the proposed measure the contracting party concerned shall be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to permit it to apply the measure. If the proposed measure affects a product which is the subject of a concession included in the appropriate Schedule annexed to this Agreement, the provisions of paragraph 18 shall apply.

23. Any measure applied under this Section shall comply with the provisions of paragraph 20 of this Article.

Article XIX

Emergency Action on Imports of Particular Products

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) If any product, which is the subject of a concession with respect to a preference, is being imported into the

territory of a contracting party in the circumstances set forth in sub-paragraph (a) of this paragraph, so as to cause or threaten serious injury to domestic producers of like or directly competitive products in the territory of a contracting party which receives or received such preference, the importing contracting party shall be free, if that other contracting party so requests, to suspend the relevant obligation in whole or in part or to withdraw or modify the concession in respect of the product, to the extent and for such time as may be necessary to prevent or remedy such injury.

2. Before any contracting party shall take action pursuant to the provisions of paragraph 1 of this Article, it shall give notice in writing to the CONTRACTING PARTIES as far in advance as may be practicable and shall afford the CONTRACTING PARTIES and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action. When such notice is given in relation to a concession with respect to a preference, the notice shall name the contracting party which has requested the action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 of this Article may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which written notice of such suspension is received by the CONTRACTING PARTIES, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph 1 (b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the CONTRACTING PARTIES do not disapprove.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, where action is taken under paragraph 2 of this Article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such concessions or other obligations as may be necessary to prevent or remedy the injury.

Article XX

General Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

(a) necessary to protect public morals;
(b) necessary to protect human, animal or plant life or health;
(c) relating to the importation or exportation of gold or silver;
(d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to customs enforcement, the enforcement of monopolies operated under paragraph 4 of Article II and Article XVII, the protection of patents, trade marks and copyrights, and the prevention of deceptive practices;
(e) relating to the products of prison labour;
(f) imposed for the protection of national treasures of artistic, historic or archaeological value;
(g) relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;
(h) undertaken in pursuance of obligations under any inter-governmental commodity agreement which conforms to criteria submitted to the CONTRACTING PARTIES and not disapproved by them or which is itself so submitted and not so disapproved;
(i) involving restrictions on exports of domestic materials necessary to assure essential quantities of such materials to a domestic processing industry during periods when the domestic price of such materials is held below the world price as part of a governmental stabilization plan; Provided that such restrictions shall not operate to increase the exports of or the protection afforded to such domestic industry, and shall not depart from the provisions of this Agreement relating to non-discrimination;
(j) essential to the acquisition or distribution of products in general or local short supply; Provided that any such measures shall be consistent with the principle that all contracting parties are entitled to an equitable share of the international supply of such products, and that any such measures, which are inconsistent with

the other provisions of this Agreement shall be discontinued as soon as the conditions giving rise to them have ceased to exist. The CONTRACTING PARTIES shall review the need for this sub-paragraph not later than 30 June 1960.

Article XXI

Security Exceptions

Nothing in this Agreement shall be construed

(a) to require any contracting party to furnish any information the disclosure of which it considers contrary to its essential security interests; or

(b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests

(i) relating to fissionable materials or the materials from which they are derived;

(ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

(iii) taken in time of war or other emergency in international relations; or

(c) to prevent any contracting party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

Article XXII

Consultation

1. Each contracting party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as may be made by another contracting party with respect to any matter affecting the operation of this Agreement.

2. The CONTRACTING PARTIES may, at the request of a contracting party, consult with any contracting party or parties in respect of any matter for which it has not been possible to find a satisfactory solution through consultation under paragraph 1.

Article XXIII

Nullification or Impairment

1. If any contracting party should consider that any benefit accruing to it directly or indirectly under this Agreement is being nullified or impaired or that the attainment of any objective of the Agreement is being impeded as the result of (a) the failure of another contracting party to carry out its obligations under this Agreement, or (b) the application by another contracting party of any measure, whether or not it conflicts with the provisions of this Agreement, or (c) the existence of any other situation, the contracting party may, with a view to the satisfactory adjustment of the matter, make written representations or proposals to the other contracting party or parties which it considers to be concerned. Any contracting party thus approached shall give sympathetic consideration to the representations or proposals made to it.

2. If no satisfactory adjustment is effected between the contracting parties concerned within a reasonable time, or if the difficulty is of the type described in paragraph 1 (c) of this Article, the matter may be referred to the CONTRACTING PARTIES. The CONTRACTING PARTIES shall promptly investigate any matter so referred to them and shall make appropriate recommendations to the contracting parties which they consider to be concerned, or give a ruling on the matter, as appropriate. The CONTRACTING PARTIES may consult with contracting parties, with the Economic and Social Council of the United Nations and with any appropriate inter-governmental organization in cases where they consider such consultation necessary.

If the CONTRACTING PARTIES consider that the circumstances are serious enough to justify such action, they may authorize a contracting party or parties to suspend the application to any other contracting party or parties of such concessions or other obligations under this Agreement as they determine to be appropriate in the circumstances. If the application to any contracting party of any concession or other obligation is in fact suspended, that contracting party shall then be free, not later than sixty days after such action is taken to give written notice to the Executive Secretary to the CONTRACTING PARTIES of its intention to withdraw from this Agreement and such withdrawal shall take effect upon the sixtieth day following the day on which such notice is received by him.

PART III

Article XXIV

Territorial Application--Frontier Traffic--Customs Unions and Free-trade Areas

1. The provisions of this Agreement shall apply to the metropolitan customs territories of the contracting parties and to any other customs territories in respect of which this Agreement has been accepted under Article XXVI or is being applied under Article XXXIII or pursuant to the Protocol of Provisional Application. Each such customs territory shall, exclusively for the purposes of the territorial application of this Agreement, be treated as though it were a contracting party; Provided that the provisions of this paragraph shall not be construed to create any rights or obligations as between two or more customs territories in respect of which this Agreement has been accepted under Article XXVI or is being applied under Article XXXIII or pursuant to the Protocol of Provisional Application by a single contracting party.

2. For the purposes of this Agreement a customs territory shall be understood to mean any territory with respect to which separate tariffs or other regulations of commerce are maintained for a substantial part of the trade of such territory with other territories.

3. The provisions of this Agreement shall not be construed to prevent:

(a) advantages accorded by any contracting party to adjacent countries in order to facilitate frontier traffic;
(b) advantages accorded to the trade with the Free Territory of Trieste by countries contiguous to that territory, provided that such advantages are not in conflict with the Treaties of Peace arising out of the Second World War.

4. The contracting parties recognize the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of the countries parties to such agreements. They also recognize that the purpose of a customs union or of a free-trade area should be to facilitate trade between the constituent territories and not to raise barriers to the trade of other contracting parties with such territories.

5. Accordingly, the provisions of this Agreement shall not prevent, as between the territories of contracting parties, the

formation of a customs union or of a free-trade area or the adoption of an interim agreement necessary for the formation of a customs union or of a free-trade area; Provided that:

(a) with respect to a customs union, or an interim agreement leading to the formation of a customs union, the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with contracting parties not parties to such union or agreement shall not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce applicable in the constituent territories prior to the formation of such union or the adoption of such interim agreement, as the case may be;

(b) with respect to a free-trade area, or an interim agreement leading to the formation of a free-trade area, the duties and other regulations of commerce maintained in each of the constituent territories and applicable at the formation of such free-trade area or the adoption of such interim agreement to the trade of contracting parties not included in such area or not parties to such agreement shall not be higher or more restrictive than the corresponding duties and other regulations of commerce existing in the same constituent territories prior to the formation of the free-trade area, or interim agreement, as the case may be; and

(c) any interim agreement referred to in sub-paragraphs (a) and (b) shall include a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time.

6. If, in fulfilling the requirements of sub-paragraph 5(a), a contracting party proposes to increase any rate of duty inconsistently with the provisions of Article II, the procedure set forth in Article XXVIII shall apply. In providing for compensatory adjustment, due account shall be taken of the compensation already afforded by the reductions brought about in the corresponding duty of the other constituents of the union.

7. (a) Any contracting party deciding to enter into a customs union or free-trade area, or an interim agreement leading to the formation of such a union or area, shall promptly notify the CONTRACTING PARTIES and shall make available to them such information regarding the proposed union or area as will enable them to make such reports and recommendations to contracting parties as they may deem appropriate.

(b) If, after having studied the plan and schedule included in an interim agreement referred to in paragraph 5 in consultation with the parties to that agreement and taking due account of the information made available in accordance with the provisions of sub-paragraph (a), the CONTRACTING PARTIES find that such agreement is not likely to result in

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the formation of a customs union or of a free-trade area within the period contemplated by the parties to the agreement or that such period is not a reasonable one, the CONTRACTING PARTIES shall make recommendations to the parties to the agreement. The parties shall not maintain or put into force, as the case may be, such agreement if they are not prepared to modify it in accordance with these recommendations.

(c) Any substantial change in the plan or schedule referred to in paragraph 5 (c) shall be communicated to the CONTRACTING PARTIES, which may request the contracting parties concerned to consult with them if the change seems likely to jeopardize or delay unduly the formation of the customs union or of the free-trade area.

8. For the purposes of this Agreement:

(a) A customs union shall be understood to mean the substitution of a single customs territory for two or more customs territories, so that
   (i) duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV and XX) are eliminated with respect to substantially all the trade between the constituent territories of the union or at least with respect to substantially all the trade in products originating in such territories, and,
   (ii) subject to the provisions of paragraph 9, substantially the same duties and other regulations of commerce are applied by each of the members of the union to the trade of territories not included in the union;

(b) A free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV and XX) are eliminated on substantially all the trade between the constituent territories in products originating in such territories.

9. The preferences referred to in paragraph 2 of Article I shall not be affected by the formation of a customs union or of a free-trade area but may be eliminated or adjusted by means of negotiations with contracting parties affected. This procedure of negotiations with affected contracting parties shall, in particular, apply to the elimination of preferences required to conform with the provisions of paragraph 8 (a) (i) and paragraph 8 (b).

10. The CONTRACTING PARTIES may by a two-thirds majority approve proposals which do not fully comply with the requirements of paragraphs 5 to 9 inclusive, provided that such proposals lead to the formation of a customs union or a free-trade area in the sense of this Article.

11. Taking into account the exceptional circumstances arising out of the establishment of India and Pakistan as independent States and recognizing the fact that they have long constituted an economic unit, the contracting parties agree that the provisions of this Agreement shall not prevent the two countries from entering into special arrangements with respect to the trade between them, pending the establishment of their mutual trade relations on a definitive basis.

12. Each contracting party shall take such reasonable measures as may be available to it to ensure observance of the provisions of this Agreement by the regional and local governments and authorities within its territory.

Article XXV

Joint Action by the Contracting Parties

1. Representatives of the contracting parties shall meet from time to time for the purpose of giving effect to those provisions of this Agreement which involve joint action and, generally, with a view to facilitating the operation and furthering the objectives of this Agreement. Wherever reference is made in this Agreement to the contracting parties acting jointly they are designated as the CONTRACTING PARTIES.

2. The Secretary-General of the United Nations is requested to convene the first meeting of the CONTRACTING PARTIES, which shall take place not later than March 1, 1948.

3. Each contracting party shall be entitled to have one vote at all meetings of the CONTRACTING PARTIES.

4. Except as otherwise provided for in this Agreement, decisions of the CONTRACTING PARTIES shall be taken by a majority of the votes cast.

5. In exceptional circumstances not elsewhere provided for in this Agreement, the CONTRACTING PARTIES may waive an obligation imposed upon a contracting party by this Agreement; Provided that any such decision shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the contracting parties. The CONTRACTING PARTIES may also by such a vote

(i) define certain categories of exceptional circumstances to which other voting requirements shall apply for the waiver of obligations, and

(ii) prescribe such criteria as may be necessary for the application of this paragraph.[1]

[1] The word "paragraph" has been substituted for the word "sub-paragraph," since paragraph 5 is no longer divided into sub-paragraphs (a), (b), etc., as was formerly the case. The text of the present paragraph 5 was formerly sub-paragraph 5(a).

Article XXVI

Acceptance, Entry into Force and Registration

1. The date of this Agreement shall be 30 October 1947.

2. This Agreement shall be open for acceptance by any contracting party which, on 1 March 1955, was a contracting party or was negotiating with a view to accession to this Agreement.

3. This Agreement, done in a single English original and in a single French original, both texts authentic, shall be deposited with the Secretary-General of the United Nations, who shall furnish certified copies thereof to all interested governments.

4. Each government accepting this Agreement shall deposit an instrument of acceptance with the Executive Secretary to the CONTRACTING PARTIES, who will inform all interested governments of the date of deposit of each instrument of acceptance and of the day on which this Agreement enters into force under paragraph 6 of this Article.

5. (a) Each government accepting this Agreement does so in respect of its metropolitan territory and of the other territories for which it has international responsibility, except such separate customs territories as it shall notify to the Executive Secretary to the CONTRACTING PARTIES at the time of its own acceptance.

(b) Any government, which has so notified the Executive Secretary under the exceptions in sub-paragraph (a) of this paragraph, may at any time give notice to the Executive Secretary that its acceptance shall be effective in respect of any separate customs territory or territories so excepted and such notice shall take effect on the thirtieth day following the day on which it is received by the Executive Secretary.

(c) If any of the customs territories, in respect of which a contracting party has accepted this Agreement, possesses or acquires full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement, such territory shall, upon sponsorship through a declaration by the responsible contracting party establishing the above-mentioned fact, be deemed to be a contracting party.

6. This Agreement shall enter into force, as among the governments which have accepted it, on the thirtieth day following the day on which instruments of acceptance have been deposited with the Executive Secretary to the CONTRACTING PARTIES on behalf of governments named in Annex H, the territories of which account for 85 per centum of the total external trade of the territories of such governments, computed in accordance with the applicable column of percentages set forth therein. The instrument of acceptance of each other government shall take effect on the thirtieth day following the day on which such instrument has been deposited.

7. The United Nations is authorized to effect registration of this Agreement as soon as it enters into force.

Article XXVII

Withholding or Withdrawal of Concessions

Any contracting party shall at any time be free to withhold or to withdraw in whole or in part any concession, provided for in the appropriate Schedule annexed to this Agreement, in respect of which such contracting party determines that it was initially negotiated with a government which has not become, or has ceased to be, a contracting party. A contracting party taking such action shall notify the CONTRACTING PARTIES and, upon request, consult with contracting parties which have a substantial interest in the product concerned.

Article XXVIII

Modification of Schedules

1. On the first day of each three-year period, the first period beginning on 1 January 1958 (or on the first day of any other period that may be specified by the CONTRACTING PARTIES by two-thirds of the votes cast) a contracting party (hereafter in this Article referred to as the "applicant contracting party") may, by negotiation and agreement with any contracting party with which such concession was initially negotiated and with any other contracting party determined by the CONTRACTING PARTIES to have a principal supplying interest (which two preceding categories of contracting parties, together with the applicant contracting party, are in this Article hereinafter referred to as the "contracting parties primarily concerned"), and subject to consultation with any other contracting party determined by the CONTRACTING PARTIES to have a substantial interest in such concession, modify or withdraw a concession included in the appropriate Schedule annexed to this Agreement.

2. In such negotiations and agreement, which may include provision for compensatory adjustment with respect to other products, the contracting parties concerned shall endeavour to maintain a general level of reciprocal and mutually advantageous concessions not less favourable to trade than that provided for in this Agreement prior to such negotiations.

3. (a) If agreement between the contracting parties primarily concerned cannot be reached before 1 January 1958 or before the expiration of a period envisaged in paragraph 1 of this Article, the contracting party which proposes to modify or withdraw the concession shall, nevertheless, be free to do so and if such action is taken any contracting party with which

such concession was initially negotiated, any contracting party determined under paragraph 1 to have a principal supplying interest and any contracting party determined under paragraph 1 to have a substantial interest shall then be free not later than six months after such action is taken, to withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the CONTRACTING PARTIES, substantially equivalent concessions initially negotiated with the applicant contracting party.

(b) If agreement between the contracting parties primarily concerned is reached but any other contracting party determined under paragraph 1 of this Article to have a substantial interest is not satisfied, such other contracting party shall be free, not later than six months after action under such agreement is taken, to withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the CONTRACTING PARTIES, substantially equivalent concessions initially negotiated with the applicant contracting party.

4. The CONTRACTING PARTIES may, at any time, in special circumstances, authorize a contracting party to enter into negotiations for modification or withdrawal of a concession included in the appropriate Schedule annexed to this Agreement subject to the following procedures and conditions:

(a) Such negotiations and any related consultations shall be conducted in accordance with the provisions of paragraphs 1 and 2 of this Article.

(b) If agreement between the contracting parties primarily concerned is reached in the negotiations, the provisions of paragraph 3 (b) of this Article shall apply.

(c) If agreement between the contracting parties primarily concerned is not reached within a period of sixty days after negotiations have been authorized, or within such longer period as the CONTRACTING PARTIES may have prescribed, the applicant contracting party may refer the matter to the CONTRACTING PARTIES.

(d) Upon such reference, the CONTRACTING PARTIES shall promptly examine the matter and submit their views to the contracting parties primarily concerned with the aim of achieving a settlement. If a settlement is reached, the provisions of paragraph 3 (b) shall apply as if agreement between the contracting parties primarily concerned had been reached. If no settlement is reached between the contracting parties primarily concerned, the applicant contracting party shall be free to modify or withdraw the concession, unless the CONTRACTING PARTIES determine that the applicant contracting party has unreasonably failed to offer adequate compensation. If such action is taken, any contracting party with which the concession was initially negotiated, any contracting party determined under paragraph 4 (a) to have a principal supplying

interest and any contracting party determined under paragraph 4 (a) to have a substantial interest, shall be free, not later than six months after such action is taken, to modify or withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the CONTRACTING PARTIES, substantially equivalent concessions initially negotiated with the applicant contracting party.

5. Before 1 January 1958 and before the end of any period envisaged in paragraph 1 a contracting party may elect by notifying the CONTRACTING PARTIES to reserve the right, for the duration of the next period, to modify the appropriate Schedule in accordance with the procedures of paragraphs 1 to 3. If a contracting party so elects, other contracting parties shall have the right, during the same period, to modify or withdraw, in accordance with the same procedures, concessions initially negotiated with that contracting party.

Article XXVIII bis

Tariff Negotiations

1. The contracting parties recognize that customs duties often constitute serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis, directed to the substantial reduction of the general level of tariffs and other charges on imports and exports and in particular to the reduction of such high tariffs as discourage the importation even of minimum quantities, and conducted with due regard to the objectives of this Agreement and the varying needs of individual contracting parties, are of great importance to the expansion of international trade. The CONTRACTING PARTIES may therefore sponsor such negotiations from time to time.

2. (a) Negotiations under this Article may be carried out on a selective product-by-product basis or by the application of such multilateral procedures as may be accepted by the contracting parties concerned. Such negotiations may be directed towards the reduction of duties, the binding of duties at then existing levels or undertakings that individual duties or the average duties on specified categories of products shall not exceed specified levels. The binding against increase of low duties or of duty-free treatment shall, in principle, be recognized as a concession equivalent in value to the reduction of high duties.

(b) The contracting parties recognize that in general the success of multilateral negotiations would depend on the participation of all contracting parties which conduct a substantial proportion of their external trade with one another.

3. Negotiations shall be conducted on a basis which affords adequate opportunity to take into account:

(a) the needs of individual contracting parties and individual industries;

(b) the needs of less-developed countries for a more flexible use of tariff protection to assist their economic development and the special needs of these countries to maintain tariffs for revenue purposes; and

(c) all other relevant circumstances, including the fiscal, developmental, strategic and other needs of the contracting parties concerned.

Article XXIX

The Relation of this Agreement to the Havana Charter

1. The contracting parties undertake to observe to the fullest extent of their executive authority the general principles of Chapters I to VI inclusive and of Chapter IX of the Havana Charter pending their acceptance of it in accordance with their constitutional procedures.

2. Part II of this Agreement shall be suspended on the day on which the Havana Charter enters into force.

3. If by September 30, 1949, the Havana Charter has not entered into force, the contracting parties shall meet before December 31, 1949, to agree whether this Agreement shall be amended, supplemented or maintained.

4. If at any time the Havana Charter should cease to be in force, the CONTRACTING PARTIES shall meet as soon as practicable thereafter to agree whether this Agreement shall be supplemented, amended or maintained. Pending such agreement, Part II of this Agreement shall again enter into force; Provided that the provisions of Part II other than Article XXIII shall be replaced, mutatis mutandis, in the form in which they then appeared in the Havana Charter; and Provided further that no contracting party shall be bound by any provisions which did not bind it at the time when the Havana Charter ceased to be in force.

5. If any contracting party has not accepted the Havana Charter by the date upon which it enters into force, the CONTRACTING PARTIES shall confer to agree whether, and if so in what way, this Agreement in so far as it affects relations between such contracting party and other contracting parties, shall be supplemented or amended. Pending such agreement the provisions of Part II of this Agreement shall, notwithstanding the provisions of paragraph 2 of this Article, continue to apply as between such contracting party and other contracting parties.

6. Contracting parties which are Members of the International Trade Organization shall not invoke the provisions

of this Agreement so as to prevent the operation of any provision of the Havana Charter. The application of the principle underlying this paragraph to any contracting party which is not a Member of the International Trade Organization shall be the subject of an agreement pursuant to paragraph 5 of this Article.

Article XXX

Amendments

1. Except where provision for modification is made elsewhere in this Agreement, amendments to the provisions of Part I of this Agreement or to the provisions of Article XXIX or of this Article shall become effective upon acceptance by all the contracting parties, and other amendments to this Agreement shall become effective, in respect of those contracting parties which accept them, upon acceptance by two-thirds of the contracting parties and thereafter for each other contracting party upon acceptance by it.

2. Any contracting party accepting an amendment to this Agreement shall deposit an instrument of acceptance with the Secretary-General of the United Nations within such period as the CONTRACTING PARTIES may specify. The CONTRACTING PARTIES may decide that any amendment made effective under this Article is of such a nature that any contracting party which has not accepted it within a period specified by the CONTRACTING PARTIES shall be free to withdraw from this Agreement, or to remain a contracting party with the consent of the CONTRACTING PARTIES.

Article XXXI

Withdrawal

Without prejudice to the provisions of paragraph 12 of Article XVIII or of Article XXIII or of paragraph 2 of Article XXX, any contracting party may withdraw from this Agreement, or may separately withdraw on behalf of any of the separate customs territories for which it has international responsibility and which at the time possesses full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement. The withdrawal shall take effect upon the expiration of six months from the day on which written notice of withdrawal is received by the Secretary-General of the United Nations.

Article XXXII

Contracting Parties

1. The contracting parties to this Agreement shall be understood to mean those governments which are applying the

provisions of this Agreement under Articles XXVI or XXXIII or pursuant to the Protocol of Provisional Application.

2. At any time after the entry into force of this Agreement pursuant to paragraph 6 of Article XXVI, those contracting parties which have accepted this Agreement pursuant to paragraph 4 of Article XXVI may decide that any contracting party which has not so accepted it shall cease to be a contracting party.

Article XXXIII

Accession

A government not party to this Agreement, or a government acting on behalf of a separate customs territory possessing full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement, may accede to this Agreement, on its own behalf or on behalf of that territory, on terms to be agreed between such government and the CONTRACTING PARTIES. Decisions of the CONTRACTING PARTIES under this paragraph shall be taken by a two-thirds majority.

Article XXXIV

Annexes

The annexes to this Agreement are hereby made an integral part of this Agreement.

Article XXXV

Non-application of the Agreement between particular Contracting Parties

1. This Agreement, or alternatively Article II of this Agreement shall not apply as between any contracting party and any other contracting party if:

(a) the two contracting parties have not entered into tariff negotiations with each other, and

(b) either of the contracting parties, at the time either becomes a contracting party, does not consent to such application.

2. The CONTRACTING PARTIES may review the operation of this Article in particular cases at the request of any contracting party and make appropriate recommendations.

ANNEX A

LIST OF TERRITORIES REFERRED TO IN PARAGRAPH 2 (a) OF ARTICLE I

United Kingdom of Great Britain and Northern Ireland
Dependent territories of the United Kingdom of Great Britain and Northern Ireland
Canada
Commonwealth of Australia
Dependent territories of the Commonwealth of Australia
New Zealand
Dependent territories of New Zealand
Union of South Africa including South West Africa
Ireland
India (as on April 10, 1947)
Newfoundland
Southern Rhodesia
Burma
Ceylon

Certain of the territories listed above have two or more preferential rates in force for certain products. Any such territory may, by agreement with the other contracting parties which are principal suppliers of such products at the most-favoured-nation rate, substitute for such preferential rates a single preferential rate which shall not on the whole be less favourable to suppliers at the most-favoured-nation rate than the preferences in force prior to such substitution.

The imposition of an equivalent margin of tariff preference to replace a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories listed in this Annex or to replace the preferential quantitative arrangements described in the following paragraph, shall not be deemed to constitute an increase in a margin of tariff preference.

The preferential arrangements referred to in paragraph 5(b) of Article XIV are those existing in the United Kingdom on April 10, 1947, under contractual agreements with the Governments of Canada, Australia and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb, chilled and frozen pork, and bacon. It is the intention, without prejudice to any action taken under part I(h) of Article XX, that these arrangements shall be eliminated or replaced by tariff preferences, and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or involved.

The film hire tax in force in New Zealand or April 10, 1947, shall, for the purposes of this Agreement, be treated as a customs duty under Article I. The renters' film quota in force in New Zealand on April 10, 1947, shall, for the purposes of this Agreement, be treated as a screen quota under Article IV.

The Dominions of India and Pakistan have not been mentioned separately in the above list since they had not come into existence as such on the base date of April 10, 1947.

ANNEX B

LIST OF TERRITORIES OF THE FRENCH UNION REFERRED TO IN PARAGRAPH 2 (b) OF ARTICLE I

France
French Equatorial Africa (Treaty Basin of the Congo[1] and other territories)
French West Africa
Cameroons under French Mandate[1]
French Somali Coast and Dependencies
French Establishments in India[1]
French Establishments in Oceania
French Establishments in the Condominium of the New Hebrides[1]
Guadeloupe and Dependencies
French Guiana
Indo-China
Madagascar and Dependencies
Morocco (French zone)[1]
Martinique
New Caledonia and Dependencies
Réunion
Saint-Pierre and Miquelon
Togo under French Mandate[1]
Tunisia

ANNEX C

LIST OF TERRITORIES OF THE CUSTOMS UNION OF BELGIUM, LUXEMBURG AND THE NETHERLANDS REFERRED TO IN PARAGRAPH 2 (b) OF ARTICLE I

The Economic Union of Belgium and Luxemburg
Belgian Congo
Ruanda Urundi
Netherlands
New Guinea

[1] For imports into Metropolitan France and Territories of the French Union.

Surinam
Netherlands Antilles
Republic of Indonesia

For imports into the metropolitan territories constituting the Customs Union.

ANNEX D

LIST OF TERRITORIES REFERRED TO IN PARAGRAPH 2 (b) OF ARTICLE I AS RESPECTS THE UNITED STATES OF AMERICA

United States of America (customs territory)
Dependent territories of the United States of America
Republic of the Philippines

The imposition of an equivalent margin of tariff preference to replace a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories listed in this Annex shall not be deemed to constitute an increase in a margin of tariff preference.

ANNEX E

LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN CHILE AND NEIGHBOURING COUNTRIES REFERRED TO IN PARAGRAPH 2 (d) OF ARTICLE I

Preferences in force exclusively between Chile on the one hand, and

1. Argentina
2. Bolivia
3. Peru

on the other hand.

ANNEX F

LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN LEBANON AND SYRIA AND NEIGHBOURING COUNTRIES REFERRED TO IN PARAGRAPH 2 (d) OF ARTICLE I

Preferences in force exclusively between the Lebano-Syrian Customs Union, on the one hand, and

1. Palestine
2. Transjordan

on the other hand.

ANNEX G

DATES ESTABLISHING MAXIMUM MARGINS OF PREFERENCE REFERRED TO IN PARAGRAPH 4 [1] OF ARTICLE I

Australia..... October 15, 1946
Canada..... July 1, 1939
France..... January 1, 1939
Lebano-Syrian Customs Union..... November 30, 1938
Union of South Africa..... July 1, 1938
Southern Rhodesia..... May 1, 1941

ANNEX H

PERCENTAGE SHARES OF TOTAL EXTERNAL TRADE TO BE USED FOR THE PURPOSE OF MAKING THE DETERMINATION REFERRED TO IN ARTICLE XXVI

(based on the average of 1949-1953)

If, prior to the accession of the Government of Japan to the General Agreement, the present Agreement has been accepted by contracting parties the external trade of which under column I accounts for the percentage of such trade specified in paragraph 6 of Article XXVI, column I shall be applicable for the purposes of that paragraph. If the present Agreement has not been so accepted prior to the accession of the Government of Japan, column II shall be applicable for the purposes of that paragraph.

	Column I (Contracting parties on 1 March 1955)	*Column II* (Contracting parties on 1 March 1955 and Japan)
Australia	3.1	3.0
Austria	0.9	0.8
Belgium-Luxemburg	4.3	4.2
Brazil	2.5	2.4
Burma	0.3	0.3
Canada	6.7	6.5
Ceylon	0.5	0.5
Chile	0.6	0.6
Cuba	1.1	1.1
Czechoslovakia	1.4	1.4
Denmark	1.4	1.4
Dominican Republic	0.1	0.1
Finland	1.0	1.0

[1] The number "4" has been substituted for the number "3" in the heading of Annex G. The reference to Article I was intended to be a reference to the last paragraph of Article I, which originally consisted of only three numbered paragraphs.

	Column I (Contracting parties on 1 March 1955)	*Column II* (Contracting parties on 1 March 1955 and Japan)
France	8.7	8.5
Germany, Federal Republic of	5.3	5.2
Greece	0.4	0.4
Haiti	0.1	0.1
India	2.4	2.4
Indonesia	1.3	1.3
Italy	2.9	2.8
Netherlands, Kingdom of the	4.7	4.6
New Zealand	1.0	1.0
Nicaragua	0.1	0.1
Norway	1.1	1.1
Pakistan	0.9	0.8
Peru	0.4	0.4
Rhodesia and Nyasaland	0.6	0.6
Sweden	2.5	2.4
Turkey	0.6	0.6
Union of South Africa	1.8	1.8
United Kingdom	20.3	19.8
United States of America	20.6	20.1
Uruguay	0.4	0.4
Japan	-	2.3
	100.0	100.0

Note: These percentages have been computed taking into account the trade of all territories in respect of which the General Agreement on Tariffs and Trade is applied.

ANNEX I

NOTES AND SUPPLEMENTARY PROVISIONS

Ad Article I

Paragraph 1.

The obligations incorporated in paragraph 1 of Article I by reference to paragraphs 2 and 4 of Article III and those incorporated in paragraph 2 (b) of Article II by reference to Article VI shall be considered as falling within Part II for the purposes of the Protocol of Provisional Application.

The cross-references, in the paragraph immediately above and in paragraph 1 of Article I, to paragraphs 2 and 4 of Article III shall only apply after Article III has been modified by the entry into force of the amendment provided

for in the Protocol Modifying Part II and Article XXVI of the General Agreement on Tariffs and Trade, dated September 14, 1948.

Paragraph 4.

The term "margin of preference" means the absolute difference between the most-favoured-nation rate of duty and the preferential rate of duty for the like product, and not the proportionate relation between those rates. As examples:

(1) If the most-favoured-nation rate were 36 per cent ad valorem and the preferential rate were 24 per cent ad valorem, the margin of preference would be 12 per cent ad valorem, and not one-third of the most-favoured-nation rate;
(2) If the most-favoured-nation rate were 36 per cent ad valorem and the preferential rate were expressed as two-thirds of the most-favoured-nation rate, the margin of preference would be 12 per cent ad valorem;
(3) If the most-favoured-nation rate were 2 francs per kilogramme and the preferential rate were 1.50 francs per kilogramme, the margin of preference would be 0.50 francs per kilogramme.

The following kinds of customs action, taken in accordance with established uniform procedures, would not be contrary to a general binding of margins of preference:

(i) The re-application to an imported product of a tariff classification or rate of duty, properly applicable to such product, in cases in which the application of such classification or rate to such product was temporarily suspended or inoperative on April 10, 1947; and
(ii) The classification of a particular product under a tariff item other than that under which importations of that product were classified on April 10, 1947, in cases in which the tariff law clearly contemplates that such product may be classified under more than one tariff item.

Ad Article II

Paragraph 2 (a).

The cross-reference, in paragraph 2 (a) of Article II, to paragraph 2 of Article III shall only apply after Article III has been modified by the entry into force of the amendment

provided for in the Protocol Modifying Part II and Article XXVI of the General Agreement on Tariffs and Trade, dated September 14, 1948.

Paragraph 2 (b).

See the note relating to paragraph 1 of Article I.

Paragraph 4.

Except where otherwise specifically agreed between the contracting parties which initially negotiated the concession, the provisions of this paragraph will be applied in the light of the provisions of Article 31 of the Havana Charter.

Ad Article III

Any internal tax or other internal charge, or any law, regulation or requirement of the kind referred to in paragraph 1 which applies to an imported product and to the like domestic product and is collected or enforced in the case of the imported product at the time or point of importation, is nevertheless to be regarded as an internal tax or other internal charge, or a law, regulation or requirement of the kind referred to in paragraph 1, and is accordingly subject to the provisions of Article III.

Paragraph 1.

The application of paragraph 1 to internal taxes imposed by local governments and authorities within the territory of a contracting party is subject to the provisions of the final paragraph of Article XXIV. The term "reasonable measures" in the last-mentioned paragraph would not require, for example, the repeal of existing national legislation authorizing local governments to impose internal taxes which, although technically inconsistent with the letter of Article III, are not in fact inconsistent with its spirit, if such repeal would result in a serious financial hardship for the local governments or authorities concerned. With regard to taxation by local governments or authorities which is inconsistent with both the letter and spirit of Article III, the term "reasonable measures" would permit a contracting party to eliminate the inconsistent taxation gradually over a transition period, if abrupt action would create serious administrative and financial difficulties.

Paragraph 2.

A tax conforming to the requirements of the first sentence of paragraph 2 would be considered to be inconsistent with

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the provisions of the second sentence only in cases where competition was involved between, on the one hand, the taxed product and, on the other hand, a directly competitive or substitutable product which was not similarly taxed.

Paragraph 5.

Regulations consistent with the provisions of the first sentence of paragraph 5 shall not be considered to be contrary to the provisions of the second sentence in any case in which all of the products subject to the regulations are produced domestically in substantial quantities. A regulation cannot be justified as being consistent with the provisions of the second sentence on the ground that the proportion or amount allocated to each of the products which are the subject of the regulation constitutes an equitable relationship between imported and domestic products.

Ad Article V

Paragraph 5.

With regard to transportation charges, the principle laid down in paragraph 5 refers to like products being transported on the same route under like conditions.

Ad Article VI

Paragraph 1.

1. Hidden dumping by associated houses (that is, the sale by an importer at a price below that corresponding to the price invoiced by an exporter with whom the importer is associated, and also below the price in the exporting country) constitutes a form of price dumping with respect to which the margin of dumping may be calculated on the basis of the price at which the goods are resold by the importer.

2. It is recognized that, in the case of imports from a country which has a complete or substantially complete monopoly of its trade and where all domestic prices are fixed by the State, special difficulties may exist in determining price comparability for the purposes of paragraph 1, and in such cases importing contracting parties may find it necessary to take into account the possibility that a strict comparison with domestic prices in such a country may not always be appropriate.

Paragraphs 2 and 3.

Note 1.--As in many other cases in customs administration, a contracting party may require reasonable security

(bond or cash deposit) for the payment of anti-dumping or countervailing duty pending final determination of the facts in any case of suspected dumping or subsidization.

Note 2.--Multiple currency practices can in certain circumstances constitute a subsidy to exports which may be met by countervailing duties under paragraph 3 or can constitute a form of dumping by means of a partial depreciation of a country's currency which may be met by action under paragraph 2. By "multiple currency practices" is meant practices by governments or sanctioned by governments.

Paragraph 6 (b).

Waivers under the provisions of this sub-paragraph shall be granted only on application by the contracting party proposing to levy an anti-dumping or countervailing duty, as the case may be.

Ad Article VII

Paragraph 1.

The expression "or other charges" is not to be regarded as including internal taxes or equivalent charges imposed on or in connection with imported products.

Paragraph 2.

1. It would be in conformity with Article VII to presume that "actual value" may be represented by the invoice price, plus any non-included charges for legitimate costs which are proper elements of "actual value" and plus any abnormal discount or other reduction from the ordinary competitive price.

2. It would be in conformity with Article VII, paragraph 2(b), for a contracting party to construe the phrase "in the ordinary course of trade . . . under fully competitive conditions", as excluding any transaction wherein the buyer and seller are not independent of each other and price is not the sole consideration.

3. The standard of "fully competitive conditions" permits a contracting party to exclude from consideration prices involving special discounts limited to exclusive agents.

4. The wording of sub-paragraphs (a) and (b) permits a contracting party to determine the value for customs purposes uniformly either (1) on the basis of a particular exporter's prices of the imported merchandise, or (2) on the basis of the general price level of like merchandise.

Ad Article VIII

1. While Article VIII does not cover the use of multiple rates of exchange as such, paragraphs 1 and 4 condemn the use of exchange taxes or fees as a device for implementing multiple currency practices; if, however, a contracting party is using multiple currency exchange fees for balance of payments reasons with the approval of the International Monetary Fund, the provisions of paragraph 9(a) of Article XV fully safeguard its position.

2. It would be consistent with paragraph 1 if on the importation of products from the territory of a contracting party into the territory of another contracting party, the production of certificates of origin should only be required to the extent that is strictly indispensable.

Ad Articles XI, XII, XIII, XIV and XVIII

Throughout Articles XI, XII, XIII, XIV and XVIII the terms "import restrictions" or "export restrictions" include restrictions made effective through state-trading operations.

Ad Article XI

Paragraph 2(c).

The term "in any form" in this paragraph covers the same products when in an early stage of processing and still perishable, which compete directly with the fresh product and if freely imported would tend to make the restriction on the fresh product ineffective.

Paragraph 2, last sub-paragraph.

The term "special factors" includes changes in relative productive efficiency as between domestic and foreign producers, or as between different foreign producers, but not changes artificially brought about by means not permitted under the Agreement.

Ad Article XII

The CONTRACTING PARTIES shall make provision for the utmost secrecy in the conduct of any consultation under the provisions of this Article.

Paragraph 3(c)(i).

Contracting parties applying restrictions shall endeavour to avoid causing serious prejudice to exports of a commodity

on which the economy of a contracting party is largely dependent.

Paragraph 4 (b).

It is agreed that the date shall be within ninety days after the entry into force of the amendments of this Article effected by the Protocol Amending the Preamble and Parts II and III of this Agreement. However, should the CONTRACTING PARTIES find that conditions were not suitable for the application of the provisions of this sub-paragraph at the time envisaged, they may determine a later date; Provided that such date is not more than thirty days after such time as the obligations of Article VIII, Sections 2, 3 and 4 of the Articles of Agreement of the International Monetary Fund become applicable to contracting parties, members of the Fund, the combined foreign trade of which constitutes at least fifty per centum of the aggregate foreign trade of all contracting parties.

Paragraph 4 (e).

It is agreed that paragraph 4 (e) does not add any new criteria for the imposition or maintenance of quantitative restrictions for balance of payments reasons. It is solely intended to ensure that all external factors such as changes in the terms of trade, quantitative restrictions, excessive tariffs and subsidies, which may be contributing to the balance of payments difficulties of the contracting party applying restrictions will be fully taken into account.

Ad Article XIII

Paragraph 2 (d).

No mention was made of "commercial considerations" as a rule for the allocation of quotas because it was considered that its application by governmental authorities might not always be practicable. Moreover, in cases where it is practicable, a contracting party could apply these considerations in the process of seeking agreement, consistently with the general rule laid down in the opening sentence of paragraph 2.

Paragraph 4.

See note relating to "special factors" in connection with the last sub-paragraph of paragraph 2 of Article XI.

Ad Article XIV

Paragraph 1.

The provisions of this paragraph shall not be so construed as to preclude full consideration by the CONTRACTING PARTIES, in the consultations provided for in paragraph 4 of Article XII and in paragraph 12 of Article XVIII, of the nature, effects and reasons for discrimination in the field of import restrictions.[1]

Paragraph 2.

One of the situations contemplated in paragraph 2 is that of a contracting party holding balances acquired as a result of current transactions which it finds itself unable to use without a measure of discrimination.

Ad Article XV

Paragraph 4.

The word "frustrate" is intended to indicate, for example, that infringements of the letter of any Article of this Agreement by exchange action shall not be regarded as a violation of that Article if, in practice, there is no appreciable departure from the intent of the Article. Thus, a contracting party which, as part of its exchange control operated in accordance with the Articles of Agreement of the International Monetary Fund, requires payment to be received for its exports in its own currency or in the currency of one or more members of the International Monetary Fund will not thereby be deemed to contravene Article XI or Article XIII. Another example would be that of a contracting party which specifies on an import licence the country from which the goods may be imported, for the purpose not of introducing any additional element of discrimination in its import licensing system but of enforcing permissible exchange controls.

Ad Article XVI

The exemption of an exported product from duties or taxes borne by the like product when destined for domestic consumption, or the remission of such duties or taxes in amounts not in excess of those which have accrued, shall not be deemed to be a subsidy.

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[1] Text as amended Feb. 15, 1961.

Section B

1. Nothing in Section B shall preclude the use by a contracting party of multiple rates of exchange in accordance with the Articles of Agreement of the International Monetary Fund.

2. For the purposes of Section B, a "primary product" is understood to be any product of farm, forest or fishery, or any mineral, in its natural form or which has undergone such processing as is customarily required to prepare it for marketing in substantial volume in international trade.

Paragraph 3.

1. The fact that a contracting party has not exported the product in question during the previous representative period would not in itself preclude that contracting party from establishing its right to obtain a share of the trade in the product concerned.

2. A system for the stabilization of the domestic price or of the return to domestic producers of a primary product independently of the movements of export prices, which results at times in the sale of the product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, shall be considered not to involve a subsidy on exports within the meaning of paragraph 3 if the CONTRACTING PARTIES determine that:

(a) the system has also resulted, or is so designed as to result, in the sale of the product for export at a price higher than the comparable price charged for the like product to buyers in the domestic market; and

(b) the system is so operated, or is designed so to operate, either because of the effective regulation of production or otherwise, as not to stimulate exports unduly or otherwise seriously to prejudice the interests of other contracting parties.

Notwithstanding such determination by the CONTRACTING PARTIES, operations under such a system shall be subject to the provisions of paragraph 3 where they are wholly or partly financed out of government funds in addition to the funds collected from producers in respect of the product concerned.

Paragraph 4.

The intention of paragraph 4 is that the contracting parties should seek before the end of 1957 to reach agreement to abolish all remaining subsidies as from 1 January 1958; or, failing this, to reach agreement to extend the application of the standstill until the earliest date thereafter by which they can expect to reach such agreement.

Ad Article XVII

Paragraph 1.

The operations of Marketing Boards, which are established by contracting parties and are engaged in purchasing or selling, are subject to the provisions of sub-paragraphs (a) and (b).

The activities of Marketing Boards which are established by contracting parties and which do not purchase or sell but lay down regulations covering private trade are governed by the relevant Articles of this Agreement.

The charging by a state enterprise of different prices for its sales of a product in different markets is not precluded by the provisions of this Article, provided that such different prices are charged for commercial reasons, to meet conditions of supply and demand in export markets.

Paragraph 1 (a).

Governmental measures imposed to ensure standards of quality and efficiency in the operation of external trade, or privileges granted for the exploitation of national natural resources but which do not empower the government to exercise control over the trading activities of the enterprise in question, do not constitute "exclusive or special privileges".

Paragraph 1 (b).

A country receiving a "tied loan" is free to take this loan into account as a "commercial consideration" when purchasing requirements abroad.

Paragraph 2.

The term "goods" is limited to products as understood in commercial practice, and is not intended to include the purchase or sale of services.

Paragraph 3.

Negotiations which contracting parties agree to conduct under this paragraph may be directed towards the reduction of duties and other charges on imports and exports or towards the conclusion of any other mutually satisfactory arrangement consistent with the provisions of this Agreement. (See paragraph 4 of Article II and the note to that paragraph.)

Paragraph 4 (b).

The term "import mark-up" in this paragraph shall represent the margin by which the price charged by the import monopoly for the imported product (exclusive of internal taxes within the purview of Article III, transportation, distribution, and other expenses incident to the purchase, sale or further processing, and a reasonable margin of profit) exceeds the landed cost.

Ad Article XVIII

The CONTRACTING PARTIES and the contracting parties concerned shall preserve the utmost secrecy in respect of matters arising under this Article.

Paragraphs 1 and 4.

1. When they consider whether the economy of a contracting party "can only support low standards of living", the CONTRACTING PARTIES shall take into consideration the normal position of that economy and shall not base their determination on exceptional circumstances such as those which may result from the temporary existence of exceptionally favourable conditions for the staple export product or products of such contracting party.

2. The phrase "in the early stages of development" is not meant to apply only to contracting parties which have just started their economic development, but also to contracting parties the economies of which are undergoing a process of industrialization to correct an excessive dependence on primary production.

Paragraphs 2, 3, 7, 13 and 22.

The reference to the establishment of particular industries shall apply not only to the establishment of a new industry, but also to the establishment of a new branch of production in an existing industry and to the substantial transformation of an existing industry, and to the substantial expansion of an existing industry supplying a relatively small proportion of the domestic demand. It shall also cover the reconstruction of an industry destroyed or substantially damaged as a result of hostilities or natural disasters.

Paragraph 7 (b).

A modification or withdrawal, pursuant to paragraph 7 (b), by a contracting party, other than the applicant contracting party, referred to in paragraph 7 (a), shall be made within six months of the day on which the action is taken by the

applicant contracting party, and shall become effective on the thirtieth day following the day on which such modification or withdrawal has been notified to the CONTRACTING PARTIES.

Paragraph 11.

The second sentence in paragraph 11 shall not be interpreted to mean that a contracting party is required to relax or remove restrictions if such relaxation or removal would thereupon produce conditions justifying the intensification or institution, respectively, of restrictions under paragraph 9 of Article XVIII.

Paragraph 12 (b).

The date referred to in paragraph 12 (b) shall be the date determined by the CONTRACTING PARTIES in accordance with the provisions of paragraph 4 (b) of Article XII of this Agreement.

Paragraphs 13 and 14.

It is recognized that, before deciding on the introduction of a measure and notifying the CONTRACTING PARTIES in accordance with paragraph 14, a contracting party may need a reasonable period of time to assess the competitive position of the industry concerned.

Paragraphs 15 and 16.

It is understood that the CONTRACTING PARTIES shall invite a contracting party proposing to apply a measure under Section C to consult with them pursuant to paragraph 16 if they are requested to do so by a contracting party the trade of which would be appreciably affected by the measure in question.

Paragraphs 16, 18, 19 and 22.

1. It is understood that the CONTRACTING PARTIES may concur in a proposed measure subject to specific conditions or limitations. If the measure as applied does not conform to the terms of the concurrence it will to that extent be deemed a measure in which the CONTRACTING PARTIES have not concurred. In cases in which the CONTRACTING PARTIES have concurred in a measure for a specified period, the contracting party concerned, if it finds that the maintenance of the measure for a further period of time is required to achieve the objective for which the measure was originally taken, may apply to the CONTRACTING PARTIES for an

extension of that period in accordance with the provisions and procedures of Section C or D, as the case may be.

2. It is expected that the CONTRACTING PARTIES will, as a rule, refrain from concurring in a measure which is likely to cause serious prejudice to exports of a commodity on which the economy of a contracting party is largely dependent.

Paragraphs 18 and 22.

The phrase "that the interests of other contracting parties are adequately safeguarded" is meant to provide latitude sufficient to permit consideration in each case of the most appropriate method of safeguarding those interests. The appropriate method may, for instance, take the form of an additional concession to be applied by the contracting party having recourse to Section C or D during such time as the deviation from the other Articles of the Agreement would remain in force or of the temporary suspension by any other contracting party referred to in paragraph 18 of a concession substantially equivalent to the impairment due to the introduction of the measure in question. Such contracting party would have the right to safeguard its interests through such a temporary suspension of a concession; Provided that this right will not be exercised when, in the case of a measure imposed by a contracting party coming within the scope of paragraph 4(a), the CONTRACTING PARTIES have determined that the extent of the compensatory concession proposed was adequate.

Paragraph 19.

The provisions of paragraph 19 are intended to cover the cases where an industry has been in existence beyond the "reasonable period of time" referred to in the note to paragraphs 13 and 14, and should not be so construed as to deprive a contracting party coming within the scope of paragraph 4(a) of Article XVIII, of its right to resort to the other provisions of Section C, including paragraph 17, with regard to a newly established industry even though it has benefited from incidental protection afforded by balance of payments import restrictions.

Paragraph 21.

Any measure taken pursuant to the provisions of paragraph 21 shall be withdrawn forthwith if the action taken in accordance with paragraph 17 is withdrawn or if the CONTRACTING PARTIES concur in the measure proposed after the expiration of the ninety-day time limit specified in paragraph 17.

Ad Article XX

Sub-paragraph (h).

The exception provided for in this sub-paragraph extends to any commodity agreement which conforms to the principles approved by the Economic and Social Council in its Resolution 30 (IV) of 28 March 1947.

Ad Article XXIV

Paragraph 9.

It is understood that the provisions of Article I would require that, when a product which has been imported into the territory of a member of a customs union or free-trade area at a preferential rate of duty is re-exported to the territory of another member of such union or area, the latter member should collect a duty equal to the difference between the duty already paid and any higher duty that would be payable if the product were being imported directly into its territory.

Paragraph 11.

Measures adopted by India and Pakistan in order to carry out definitive trade arrangements between them, once they have been agreed upon, might depart from particular provisions of this Agreement, but these measures would in general be consistent with the objectives of the Agreement.

Ad Article XXVIII

The CONTRACTING PARTIES and each contracting party concerned should arrange to conduct the negotiations and consultations with the greatest possible secrecy in order to avoid premature disclosure of details of prospective tariff changes. The CONTRACTING PARTIES shall be informed immediately of all changes in national tariffs resulting from recourse to this Article.

Paragraph 1.

1. If the CONTRACTING PARTIES specify a period other than a three-year period, a contracting party may act pursuant to paragraph 1 or paragraph 3 of Article XXVIII on the first day following the expiration of such other period and, unless the CONTRACTING PARTIES have again specified another period, subsequent periods will be three-year periods following the expiration of such specified period.

2. The provision that on 1 January 1958, and on other days determined pursuant to paragraph 1, a contracting party "may . . . modify or withdraw a concession" means that on such day, and on the first day after the end of each period, the legal obligation of such contracting party under Article II is altered; it does not mean that the changes in its customs tariff should necessarily be made effective on that day. If a tariff change resulting from negotiations undertaken pursuant to this Article is delayed, the entry into force of any compensatory concessions may be similarly delayed.

3. Not earlier than six months, nor later than three months, prior to 1 January 1958, or to the termination date of any subsequent period, a contracting party wishing to modify or withdraw any concession embodied in the appropriate Schedule, should notify the CONTRACTING PARTIES to this effect. The CONTRACTING PARTIES shall then determine the contracting party or contracting parties with which the negotiations or consultations referred to in paragraph 1 shall take place. Any contracting party so determined shall participate in such negotiations or consultations with the applicant contracting party with the aim of reaching agreement before the end of the period. Any extension of the assured life of the Schedules shall relate to the Schedules as modified after such negotiations, in accordance with paragraphs 1, 2 and 3 of Article XXVIII. If the CONTRACTING PARTIES are arranging for multilateral tariff negotiations to take place within the period of six months before 1 January 1958, or before any other day determined pursuant to paragraph 1, they shall include in the arrangements for such negotiations suitable procedures for carrying out the negotiations referred to in this paragraph.

4. The object of providing for the participation in the negotiations of any contracting party with a principal supplying interest, in addition to any contracting party with which the concession was initially negotiated, is to ensure that a contracting party with a larger share in the trade affected by the concession than a contracting party with which the concession was initially negotiated shall have an effective opportunity to protect the contractual right which it enjoys under this Agreement. On the other hand, it is not intended that the scope of the negotiations should be such as to make negotiations and agreement under Article XXVIII unduly difficult nor to create complications in the application of this Article in the future to concessions which result from negotiations thereunder. Accordingly, the CONTRACTING PARTIES should only determine that a contracting party has a principal supplying interest if that contracting party has had, over a reasonable period of time prior to the negotiations, a larger share in the market of the applicant contracting party than a contracting party with which the concession was initially negotiated or would, in the judgment

of the CONTRACTING PARTIES, have had such a share in the absence of discriminatory quantitative restrictions maintained by the applicant contracting party. It would therefore not be appropriate for the CONTRACTING PARTIES to determine that more than one contracting party, or in those exceptional cases where there is near equality more than two contracting parties, had a principal supplying interest.

5. Notwithstanding the definition of a principal supplying interest in note 4 to paragraph 1, the CONTRACTING PARTIES may exceptionally determine that a contracting party has a principal supplying interest if the concession in question affects trade which constitutes a major part of the total exports of such contracting party.

6. It is not intended that provision for participation in the negotiations of any contracting party with a principal supplying interest, and for consultation with any contracting party having a substantial interest in the concession which the applicant contracting party is seeking to modify or withdraw, should have the effect that it should have to pay compensation or suffer retaliation greater than the withdrawal or modification sought, judged in the light of the conditions of trade at the time of the proposed withdrawal or modification, making allowance for any discriminatory quantitative restrictions maintained by the applicant contracting party.

7. The expression "substantial interest" is not capable of a precise definition and accordingly may present difficulties for the CONTRACTING PARTIES. It is, however, intended to be construed to cover only those contracting parties which have, or in the absence of discriminatory quantitative restrictions affecting their exports could reasonably be expected to have, a significant share in the market of the contracting party seeking to modify or withdraw the concession.

Paragraph 4.

1. Any request for authorization to enter into negotiations shall be accompanied by all relevant statistical and other data. A decision on such request shall be made within thirty days of its submission.

2. It is recognized that to permit certain contracting parties, depending in large measure on a relatively small number of primary commodities and relying on the tariff as an important aid for furthering diversification of their economies or as an important source of revenue, normally to negotiate for the modification or withdrawal of concessions only under paragraph 1 of Article XXVIII, might cause them at such a time to make modifications or withdrawals which in the long run would prove unnecessary. To avoid such a situation the CONTRACTING PARTIES shall authorize any such contracting party, under paragraph 4, to enter into negotiations unless they consider this would result in, or

contribute substantially towards, such an increase in tariff levels as to threaten the stability of the Schedules to this Agreement or lead to undue disturbance of international trade.

3. It is expected that negotiations authorized under paragraph 4 for modification or withdrawal of a single item, or a very small group of items, could normally be brought to a conclusion in sixty days. It is recognized, however, that such a period will be inadequate for cases involving negotiations for the modification or withdrawal of a larger number of items and in such cases, therefore, it would be appropriate for the CONTRACTING PARTIES to prescribe a longer period.

4. The determination referred to in paragraph 4(d) shall be made by the CONTRACTING PARTIES within thirty days of the submission of the matter to them, unless the applicant contracting party agrees to a longer period.

5. In determining under paragraph 4(d) whether an applicant contracting party has unreasonably failed to offer adequate compensation, it is understood that the CONTRACTING PARTIES will take due account of the special position of a contracting party which has bound a high proportion of its tariffs at very low rates of duty and to this extent has less scope than other contracting parties to make compensatory adjustment.

Ad Article XXVIII bis

Paragraph 3.

It is understood that the reference to fiscal needs would include the revenue aspect of duties and particularly duties imposed primarily for revenue purposes or duties imposed on products which can be substituted for products subject to revenue duties to prevent the avoidance of such duties.

Ad Article XXIX

Paragraph 1.

Chapters VII and VIII of the Havana Charter have been excluded from paragraph 1 because they generally deal with the organization, functions and procedures of the International Trade Organization.

PROTOCOL OF PROVISIONAL APPLICATION OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

1. The Governments of the COMMONWEALTH OF AUSTRALIA, the KINGDOM OF BELGIUM (in respect of its metropolitan territory), CANADA, the FRENCH REPUBLIC (in respect of its metropolitan territory), the GRAND-DUCHY OF LUXEMBURG, the KINGDOM OF THE NETHERLANDS (in respect of its metropolitan territory), the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (in respect of its metropolitan territory), and the UNITED STATES OF AMERICA, undertake, provided that this Protocol shall have been signed on behalf of all the foregoing Governments not later than November 15, 1947, to apply provisionally on and after January 1, 1948:

(a) Parts I and III of the General Agreement on Tariffs and Trade, and
(b) Part II of that Agreement to the fullest extent not inconsistent with existing legislation.

2. The foregoing Governments shall make effective such provisional application of the General Agreement, in respect of any of their territories other than their metropolitan territories, on or after January 1, 1948, upon the expiration of thirty days from the day on which notice of such application is received by the Secretary-General of the United Nations.

3. Any other Government signatory to this Protocol shall make effective such provisional application of the General Agreement, on or after January 1, 1948, upon the expiration of thirty days from the day of signature of this Protocol on behalf of such Government.

4. This Protocol shall remain open for signature at the Headquarters of the United Nations, (a) until November 15, 1947, on behalf of any Government named in paragraph 1 of this Protocol which has not signed it on this day, and (b) until June 30, 1948, on behalf of any other Government signatory to the Final Act adopted at the conclusion of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment which has not signed it on this day.

5. Any Government applying this Protocol shall be free to withdraw such application, and such withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of such withdrawal is received by the Secretary-General of the United Nations.

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6. The original of this Protocol shall be deposited with the Secretary-General of the United Nations, who will furnish certified copies thereof to all interested Governments.

IN WITNESS WHEREOF the respective Representatives, after having communicated their full powers, found to be in good and due form, have signed this Protocol.

DONE at Geneva, in a single copy, in the English and French languages, both texts authentic, this thirtieth day of October, one thousand nine hundred and forty-seven.

MULTILATERAL

General Agreement on Tariffs and Trade

Protocol amending the General Agreement on Tariffs and Trade to introduce a Part IV on trade and development.
Done at Geneva February 8, 1965;
Signed on behalf of the United States of America February 8, 1965;
Entered into force June 27, 1966.

THE CONTRACTING PARTIES TO THE
GENERAL AGREEMENT ON TARIFFS AND TRADE

LES PARTIES CONTRACTANTES
A L'ACCORD GENERAL SUR LES TARIFS DOUANIERS ET LE COMMERCE

LAS PARTES CONTRATANTES DEL ACUERDO GENERAL
SOBRE ARANCELES ADUANEROS Y COMERCIO

P R O T O C O L
AMENDING THE GENERAL AGREEMENT ON TARIFFS AND TRADE
TO INTRODUCE A PART IV ON TRADE AND DEVELOPMENT

P R O T O C O L E
MODIFIANT L'ACCORD GENERAL SUR LES TARIFS DOUANIERS
ET LE COMMERCE PAR L'INSERTION D'UNE PARTIE IV
RELATIVE AU COMMERCE ET AU DEVELOPPEMENT

P R O T O C O L O
DE ENMIENDA DEL ACUERDO GENERAL SOBRE ARANCELES ADUANEROS
Y COMERCIO POR EL CUAL SE INCORPORA EN ÉSTE UNA PARTE IV
RELATIVA AL COMERCIO Y AL DESARROLLO

Geneva, 8 February 1965
Genève, le 8 février 1965
Ginebra, 8 de febrero de 1965

2

PROTOCOL

AMENDING THE GENERAL AGREEMENT ON TARIFFS AND TRADE TO INTRODUCE A PART IV ON TRADE AND DEVELOPMENT

The Governments which are contracting parties to the General Agreement on Tariffs and Trade[1](hereinafter referred to as "the contracting parties" and "the General Agreement" respectively),

DESIRING to effect amendments to the General Agreement pursuant to the provisions of Article XXX thereof,

HEREBY AGREE as follows:

1. A Part IV comprising three new Articles shall be inserted and the provisions of Annex I shall be amended as follows:

A

The following heading and Articles shall be inserted after Article XXXV:

"PART IV

"TRADE AND DEVELOPMENT

"Article XXXVI

"Principles and Objectives

"1. The contracting parties,

(a) recalling that the basic objectives of this Agreement include the raising of standards of living and the progressive development of the economies of all contracting parties, and considering that the attainment of these objectives is particularly urgent for less-developed contracting parties;

[1] TIAS 1700; 61 Stat. (pts. 5 and 6).

(b) considering that export earnings of the less-developed contracting parties can play a vital part in their economic development and that the extent of this contribution depends on the prices paid by the less-developed contracting parties for essential imports, the volume of their exports, and the prices received for these exports;

(c) noting, that there is a wide gap between standards of living in less-developed countries and in other countries;

(d) recognizing that individual and joint action is essential to further the development of the economies of less-developed contracting parties and to bring about a rapid advance in the standards of living in these countries;

(e) recognizing that international trade as a means of achieving economic and social advancement should be governed by such rules and procedures - and measures in conformity with such rules and procedures - as are consistent with the objectives set forth in this Article;

(f) noting that the CONTRACTING PARTIES may enable less-developed contracting parties to use special measures to promote their trade and development;

agree as follows.

"2. There is need for a rapid and sustained expansion of the export earnings of the less-developed contracting parties.

"3. There is need for positive efforts designed to ensure that less-developed contracting parties secure a share in the growth in international trade commensurate with the needs of their economic development.

"4. Given the continued dependence of many less-developed contracting parties on the exportation of a limited range of primary products, there is need to provide in the largest possible measure more favourable and acceptable conditions of access to world markets for these products, and wherever appropriate to devise measures designed to stabilize and improve conditions of world markets in these products, including in particular measures designed to attain stable, equitable and remunerative prices, thus permitting an expansion of world trade and demand and a dynamic and steady growth of the real export earnings of these countries so as to provide them with expanding resources for their economic development.

"5. The rapid expansion of the economies of the less-developed contracting parties will be facilitated by a diversification of the structure of their economies and the avoidance of an excessive dependence on the export of primary products. There is, therefore, need for increased access in the largest possible measure to markets under favourable conditions for processed and manufactured products currently or potentially of particular export interest to less-developed contracting parties.

"6. Because of the chronic deficiency in the export proceeds and other foreign exchange earnings of less-developed contracting parties, there are important inter-relationships between trade and financial assistance to development. There is, therefore, need for close and continuing collaboration between the CONTRACTING PARTIES and the international lending agencies so that they can contribute most effectively to alleviating the burdens these less-developed contracting parties assume in the interest of their economic development.

"7. There is need for appropriate collaboration between the CONTRACTING PARTIES, other intergovernmental bodies and the organs and agencies of the United Nations system, whose activities relate to the trade and economic development of less-developed countries.

"8. The developed contracting parties do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of less-developed contracting parties.

"9. The adoption of measures to give effect to these principles and objectives shall be a matter of conscious and purposeful effort on the part of the contracting parties both individually and jointly.

"Article XXXVII

"Commitments

"1. The developed contracting parties shall to the fullest extent possible - that is, except when compelling reasons, which may include legal reasons, make it impossible - give effect to the following provisions:

(a) accord high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties, including customs duties and other restrictions which differentiate unreasonably between such products in their primary and in their processed forms;

(b) refrain from introducing, or increasing the incidence of, customs duties or non-tariff import barriers on products currently or potentially of particular export interest to less-developed contracting parties; and

(c) (i) refrain from imposing new fiscal measures, and

(ii) in any adjustments of fiscal policy accord high priority to the reduction and elimination of fiscal measures,

which would hamper, or which hamper, significantly the growth of consumption of primary products, in raw or processed form, wholly or mainly produced in the territories of less-developed contracting parties, and which are applied specifically to those products.

"2. (a) Whenever it is considered that effect is not being given to any of the provisions of sub-paragraph (a), (b) or (c) of paragraph 1, the matter shall be reported to the CONTRACTING PARTIES either by the contracting party not so giving effect to the relevant provisions or by any other interested contracting party.

(b) (i) The CONTRACTING PARTIES shall, if requested so to do by any interested contracting party, and without prejudice to any bilateral consultations that may be undertaken, consult with the contracting party concerned and all interested contracting parties with respect to the matter with a view to reaching solutions satisfactory to all contracting parties concerned in order to further the objectives set forth in Article XXXVI. In the course of these consultations, the reasons given in cases where effect was not being given to the provisions of sub-paragraph (a), (b) or (c) of paragraph 1 shall be examined.

(ii) As the implementation of the provisions of sub-paragraph (a), (b) or (c) of paragraph 1 by individual contracting parties may in some cases be more readily achieved where action is taken jointly with other developed contracting parties, such consultation might, where appropriate, be directed towards this end.

(iii) The consultations by the CONTRACTING PARTIES might also, in appropriate cases, be directed towards agreement on joint action designed to further the objectives of this Agreement as envisaged in paragraph 1 of Article XXV.

"3. The developed contracting parties shall:

(a) make every effort, in cases where a government directly or indirectly determines the resale price of products wholly or mainly produced in the territories of less-developed contracting parties, to maintain trade margins at equitable levels;

(b) give active consideration to the adoption of other measures designed to provide greater scope for the development of imports from less-developed contracting parties and collaborate in appropriate international action to this end;

(c) have special regard to the trade interests of less-developed contracting parties when considering the application of other measures permitted under this Agreement to meet particular problems and explore all possibilities of constructive remedies before applying such measures where they would affect essential interests of those contracting parties.

"4. Less-developed contracting parties agree to take appropriate action in implementation of the provisions of Part IV for the benefit of the trade of other less-developed contracting parties, in so far as such action is consistent with their individual present and future development, financial and trade needs taking into account past trade developments as well as the trade interests of less-developed contracting parties as a whole.

"5. In the implementation of the commitments set forth in paragraphs 1 to 4 each contracting party shall afford to any other interested contracting party or contracting parties full and prompt opportunity for consultations under the normal procedures of this Agreement with respect to any matter or difficulty which may arise.

"Article XXXVIII

"Joint Action

"1. The contracting parties shall collaborate jointly, within the framework of this Agreement and elsewhere, as appropriate, to further the objectives set forth in Article XXXVI.

"2. In particular, the CONTRACTING PARTIES shall:

(a) where appropriate, take action, including action through international arrangements, to provide improved and acceptable conditions of access to world markets for primary products of particular interest to less-developed contracting parties and to devise measures designed to stabilize and improve conditions of world markets in these products including measures designed to attain stable, equitable and remunerative prices for exports of such products;

(b) seek appropriate collaboration in matters of trade and development policy with the United Nations and its organs and agencies, including any institutions that may be created on the basis of recommendations by the United Nations Conference on Trade and Development;

(c) collaborate in analyzing the development plans and policies of individual less-developed contracting parties and in examining trade and aid relationships with a view to devising concrete measures to promote the development of export potential and to facilitate access to export markets for the products of the industries thus developed and, in this connexion seek appropriate collaboration with governments and international organizations,

and in particular with organizations having competence in relation to financial assistance for economic development, in systematic studies of trade and aid relationships in individual less-developed contracting parties aimed at obtaining a clear analysis of export potential, market prospects and any further action that may be required;

(d) keep under continuous review the development of world trade with special reference to the rate of growth of the trade of less-developed contracting parties and make such recommendations to contracting parties as may, in the circumstances, be deemed appropriate;

(e) collaborate in seeking feasible methods to expand trade for the purpose of economic development, through international harmonization and adjustment of national policies and regulations, through technical and commercial standards affecting production, transportation and marketing, and through export promotion by the establishment of facilities for the increased flow of trade information and the development of market research; and

(f) establish such institutional arrangements as may be necessary to further the objectives set forth in Article XXXVI and to give effect to the provisions of this Part."

B

To Annex I (which, pursuant to Section BB(i) of the Protocol amending the Preamble and Parts II and III,[1] is to become Annex H) the following notes shall be added:

"Ad PART IV

The words "developed contracting parties" and the words "less-developed contracting parties" as used in Part IV are to be understood to refer to developed and less-developed countries which are parties to the General Agreement on Tariffs and Trade.

"Ad Article XXXVI

"Paragraph 1

This Article is based upon the objectives set forth in Article I as it will be amended by Section A of paragraph 1 of the Protocol Amending Part I and Articles XXIX and XXX when that Protocol enters into force.

"Paragraph 4

The term "primary products" includes agricultural products, vide paragraph 2 of the note ad Article XVI, Section B.

[1] TIAS 3930; 8 UST 1795.

"Paragraph 5

A diversification programme would generally include the intensification of activities for the processing of primary products and the development of manufacturing industries, taking into account the situation of the particular contracting party and the world outlook for production and consumption of different commodities.

"Paragraph 8

It is understood that the phrase "do not expect reciprocity" means, in accordance with the objectives set forth in this Article, that the less-developed contracting parties should not be expected, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs, taking into consideration past trade developments.

This paragraph would apply in the event of action under Section A of Article XVIII, Article XXVIII, Article XXVIII bis (Article XXIX after the amendment set forth in Section A of paragraph 1 of the Protocol Amending Part I and Articles XXIX and XXX shall have become effective), Article XXXIII, or any other procedure under this Agreement.

"Ad Article XXXVII

"Paragraph 1(a)

This paragraph would apply in the event of negotiations for reduction or elimination of tariffs or other restrictive regulations of commerce under Articles XXVIII, XXVIII bis (XXIX after the amendment set forth in Section A of paragraph 1 of the Protocol Amending Part I and Articles XXIX and XXX shall have become effective), and Article XXXIII, as well as in connexion with other action to effect such reduction or elimination which contracting parties may be able to undertake.

"Paragraph 3(b)

The other measures referred to in this paragraph might include steps to promote domestic structural changes, to encourage the consumption of particular products, or to introduce measures of trade promotion."

2. This Protocol shall be deposited with the Executive Secretary to the CONTRACTING PARTIES to the General Agreement. It shall be open for acceptance, by signature or otherwise, by the contracting parties to the General Agreement and by the governments which have acceded provisionally to the General Agreement, until 31 December 1965; provided that the period during which this Protocol may be accepted in respect of a contracting party or such government may, by a decision of the CONTRACTING PARTIES, be extended beyond that date.[1]

3. Acceptance of this Protocol in accordance with the provisions of paragraph 2 shall be deemed to constitute an acceptance of the amendments set forth in paragraph 1 in accordance with the provisions of Article XXX of the General Agreement.

4. The amendments set forth in paragraph 1 shall become effective in accordance with the provisions of Article XXX of the General Agreement following acceptance of the Protocol by two thirds of the governments which are then contracting parties.[2]

5. The amendments set forth in paragraph 1 shall become effective between a government which has acceded provisionally to the General Agreement and a government which is a contracting party, and between two governments which have acceded provisionally when such amendments shall have been accepted by both such governments; provided that the amendments shall not become so effective before an instrument of provisional accession shall have become effective between the two governments nor before the amendments shall have become effective in accordance with the provisions of paragraph 4.

6. Acceptance of this Protocol by a contracting party, to the extent that it shall not have already taken final action to become a party to the following instruments and except as it may otherwise notify the Executive Secretary in writing at the time of such acceptance, shall constitute final action to become a party to each of the following instruments:

[1] Extended until the close of the twenty-fourth session of the contracting parties (Decision of Jan. 17, 1966; not printed).

[2] Entered into force June 27, 1966.

UNITED STATES TARIFF COMMISSION

Quantitative Import Restrictions of the United States

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April 1968

UNITED STATES TARIFF COMMISSION

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Introduction

This report, in preparation for more than two years, presents information on the background and present status of certain quantitative import restrictions maintained by the United States and comments briefly on their economic significance. The scope of the study includes embargoes, absolute quotas, and tariff-rate quota provisions for the purpose of restricting imports that are provided for or referred to in the Tariff Schedules of the United States (TSUS) or that are imposed in conformity with certain international agreements of the United States, as of July 1, 1967. The study does not cover restrictions of U.S. imports attributable to controls unilaterally imposed by supplying countries on their exports to the United States.

An embargo prohibits the importation of an article. A quota prescribes the maximum quantity of an article that may be imported during a specified period. A tariff-rate quota generally permits a specified quantity of an article to enter at a given rate of duty during a designated period; imports of the article in excess of that quantity (over-quota imports) are subject to a higher rate of duty. Only tariff-rate quotas resulting either from escape-clause action or legislation are treated herein. Most of the other U.S. tariff-rate quotas have resulted from concessions granted by the United States in trade agreements; such quotas are not covered by this study. 1/

1/ This study, moreover, does not encompass a number of import restrictions established for the protection of human, animal, and plant health; for the protection of public safety and morals; to require the purchase of American goods for projects financed with Federal funds; and to provide total embargoes on trade with Communist China, North Korea, North Vietnam, and Cuba. See table A-1 for citations of the pertinent laws and regulations.

Background and development

Historically, quantitative import restrictions have played only a small role in U.S. trade policy; generally, import duties have constituted the principal U.S. import barrier. Before World War I, import duties were the principal deterrent to U.S. imports. The various restrictions imposed on U.S. imports by the War Trade Board during World War I as an emergency measure were abolished soon after the armistice. In the 1920's, the United States continued to rely predominantly on customs duties--e.g., those of the Tariff Act of 1922--for protection of domestic industry. 1/ At the 1927 and 1928 international Conferences on the Abolition of Import and Export Prohibitions and Restrictions, the United States sponsored a tightly drawn convention outlawing any form of quantitative import restrictions. The United States ratified the convention unconditionally, but it was accepted by only a few other countries.

At the World Monetary and Economic Conference held in London in 1933, the U.S. delegation strongly urged, "that embargoes, import quotas, and various other arbitrary restrictions should be removed completely as quick as possible." 2/ Later in that year, at the Seventh International Conference of American States at Montevideo, a

1/ A qualified prohibition on imports of dyestuffs and other coal tar products in 1921 (The Dye and Chemical Control Act of May 27, 1921, ch. 14, title V, 42 Stat. 18) was repealed by the Tariff Act of 1922.

2/ William B. Kelly, Jr., ed., Studies in the United States Commercial Policy, 63 (1963).

U.S. resolution, unanimously adopted by the Conference, called for the removal of quantitative restrictions through trade agreements.

The United States subsequently modified somewhat its policy on quantitative restrictions. This action reflected several factors, including the emergency conditions during the depression, the failure of the quantitative restriction prohibition convention to be widely accepted, and the increased resort to quantitative restrictions by other countries. The National Industrial Recovery Act (NIRA) of 1933 1/ marked the initial departure from the earlier U.S. policy. Under the act, codes of fair competition were established to aid the rehabilitation of sectors of the domestic economy. Codes that provided for the imposition of import quotas were those relating to petroleum, lumber and timber, and alcoholic beverages. Import quotas were in fact imposed on crude oil and petroleum products, Philippine mahogany, and alcoholic beverages. Moreover, section 3(e) of the NIRA authorized the President, after investigation by the Tariff Commission, to impose fees or quotas on other imports, when necessary, to prevent them from rendering the codes ineffective. Many complaints and requests for restrictive action were filed with the National Recovery Administration under this section, and in 14 of the cases formal investigation by the Tariff Commission was ordered. Seven such investigations were completed; four included recommendations for import

1/ Ch. 90, 48 Stat. 195 (1933).

restrictive actions (quotas and/or import fees). In the case of three commodities--red cedar shingles, lead pencils, and cotton rugs--Canada and Japan, the principal suppliers to the U.S. market, agreed to restrict exports to specified quantities. In the case of matches, import fees but not quotas were recommended. A change in the excise tax applicable to the types of matches being imported in large quantities reduced the volume of imports drastically, obviating the need for imposing the recommended import fee.

In mid-1935 basic sections of the NIRA were declared unconstitutional and the legal authority to regulate imports under the codes of fair competition ceased. In 1934, however, new authorization for quantitative restriction on imports was enacted in the Jones-Costigan Sugar Act. 1/ In 1935 authority to impose quantitative restrictions on imports was contained in section 22 of the Agricultural Adjustment Act 2/ and in the Philippine Cordage Act. 3/ The 1946 trade agreement with the Philippine Republic, 4/ the Philippine Trade Agreement Revision Act of 1955, 5/ the Agricultural Act of 1956, 6/ and the Trade Expansion Act of 1962 7/ also contained authority for imposing quantitative restrictions in particular circumstances.

1/ Ch. 263, sec. 4, 48 Stat. 672 (1934), 7 U.S.C., sec. 608a (1964).
2/ 7 U.S.C., sec. 624 (1964).
3/ Ch. 240, sec. 1, 49 Stat. 340 (1935).
4/ Ch. 244, secs. 212-216, 504, 60 Stat. 144 (1946), 22 U.S.C., secs. 1262-1266, 1354 (1964).
5/ Ch. 438, sec. 201, 69 Stat. 413 (1955), 22 U.S.C., sec. 1372 (1964).
6/ Ch. 327, sec. 202, 70 Stat. 188 (1956), 7 U.S.C., sec. 1852 (1964).
7/ 19 U.S.C., sec. 1981 (1964).

In 1947 the United States became a party to the General Agreement on Tariffs and Trade (GATT), which in Article XI prohibited quantitative restrictions except under certain circumstances. This country continues to be a party to the GATT along with 73 other countries.

Present scope of restrictions

A list of the commodities currently subject to the quantitative import restrictions is presented in table A-2. Most of the restrictions were imposed pursuant to section 22 of the Agricultural Adjustment Act of 1933, as amended, 1/ while the remainder were imposed under the United Nations Participation Act of 1945, 2/ the Sugar Act of 1948, as amended, 3/ the escape clause provisions of the Trade Agreements Extension Act of 1951, as amended, 4/ the Philippine Trade Agreement Revision Act of 1955, 5/ the national security clause of the Trade Agreements Extension Act of 1955, 6/ section 204 of the Agricultural Act of 1956, 7/ and by direct legislation.

Administration

Four agencies of the U.S. Government administer quantitative import restrictions: Department of the Treasury, Department of Agriculture, Department of the Interior, and Department of Commerce.

1/ 7 U.S.C., sec. 624 (1964).
2/ Ch. 583, sec. 2, 59 Stat. 619 (1945), 22 U.S.C. 287 (1964).
3/ 7 U.S.C., secs. 1111-1122 (1964).
4/ Ch. 141, sec. 7, 65 Stat. 72 (1951).
5/ Ch. 438, sec. 201, 69 Stat. 413 (1955), 22 U.S.C., sec. 1372 (1964).
6/ 19 U.S.C., sec. 1862 (1964).
7/ Ch. 327, sec. 301, 70 Stat. 208 (1956), 7 U.S.C. 1301 (1964).

The Bureau of Customs (Department of the Treasury) administers most quotas--particularly those resulting from legislation, escape-clause action, trade agreements, and those under section 22 of the Agricultural Adjustment Act that do not require import licenses or special permits (i.e., certain dairy products, cotton and cotton products, wheat, and peanuts) as well as quotas on imports from the Philippine Republic. The Bureau is also responsible for the enforcement, not only of embargoes, but also the license and permit regulations issued by the Departments of Agriculture and Interior.

The administration of absolute quotas by the Department of Agriculture involves the issuance of licenses and permits to various importing firms. These firms usually are those that had imported the article in a representative base period prior to imposition of the quotas. In the case of some products, firms wishing to enter the trade can obtain a license or permit. The Department of the Interior administers the quotas on crude petroleum and petroleum products. The Secretaries of the Interior and Commerce jointly determine the allocation of the quotas on watches and watch movements. 1/

Tariff-rate quotas administered by the Bureau of the Customs present problems somewhat different from those associated with absolute quotas--both for the officials administering them and for firms dealing in the articles under restriction. Frequently, the dutiable status of a specific shipment of a commodity subject to a tariff-rate quota cannot be determined at the time that it is presented for entry.

1/ The provision requiring this joint action is set forth in appendix table A-2.

The exact time of official acceptance of each entry, therefore, must be noted. During the early part of each quota period the tariff-quota rate is assessed on imports; when the quota is almost filled, the higher over-quota rate is assessed. Upon the official determination of the date and time when the quota is filled, collectors of customs are authorized to make the appropriate adjustment of the duties collected.

In the case of articles subject to absolute quotas that are administered solely by the Bureau of Customs (i.e., those that do not require licenses or permits from other agencies of the Government), a different procedure is used by the Bureau. If the aggregate quantity offered by importers at the beginning of a quota period does not exceed the quota, all entries are permitted. Any part of the quota not immediately used is available on a first-come first-served basis. If the quantity of the restricted article offered at the beginning of a quota period exceeds the quota, entries are permitted on a pro-rata basis. Merchandise not permitted entry in a given quota period may be held in bonded storage facilities for presentation in a subsequent quota period, it may be reexported, manufactured into a nonquota article, and, in extreme cases, it might even be destroyed.

8

Embargoes

This section discusses the circumstances under which the importation of designated articles and groups of articles is prohibited by provisions of the Tariff Schedules of the United States or the United Nations Participation Act of 1945. The articles involved are: Certain furskins from the Soviet Union or Communist China; certain articles from Rhodesia; 1/ certain articles containing 45 percent or more of butterfat; the feathers and skins of certain birds; certain eggs of wild birds; pepper shells, ground or unground; impure tea; and white phosphorous matches. The embargoes are briefly described below. Discussion of their economic significance is limited to the embargo on furskins and on articles from Rhodesia. That of the embargo on certain articles containing butterfat is discussed elsewhere in this report. The other five embargoes are of small importance.

Certain furskins

An embargo on seven types of furskins 2/ imported from the Soviet Union and Communist China was imposed pursuant to section 11 of the Trade Agreements Extension Act of 1951. 3/ Effective August 31, 1963, this embargo was incorporated in the TSUS as headnote 4 to part 5B, schedule 1. 4/

1/ Formerly Southern Rhodesia.
2/ Mink, fox, muskrat, marten, weasel, ermine, and kolinsky.
3/ Ch. 141, sec. 11, 65 Stat. 75 (1951), repealed 19 U.S.C., sec. 1367 (1964).
4/ The articles are classifiable in items 123.50, 124.10 (pt.), 124.20 (pt.), 124.25 (pt.), 124.40 (pt.), 124.60 (pt.), 124.65 (pt.), and 124.80 (pt.).

In the years 1948-50--before the embargo was imposed--the average annual U.S. imports of all furskins and manufactures (principally undressed skins) were valued about $123 million, of which $29 million reflected imports from the Soviet Union and $6 million imports from Communist China (table B-1). Among these imports, entries of the seven species later embargoed averaged $31.5 million annually during 1948-50, including $6.7 million from the Soviet Union and $3.3 million from Communist China, as shown in the following tabulation (in thousands of dollars):

Item	Soviet Union	Communist China	All other	Total
Mink	324	24	14,287	14,635
Fox	807	-	1,062	1,869
Muskrat	2,725	6	2,701	5,432
Marten	818	14	2,306	3,138
Weasel	46	2,163	306	2,515
Ermine	607	6	585	1,198
Kolinsky	1,337	1,057	329	2,723
Total	6,664	3,270	21,576	31,510

Before the embargo was imposed, the value of U.S. imports of the seven species of furskins from all sources had increased from about $30 million in 1948 to $34 million in 1950. Such imports from the Soviet Union had declined, however, from $8.1 million to $6.2 million in the same period. Mink accounted for about half of the aggregate imports of the seven species of furskins from all sources, but only a very small part of those imports came from the Soviet Union and Communist China in the years 1948-50. Imports from the Soviet Union consisted principally of muskrat, kolinsky, marten, and fox;

imports from Communist China were almost entirely of weasel and kolinsky. With the exception of muskrat, of which the United States is a large exporter, the furskins imported from the Soviet Union and Communist China, unlike those from most other sources, consisted predominantly of species not produced, or produced only in limited quantities, in the United States.

After the embargo on the seven species of skins was imposed, substantial changes occurred in U.S. production and trade. United States imports of the seven embargoed species entering from countries other than the Soviet Union and Communist China in 1958 amounted to $45 million, more than double the 1948-50 average annual value of imports of such skins from those countries. Mink skins from Canada and Scandinavia accounted for most of the increased imports. In recent years U.S. imports of nearly all of the other six types have been smaller than prior to imposition of the embargo.

U.S. production of the types of skins subject to embargo changed greatly after the embargo. Domestic production of mink increased from 2.3 million skins in 1950 to 3.8 million skins in 1958; it subsequently continued to increase in absolute terms but has decreased as a share of world production; production of four of the other six types declined substantially between 1950 and 1958. Since 1960 production of two types--fox and marten--increased but did not reach the levels of 1950 (table B-2). The substantial changes in U.S. production since 1950 resulted principally from changes in fashion and consumer purchasing power.

United States trade in furskins and manufactures thereof has also changed significantly since 1950. United States imports declined sharply from the 1948-50 annual average of $123 million to $69 million in 1954; they subsequently increased irregularly, reaching $138 million in 1966. United States exports have increased at a relatively regular rate as shown in the following tabulation (in millions of dollars):

Year	U.S. imports	U.S. exports
1948-50 (annual average)	123	27
1954	69	31
1958	85	36
1960	109	47
1961	98	46
1963	127	58
1964	114	53
1965	123	64
1966	138	71

Certain articles from Rhodesia

In January 1967, the President, under authority of section 5 of the United Nations Participation Act of 1945, restricted U.S. trade with Rhodesia. 1/ The restrictions proclaimed by the President were in accordance with Resolution Number 232 of the Security Council of the United Nations, pursuant to Articles 39 and 41 of the Charter of the United Nations. This resolution called for certain sanctions against Rhodesia.

The U.S. restriction prohibited imports of the following articles after December 16, 1966: asbestos, iron ore, chrome, pig-iron,

1/ Southern Rhodesia at that time.

sugar, tobacco, copper, meat and meat products, and hides, skins, and leather originating in Rhodesia, or products made therefrom in Rhodesia or elsewhere. 1/

Foreign Assets Control, Department of the Treasury, has by regulation, determined that certain TSUS items are those under which imports from Rhodesia are prohibited. 2/ In 1966 total U.S. imports in these TSUS items amounted to $3,242 million, of which $9 million came from Rhodesia. Thus, aggregate U.S. imports from Rhodesia accounted for less than one percent of total U.S. imports for these items. For the vast majority of the prohibited TSUS items there were no U.S. imports from Rhodesia. For certain individual TSUS items, however, imports from Rhodesia accounted for a larger percentage of U.S. imports than the average, as shown in the following tabulation:

1/ U.S. exports to Rhodesia of certain articles were also prohibited, principally munitions, aircraft, motor vehicles, and petroleum.

2/ 32 Fed. Reg. 3448 (1967). See table A-3.

TSUSA item	Description 1/	U.S. imports for consumption		Imports from Rhodesia as percent of total
		Total	From Rhodesia	
	Cigarette leaf tobacco:			
170.30 20	Flue-cured burley--	$416,740	$375,520	90
170.30 40	Other----------	105,892,254	632,887	6
	Asbestos:			
518.11 30	Chrysotile, crudes-	1,602,678	71,418	4
518.11 60	Other----------	4,168,410	66,755	2
	Chrome ore:			
601.15 40	40-46% chromic oxide----------	10,007,565	746,257	7
601.15 60	46% or more chromic oxide----	13,398,371	2,994,275	22
607.15 00	Pig iron and cast iron not containing specified quantities of certain elements------	45,542,163	2,319,007	5
607.30 00	Ferrochromium, not over 3% carbon-----	18,739,882	1,340,324	7
654.05 40	Other articles of copper----------	2,076,352	22,424	1

1/ For the statutory description see the TSUS.

Certain articles containing butterfat

The restriction against imports of certain articles containing butterfat 1/ is discussed only briefly in this section. In effect, the restriction on such articles constitutes an embargo, in that all imports are prohibited. In its derivation and basic authority,

1/ "Exylone" and similar products.

however, the restriction is an absolute quota--but one for which the authorized quota is zero.

Unlike the commodities discussed below, butter and articles containing butterfat have been articles of considerable commercial importance, both in domestic and world trade, for many years. The articles containing butterfat on which a zero quota has been established were imported in such quantities as to cause concern to the U.S. Department of Agriculture relative to the price-support program for milk and butterfat. Subsequent to a recommendation by the Tariff Commission, 1/ the President proclaimed a zero quota on these articles. 2/

This restriction, as well as others relating to dairy products, is discussed more fully elsewhere in this report.

Other articles

The background and the authority for the remaining five embargoes are given below. These embargoes were imposed for noneconomic reasons.

The importation of certain bird feathers and skins was first restricted by the Tariff Act of 1913 and later continued under paragraph 1518 of the Tariff Act of 1930. The prohibition is now included in headnote 2 to part 15D of schedule 1 of the TSUS. The embargo was modified by Public Law 82-580, 3/ which introduced a number of exceptions to the import prohibition (principally on domesticated fowl).

1/ U.S. Tariff Commission, Report to the President on Investigation No. 16 under Sec. 22 of the Agricultural Adjustment Act, as amended, (1957).

2/ Proclamation No. 3193, 3 C.F.R., 1954-1958 Comp. 124.

3/ Published in T.D. 53066, 87 Treas. Dec. 233 (1952).

It also established small import quotas on skins bearing feathers of certain species, subject to import permits issued by the Secretary of the Interior. 1/

An embargo on imports of certain wild bird eggs has been in effect since 1897. The prohibition is presently contained in headnote 1 to part 4E of schedule 1 of the TSUS. Exceptions to the embargo include imports of eggs of game birds for propagation (under regulations prescribed by the Secretary of the Interior) and specimens imported for scientific collections.

An embargo on imports of pepper shells was imposed to prevent the adulteration of ground pepper. It was first imposed by paragraph 779 of the Tariff Act of 1922, and was continued under paragraph 781 of the Tariff Act of 1930. In the TSUS the import prohibition is provided for by headnote 4 to part 11B of schedule 1; the article is not separately classified in the TSUS.

Since 1897 the importation into the United States of impure and unwholesome tea has been prohibited. 2/ In 1908 the law was amended to permit the importation of impure tea, tea waste, and tea siftings and sweepings for certain manufacturing purposes. The prohibition of other imports was continued under paragraph 1682 of the Tariff Act of 1922 and paragraph 1783 of the Tariff Act of 1930. In the TSUS the embargo is provided for by headnote 3 to part 11A of schedule 1; tea

1/ The absolute quota on the exceptions to the embargo is discussed elsewhere in this report (see pp. 57-58).
2/ Ch. 358, sec. 1, 29 Stat. 604 (1897), 21 U.S.C. 41 (1964).

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for manufacturing provided for in item 867.00 may be imported duty-free, under bond.

Imports of white phosphorus matches have been prohibited, in the interest of public safety, since 1912 under "An Act to provide for a tax upon white phosphorus matches and for other purposes". 1/ Under the act, the embargo is limited to matches of "the common poisonous white or yellow phosphorous" type. The act also imposes restrictions on the domestic manufacture and sale of such matches. In the TSUS the prohibition is provided for by headnote 1 to part 9A of schedule 7; such articles, along with other articles, are classified under items 755.05 (pt.), and 755.10 (pt.).

1/ Ch. 75, sec. 10, 37 Stat. 81 (1912), 26 U.S.C. 4805(a) (1964).

Quotas (except tariff-rate quotas)

As of July 1, 1967, imports into the United States of eleven articles or groups of articles were restricted by quotas (other than tariff-rate quotas which are discussed elsewhere in this report). These quotas were imposed under the authority of various legislative acts. Imports of four categories of agricultural products are currently limited by action under section 22 of the Agricultural Adjustment Act, 1/ as amended; the Sugar Act of 1948 2/ limits imports of that product. The United States-Philippine Trade Agreement 3/ contains quota provisions relating to sugar and hard fiber cordage. Petroleum imports are limited under the national security provision of the Trade Expansion Act. 4/ Legislation has also specifically provided for quotas on some meats as well as on feathers of certain wild birds. The Agricultural Act of 1956 5/ authorized international agreements restricting imports of certain articles; the United States is a signatory to such an agreement that provides for quotas on cotton textiles. Coffee imports are regulated pursuant to the International Coffee Agreement and the International Coffee Agreement Act of 1965 6/ which is the domestic statute under which the United States fulfills some of its obligations under the agreement.

1/ 7 U.S.C., sec. 624 (1964).
2/ 7 U.S.C., sec. 1111-1122 (1964).
3/ Now incorporated under 22 U.S.C., sec. 1261 (1964).
4/ 19 U.S.C , sec. 1862 (1964).
5/ Ch. 327, sec. 501, 70 Stat. 208 (1956), 7 U.S.C. 1301 (1964).
6/ 19 U.S.C., sec. 1356a-1356c (Supp. I. 1965).

Section 22 of the Agricultural Adjustment Act (AAA), as amended

For many years it has been the policy of the U.S. Government to assist the agricultural sector of the economy by supporting prices for agricultural products. At various times and under a variety of laws, programs of the Department of Agriculture have resulted in prices of some products being supported at levels higher than world prices. If permitted to enter the United States without restraint, increased imports of such commodities would rapidly add to the supplies the Department of Agriculture would have to remove from the market. Hence, it was recognized that limitations on imports were necessary in certain instances to prevent material interference with the Government programs. Provision for such restriction of imports was initially made in 1935 by the addition of section 22 to the Agricultural Adjustment Act of 1933.

Section 22, as amended, requires the Secretary of Agriculture to advise the President whenever he has reason to believe that any article or articles are being or are practically certain to be imported under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with any price-support or other program, relating to agricultural commodities, undertaken by the Department of Agriculture, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken. If the President agrees with this advice, he directs the Tariff Commission to conduct an investigation

and submit a report to him of the Commission's findings and recommendations. Following receipt of the report, the President, if he agrees therewith, is required to impose such fees or quotas on the importation of the articles involved as he determines necessary. Fees, imposed in addition to the basic import duty, may not exceed 50 percent ad valorem, and the quotas proclaimed may not be less than 50 percent of the quantity imported during a previous representative period, as determined by the President. Whenever the Secretary of Agriculture reports to the President that a condition exists requiring emergency treatment, the President may take action pending the report and the recommendations of the Tariff Commission.

In a similar manner, the Secretary of Agriculture may advise the President that conditions have changed in a sector of agriculture and existing section 22 restrictions may, in his opinion, be relaxed. The President, following an investigation by the Tariff Commission, may liberalize or terminate the existing import controls on the articles concerned.

Since section 22 of the AAA was enacted in 1935, import quotas have been imposed on 9 articles or groups of articles. These are: (1) certain dairy products; (2) cotton, certain cotton wastes and cotton products; (3) wheat and wheat flour; (4) peanuts; (5) rye, rye flour and rye meal; (6) barley and barley malt; (7) oats and ground oats; (8) shelled filberts; and (9) tung nuts and tung oil. Currently, only the first 4 articles or groups of articles are subject to quotas; these are discussed below.

Certain dairy products.--Import quotas on certain dairy products, pursuant to action under section 22, were imposed initially in 1953 1/ and additional restrictions and other changes were imposed subsequently. Dairy products under restriction on July 1, 1967, were: 2/

Product	Annual quota
Fluid or frozen cream	1,500,000 gals.
Dried buttermilk and dried whey	496,000 lbs.
Dried skimmed milk	1,807,000 lbs.
Dried whole milk	7,000 lbs.
Dried cream	500 lbs.
Butter	707,000 lbs.
Butter substitutes (including butter oil)	1,200,000 lbs.
Blue-mold cheese	5,016,999 lbs.
Cheddar cheese	10,037,500 lbs.
American-type cheese	6,096,600 lbs.
Edam and Gouda cheeses	9,200,400 lbs.
Italian-type cheeses	11,500,100 lbs.
Malted milk, and articles, not specially provided for, of milk or cream	6,000 lbs.
Articles containing over 45 percent of butterfat	0 lbs.
Articles containing over 5.5 but not over 45 percent of butterfat	2,580,000 lbs.

Most of the quotas listed above have been in effect since 1953. Quotas on articles containing over 45 percent of butterfat and on butter oil were imposed in 1957. Quotas on certain cheeses were enlarged in 1960 (Edam and Gouda and Italian-type), 1962 (blue-mold), and

1/ Before the effective date of these quotas, most of the products concerned were subject to import controls under sec. 104 of the Defense Production Act of 1950, as amended, ch. 275, sec. 104, 65 Stat. 134 (1951).

2/ For complete description see table A-2.

1966 (Cheddar--a temporary change). Effective July 1, 1967, import quotas were established on American-type cheese, on fluid or frozen cream, and on certain additional articles containing butterfat. All of these actions were taken by the President following investigation by the Tariff Commission.

In recent years U.S. annual imports and exports of dairy products have been small in relation to total domestic production. In terms of milk equivalent, annual imports have seldom exceeded 1 percent of domestic production; annual exports (including sales and donations) have been generally less than 5 percent, as shown in the following tabulation (in millions of pounds, milk equivalent):

Year	Domestic production	Imports	Exports
1961	125,707	760	655
1962	126,251	795	1,287
1963	125,202	915	5,036
1964	126,967	830	6,872
1965	124,173	918	1,836
1966	120,230	2,775	785

The Government's price-support program for dairy products has been implemented principally through purchases of certain dairy products by the Commodity Credit Corporation (CCC). The CCC, by its support of prices of Cheddar cheese, butter, and nonfat dry milk, supports the price of milk for manufacturing and thus exerts a strong influence on the cost of production of all manufactured dairy products. Since 1953 as much as one-half of the nonfat dry milk,

one-fourth of the butter, and one-fourth of the Cheddar cheese produced annually in the United States have been purchased by the CCC (table B-3). During the period 1954-65 annual net Government expenditures on dairy price-support and related programs ranged from $54 million (year ending June 30, 1966) to $602 million (year ending June 30, 1962).

Prior to 1967, aggregate annual imports of dairy products permitted under quota were equivalent to less than 1 percent of domestic production of milk (on a milk equivalent basis). Annual U.S. imports of dairy products not subject to restriction were equivalent to about 2 percent of domestic production of milk in 1966 and considerably less in earlier years. Except for imports of Edam, Gouda, and Italian-type cheeses, the quotas on most dairy products have been substantially filled.

The quotas applicable to some individual dairy products are very small compared with domestic output of these products (table B-4). For example, existing quotas on butter and on dried milk products are infinitesimal compared with domestic output. The quotas on Cheddar cheese, American-type cheese (including Colby), and frozen cream products are small compared with the U.S. output; the butterfat equivalent of the aggregate annual quotas on butter substitutes (including butter oil), and on articles containing over 5.5 percent, but not over 45 percent, of butterfat are small compared with the domestic production of butterfat.

The quotas applicable to a few dairy products, on the other hand, are large compared with domestic production. The quotas on blue-mold cheese and on Italian-type cheeses were equivalent to about 22 percent and 14 percent, respectively, of the domestic output of those cheeses in 1966; the quota on Edam and Gouda cheeses has been larger than the domestic output of such cheeses in recent years.

Imports of most of the dairy products subject to quotas are entered by firms known to have been importers of the products in a previous representative period. The importers are licensed to enter the products, usually from the foreign countries from which they imported during the representative period. In some instances provision is made for licensing of new importers entering the field and for changing the country of origin. The shares of the annual quotas authorized to the various supplying countries, either by a Presidential proclamation or by the Department of Agriculture, are given in table A-4.

Effective July 1, 1967, the quotas on all dairy products were established on a calendar-year rather than on a fiscal-year basis and the quota year was divided into two parts instead of three in those instances where imports are limited as to time of entry in a quota year.

Cotton, cotton waste, and certain cotton products.--Import quotas have been in effect since 1939 on most types of cotton, certain cotton waste, and, since 1961, on certain cotton products. Annual quotas on four categories are as follows: (1) short-staple cotton

of less than 1-1/8 inches in staple length (except harsh or rough cotton under 3/4 inch and except linters), 14,516,882 pounds; (2) long-staple cotton (1-1/8 inches and longer), 45,656,420 pounds; (3) certain cotton waste (comber waste, lap waste, sliver waste, roving waste, and certain types of card strips), 5,482,509 pounds; and (4) semi-processed cotton, 1,000 pounds per year. Quotas on the first three categories were established in 1939 following a report to the President by the Tariff Commission of its investigation under section 22 of the Agricultural Adjustment Act, as amended. Effective March 31, 1942, unlimited re-entry of U.S.-grown cotton, which has been offset by the exportation of an equal or greater quantity of cotton without benefit of export subsidy, was permitted. In addition, entry of commercial samples of cotton or cotton waste of any origin in compressed packages, each weighing not more than 50 pounds gross weight, was allowed without charge to the quota. As in the case of raw cotton and cotton waste, the quota on the fourth category was established by the President following receipt of a report by the Tariff Commission. The quota became effective in 1961. The quotas on the four forms of cotton listed above are discussed below.

(1) The total annual limitation on short-staple cotton amounting to approximately 14.5 million pounds (about 30,000 bales) is allocated among some 22 countries (table A-2). The quota is recurrent annually at the beginning of each 12-month period beginning September 20.

The quota has remained basically unchanged since its inception in 1939. It has always been applicable almost exclusively to Upland-type cotton under 1-1/8 inches in staple length--the type of cotton which accounts for over 90 percent of domestic production. 1/ There have been only minor alterations to the quota, as discussed above.

The portion of the quota allocated to each country was equal to the average annual imports from these countries for the 10 crop years from August 1, 1929, through July 31, 1939, or the legal minimum, 2/ whichever was higher. The quota for each Asiatic country, however, was set at one-tenth of the annual average imports from these countries in the 10-year period. This treatment of Asiatic countries was adopted because the harsh or rough cottons exempted from the quota were estimated to have constituted 90 percent of the U.S. imports from these areas.

The import quota of approximately 30,000 bales theoretically represented about 0.3 percent of domestic production in 1939 when it was established. Actually, the quota represents an even smaller

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1/ The original quota specifically excluded harsh or rough cotton less than 3/4 inch in staple length and chiefly used in the manufacture of blankets and blanketing. By 1946, there was some doubt as to whether the chief use of this cotton was still for blankets and blanketing. Therefore, an amendment in February 1947 excluded all harsh or rough cotton less than 3/4 inch in staple length from the provisions of the original proclamation and a separate annual quota of 70 million pounds was established on this cotton, regardless of use. This quota was in effect from September 20, 1946 through January 28, 1958.

2/ The legal minimum under section 22 at the time of the investigation was the quantity equal to "50 per centum of the average quantity of such article which was imported from such country during the period July 1, 1928 to June 30, 1933, both dates inclusive."

percentage since it is only partially utilized. 1/ Mexico is allotted 61 percent of the quota (8,883,259 pounds) which has been filled in most of the years since 1939 (table B-5). The second largest country quota (2,003,483 pounds), originally allotted to British India, has been filled in only two quota years. Since partition of that country in 1947, aggregate imports of short-staple Upland-type cotton from India and Pakistan have been charged on a first-come, first-served basis against the quota allotted to British India.

No imports have entered under the third largest country quota--1,370,791 pounds allotted to China--initially because of World War II and subsequently because of the prohibition of imports from mainland China under Foreign Assets Control Regulations. Nationalist China (Taiwan) imports cotton and has never utilized the quota.

Imports under the short-staple cotton quota amounted to only 2.8 million pounds in the quota year beginning September 20, 1964, and 1.7 million in 1965. As the U.S. price of Upland cotton was allowed to decline toward the world price, aided by the substitution of direct compensatory payments, the U.S. market became less attractive for imports in these years. Prior to 1964, the prices paid for raw Upland cotton by domestic mills was somewhat above the foreign price level, thus attracting imports from those countries having quota allocations. During 1964 and 1965 domestic mills paid approximately

1/ Because of the requirement in section 22 that all countries accounting for a share of the imports during a specified period be allocated a part of a country quota, minor suppliers of cotton during the base period were allotted unworkably small quotas, many of which have never been utilized.

the same price for cotton as that paid by foreign mills, thus reducing the incentive for foreign producers to utilize the import quota. During 1966, however, a reduction in the U.S. crop resulted again in higher prices in the domestic market and imports under the quota reached 9.7 million pounds for the year beginning September 20, 1966.

Since the establishment of the quotas in 1939 the areas of principal domestic production of short-staple Upland cotton have shifted somewhat. Consequently, the proportionate share of import protection afforded by the short-staple cotton quota in 1939 and 1965 varied significantly by geographic areas. Production in the Southwest includes substantial quantities produced, principally on irrigated land, at unit costs that are lower than in other areas. As can be seen from the following tabulation, the Southwest has become increasingly important as a producer:

Area	1938	1948	1956	1965
	Production (thousand bales)			
Delta 1/	3,474	5,478	4,035	4,620
Southeast 2/	2,882	3,470	2,212	2,147
Southwest 3/	3,365	4,420	5,648	6,855
All other	908	913	735	776
Total	10,629	14,280	12,630	14,398
	As percent of total			
Delta 1/	33	38	32	32
Southeast 2/	27	24	18	15
Southwest 3/	32	31	45	48
All other	8	7	5	5
Total	100	100	100	100

1/ Mississippi, Arkansas, Louisiana, Tennessee.
2/ South Carolina, North Carolina, Alabama, Georgia.
3/ California, New Mexico, Texas, Arizona.

(2) The total annual limitation on long-staple cotton (1-1/8 inches and longer in staple length), amounting to approximately 45.7 million pounds (about 95,000 bales), has remained the same since its inception in 1939. Application of the quota has, however, been changed. In 1940 the President, following a Tariff Commission recommendation, excluded cotton having a staple length of 1-11/16 inches and longer from the import quota due to increased needs for the national defense. Such cotton remained free of quota limitation until May 1956 when it was again made subject to the quota by the Agricultural Act of 1956. 1/

Originally the import quota on long-staple cotton was allocated by country of origin. Since 1942, however, the quota has been applied on a global basis. The quota year for long-staple cotton originally began each September 20; it was changed to February 1 in 1950; since 1956 it has begun August 1 of each year.

Following a recommendation by the Tariff Commission, the President divided the long-staple cotton quota effective August 1, 1958, as follows:

1/ 19 U.S.C., sec. 1852-1853 (1964).

(a) Harsh or rough cotton (except cotton of perished staple, grabbots, and cotton pickings) white in color and 1-5/32 inches or more, but less than 1-3/8 inches in staple length.	1,500,000 pounds (approximately 3,125 bales)
(b) Other cotton, 1-1/8 inches or more, but less than 1-3/8 inches in staple length.	4,565,642 pounds (approximately 9,510 bales)
(c) Cotton, 1-3/8 inches or more in staple length.	39,590,778 pounds (approximately 82,480 bales)

Ordinary-long-staple cotton includes Peruvian Tanguis (harsh or rough) cotton (item (a) above). This cotton has special qualities of length, strength, roughness, and resilience found in few, if any, other cottons and in no cottons produced in the United States. Because of these qualities, Tanguis has special uses, the most important of which is as a binder in spinning asbestos yarn. It is also used in the manufacture of molleton, a fabric used on the rolls of lithograph and multilith machines. Tanguis cotton, because of its coarseness, is not readily interchangeable with ordinary-long-staple Upland cotton for most purposes. The quota on this type of cotton tends to insure access to the U.S. market of limited quantities of this special type of cotton.

Long-staple cotton other than harsh or rough cotton may be classified into two groups according to staple length--ordinary-long-staple cotton (1-1/8 inches or more, but less than 1-3/8 inches in length) and extra-long-staple cotton (1-3/8 inches and longer). Ordinary-long-staple cotton, for the most part, includes the same Upland type which constitutes all of the domestic production of

short staple cotton (under 1-1/8 inches in staple length). 1/ The chief use of ordinary-long-staple cottons of domestic types (equivalent to item (b) above) is in combed yarns used in fine shirtings and dress goods, hosiery, knit underwear, sewing thread, and percale sheets. It is also used in several industrial products such as tracing cloth, typewriter ribbons, and fine-wire insulation yarns. In general, ordinary-long-staple cotton is used for the same products for which extra-long-staple cotton is used, but where price is an important factor and strength and appearance are less important.

The import quota on ordinary-long-staple cotton of domestic types is equivalent to less than 2 percent of U.S. production. U.S. production of such staple lengths in most recent years has accounted for less than 5 percent of the total U.S. crop (table B-6). 2/ The development of better strains of short-staple cotton has resulted in decreased consumption of longer staple cotton since World War II. In addition, technological changes in spinning processes made it possible to produce many articles of equal strength and quality from short-staple cotton. Synthetic fibers were also responsible for some of the decline in use of ordinary-long-staple cotton after World War II. However, there has been a recent reversal in this trend of declining

1/ A small quantity of American-Egyptian cotton is produced each year which falls within the staple length range for ordinary-long-staple; however, the staple length of most American-Egyptian is 1-3/8 inches or over.

2/ During 1967, however, favorable prices resulted in a sharp increase (about 750,000 bales) in the production of long-staple Upland cotton which in that year represented about 10 percent of a significantly smaller overall crop.

consumption. The rapid shift to durable-press finished cotton in the last several years has resulted in an increased demand for longer staples to add strength to fabrics in order to offset the weakening effect of the new finishes.

Between 1958 and 1964, Mexico was virtually the only supplier of ordinary-long-staple cotton (i.e., other than harsh cotton). The higher U.S. domestic price attracted foreign cotton and Mexico's location provided an easier access to this market. During 1964 and 1965 there was little price advantage in shipping Upland-type cotton to the United States; imports from Mexico declined while the quota on ordinary-long-staple cotton was filled by Egyptian types of such cotton (tables B-7 and B-8).

The import quota on extra-long-staple cotton (item (c) above) is equivalent to the average annual production in the United States during 1965 and 1966 (approximately 80,000 bales). Domestic production of extra-long-staple cotton is currently almost exclusively of the American-Egyptian type. Although production is now considerably above that of the late 1930's, it still accounts for less than 1 percent of total production of cotton in the United States. Extra-long-staple cotton is used in the same products as is ordinary-long-staple cotton but in qualities of these products requiring finer, stronger, smoother, and more lustrous yarns.

Annual consumption of extra-long-staple cotton has ranged between 140,000 and 175,000 bales since 1960. Prior to World War II consumption was less than 100,000 bales, around three-fourths of which was Egyptian extra-long-staple cotton. Considerably less than one-third of the extra-long-staple cotton consumed prior to World

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War II was of domestic origin. The rising trend in consumption in recent years has been accompanied by increased production of American-Egyptian and this cotton now accounts for about half of the domestic consumption. The production of sewing thread requires over half of the extra-long-staple cotton used; virtually all of this is of either Egyptian or American-Egyptian varieties.

Peruvian Pima is the only type of extra-long-staple cotton imported in significant quantity under the category which was not included in the quota between 1940 and 1956 (1-11/16 inches or longer). There is no domestically produced cotton of this staple length. This type of cotton does not meet the strength requirements necessary for sewing thread, but is highly desirable for fine shirtings and dress goods. Annual imports of cotton of this longer staple length have utilized from 10 to 36 percent of the extra-long-staple quota since its establishment in 1958.

The quota on extra-long-staple cotton has been completely filled in every year since 1958, when it was established as a subquota within the overall quota on long-staple cotton. On many occasions, the quota has been completely filled on the opening day of the quota year. In some cases there have been larger amounts offered for entry than could be admitted.

(3) Imports of certain types of spinnable cotton waste (card strips, 1/ comber waste, lap waste, sliver waste, and roving waste) have been limited by quota since September 20, 1939. As in the case of short-staple cotton, the quota on cotton waste begins each September 20.

1/ Card strips made from cotton having a staple length of 1-3/16 inches and longer have been excluded from quota limitations since 1942.

The annual quota on cotton waste is 5,482,509 pounds (table A-2). Of this, 3,199,770 pounds are allocated to 5 countries for comber waste (reserved subquota) resulting from the processing of cotton having a staple length of 1-3/16 inches or more. 1/ The remaining 2,282,739 pounds (unreserved subquota) can be filled by imports of any of the five quota-types of waste (including the type of comber waste under reserved quota).

The quota allotments to the United Kingdom (both reserved and unreserved amounting to 4.3 million pounds) exceed those of all other countries combined. Japan is allotted the next largest quantity (342,000 pounds); Canada and France have allotments of 240,000 and 227,000 pounds, respectively. Each of the remaining 9 countries listed in the original proclamation have allocations of less than 100,000 pounds.

The aggregate quota for cotton wastes has never been filled. The highest level of imports (3.8 million pounds) was in the first year after the inception of the quota (table B-9). Since 1940 annual imports have ranged from nil to 2.9 million pounds. During the period from 1956 until 1964 there was an incentive to import cotton waste due to price differentials between foreign and domestic cotton and cotton waste. After the termination of the "two-price system" for cotton (and cotton waste) during 1964, however, imports declined to less than 4 percent of the quota.

1/ The original proclamation also designated card strips from cotton 1-3/16 inches and longer as part of the reserved portion of the quota; as pointed out, however, these card strips have been eliminated from quota restriction since 1942, thus leaving only comber waste as part of the reserved quota.

(4) The annual global quota limitation of 1,000 pounds on imports of cotton products produced in any stage preceding the spinning into yarn (except cotton wastes) became effective September 11, 1961. It has not been changed since its inception. It is recurrent each September 11. The limitation represents a virtual embargo on such cotton products; there were no imports charged against the quota during the quota years beginning September 11, 1964, 1965, and 1966.

Prior to the establishment of this quota, there had been increased incentive to import cotton in slightly processed forms as a means of evading the quotas on raw cotton. During the calendar year 1960, imports of such products from Mexico and Canada amounted to approximately 20.4 million pounds, compared with only 3.4 million during 1959 and none in 1958. It was claimed that some of the imported products were made in Canada from American cotton which had been exported from the United States to Canada under the export-subsidy program. The products from Mexico were manufactured from cotton of Mexican origin. Because of the U.S. price-support program, this cotton was several cents per pound cheaper than cotton grown in the United States.

The quota was proclaimed by the President following an investigation by the Tariff Commission. The quota recommended by the Commission and proclaimed by the President was determined to be not less than 50 percent of the imports of such products during a selected representative period (1940 through 1948) as required by section 22(b) of the Agricultural Adjustment Act.

Wheat and milled wheat products.--Wheat, like cotton, is one of the basic agricultural commodities for which a supported price is required by law. For many years the Government has operated various programs designed to support the price of wheat or to limit the production of wheat, and thereby support the price. The programs included mandatory acreage allotments, cash loans, domestic and export marketing certificates, and Government purchases. Also, in some years, producers received compensation for land diverted from wheat production to soil-conservation uses. The support prices on wheat have been at levels higher than the world prices. In the late 1930's U.S. imports of wheat and milled wheat products increased to the point where, following a recommendation of the Secretary of Agriculture, the President ordered an investigation by the Tariff Commission under section 22 as to whether or not such imports were interfering with the price-support program.

Subsequently, quotas on imports of wheat and milled wheat products 1/ fit for human consumption were instituted in 1941. Notwithstanding modifications in 1942, 1943, and 1962 to exempt certain imports from the quota limitations, the basic quotas have not been changed, except on a temporary basis, since they were proclaimed. The annual quota on wheat is 800,000 bushels and that on milled wheat products is 4 million pounds. Both quotas are many times larger than average annual imports during the representative period of 1929-33, 2/

1/ Wheat flour, semolina, crushed or cracked wheat, and similar products.

2/ Wheat--25,923 bushels, and milled wheat products--237,127 pounds.

but smaller than imports in several of the years immediately preceding the establishment of the import restrictions. The quotas are equivalent to less than 1 percent of domestic consumption in recent years. They are allocated, by country, on the basis of imports in the representative period. Canada is allocated 795,000 bushels (99.4 percent) of the quota on wheat and 3,815,000 pounds (95.4 percent) of the quota on milled wheat products; the remainder of the quotas are allocated among a large number of countries (table A-2). The quotas are for a 12-month period ending May 28 of each year. Although the United States is a major producer of wheat, the supported price, being significantly above the world price, would attract large imports of wheat and milled wheat products if there were no quotas.

The United States is second only to the Soviet Union in the production of wheat, and it is the largest exporter of wheat in the world. Under the price-support programs and rigid import restrictions, the main characteristics of wheat trade in the United States have been (1) the irregular but steady growth of production (despite repeated reductions in acreage), (2) small imports, (3) little change in aggregate domestic consumption, (4) large and increasing exports, and (5) substantial carryovers in many years (table B-10). U.S. production increased from an annual average of about 0.75 billion bushels in 1935-39 to 1.3 billion bushels in 1965. U.S. imports of wheat and milled wheat products have generally been small; in 1959-65 they ranged from 1.3 percent (1960) to less than 0.3 percent (1965) of domestic consumption, and consisted largely of wheat not fit for

human consumption which is not subject to quota. Generally, the import quota has been filled, except for some of the smaller country allotments. In 1959-63 the U.S. yearend carryover of wheat on farms, in elevators, warehouses, and mills ranged from 1.2 billion bushels in 1963 to 1.4 billion bushels in 1961. Carryover stocks were generally larger than annual production in these years. Due to the increased exports in 1963-66 and increased consumption in 1964-66 the yearend carryover stocks decreased to about 0.9 billion bushels in 1964, 0.8 billion bushels in 1965, and 0.5 billion bushels in 1966. Stocks, which were at approximately the same level as average annual production in the period 1959-63, had declined to about 40 percent of production by the crop year beginning July 1, 1966. In 1959-64 almost 90 percent of the stocks were owned by the Government.

U.S. exports of wheat have fluctuated from year to year, principally because of changes in supplies of food grains in importing countries; they increased irregularly from 512 million bushels (46 percent of U.S. production) in 1959 to 867 million bushels (66 percent of U.S. production) in 1965. In 1954-64, however, most of these exports were under various Government programs, including sales for foreign (often inconvertible) currencies, barter sales for strategic materials, and direct donations. In 1954-58 such exports accounted for about 65 percent of total exports; in the years 1959-64 such annual exports ranged from 59 to 78 percent of total exports.

Edible milled wheat products include semolina and white, cracked, and whole wheat (Graham) flours. For many years the United

States has been the world's largest producer of these products. During the last decade it has been a leading exporter, particularly of wheat flour.

Annual U.S. production of wheat flour, including semolina, increased from about 24.6 billion pounds in 1958 to 26.1 billion pounds in 1961 (table B-11). During 1961-64, annual U.S. production remained virtually unchanged, averaging 26.4 billion pounds. This was equivalent to about 600 million bushels of wheat or about one-half of U.S. wheat production. Yearend stocks of the products involved have been relatively small. In 1965 and 1966 the average annual production of wheat flour declined to about 25.6 billion pounds.

U.S. exports of wheat flour and other wheat products increased from 3.5 billion pounds in 1958 to 4.7 billion pounds in 1962; in 1963, 1964, 1965, and 1966, however, they decreased to 4.4, 4.2, 3.1, and 3.3 million pounds, respectively. In 1961-64, annual exports were equivalent to an average of about 17 percent of domestic production, and ranged in value from about $171 million (1964) to $193 million (1962). In 1965 and 1966 these exports were equivalent to about 12 percent of production.

For many years international agreements have affected trade in wheat and milled wheat products. The United States, together with 9 other exporting countries and 38 importing countries, is a party to the International Wheat Agreement (IWA), 1/ which became effective August 1, 1962. The agreement was originally scheduled to

1/ International Wheat Agreement, 13 U.S.T. 1571, T.I.A.S. No. 5115.

operate for three years, but has twice been extended for an additional year. It was the fifth agreement of this type pertaining to wheat negotiated since 1949. The agreement stated that its major objectives were "to assure supplies of wheat and wheat flour to importing countries and markets for wheat and wheat flour to exporting countries at equitable and stable prices . . . ." Exporting countries agreed to supply, and importing countries agreed to purchase, certain quantities of wheat and wheat flour within a price range of $1.62½ to $2.02½ per bushel. In recent years, about a third of the world trade in wheat and wheat flour has been transacted under the terms of the IWA, including one-fifth of the U.S. exports of the said products. The IWA expired on July 31, 1967. A new grains agreement is being negotiated and will be submitted, upon successful completion, to the U.S. Senate for its advice and consent as to ratification. Notwithstanding these agreements, had there been no quotas on wheat and milled wheat products, the United States would have imported sizeable quantities of these commodities.

Peanuts.--Since July 1, 1953, pursuant to action by the President following a Tariff Commission investigation under section 22, U.S. imports of peanuts 1/ have been subject to an annual global quota, which was initially 1,709,000 pounds (aggregate quantity, shelled

1/ Including peanuts not shelled, shelled, blanched, salted, or otherwise prepared or preserved, and excluding peanut butter. Peanuts in the shell are charged against the quota on the basis of 75 pounds for each 100 pounds of peanuts in the shell.

basis). 1/ An import control on peanut oil, in the form of an import fee, was also imposed at the same time; this fee was eliminated on May 5, 1961. The annual quota is equivalent to about 50 percent of average annual imports during the period January 1, 1936-December 31, 1939. During the quota year beginning July 1, 1954 the quota was temporarily enlarged, first to permit an additional 51 million pounds to enter and then to permit unlimited imports of shelled peanuts. During the 1955 quota year the original quota of 1,709,000 pounds was in effect. In August 1956 the quota was temporarily suspended and unlimited imports of Virginia-type peanuts were permitted from August 31, 1956 through September 10, 1956. In subsequent years the original quota of 1,709,000 pounds has again been in effect. The quota has usually been filled; however, it is so small that imports have been equivalent to only a fraction of 1 percent of domestic production. Mexico has been the main source of U.S. imports.

Efforts to support prices and control production of peanuts in the United States were initiated in 1935 with a voluntary acreage control program. 2/ In 1938 mandatory acreage allotments were established. In 1941, marketing quotas on peanuts were established. From 1943 through 1948, however, all restrictions on production were

1/ Quantitative limitations on imports of peanuts and peanut oil were imposed under the provisions of the Second War Powers Act of 1942; they were continued under section 104 of the Defense Production Act of 1950. These controls resulted in a virtual embargo on commercial imports of peanuts and peanut oil into the United States during most of the years in which they were applicable.

2/ In 1934, under sec. 11 of the Agricultural Adjustment Act of 1933, as amended (7 U.S.C., sec. 611 (1964)) peanuts were designated as one of the "basic agricultural commodities," for which price support is mandatory.

removed because of the increased demand for peanuts. Acreage allotments and marketing quotas were reimposed for the 1949 crop, but were set at a level above the normal domestic requirements for food and farm use because of the continuing need to alleviate the post-war food shortage. Allotted acreage was gradually reduced until 1954 when the minimum of 1,610,000 acres set by the Agricultural Adjustment Act of 1938 was reached. Since that time acreage allotments and marketing quotas have been in effect in every year. 1/ Production on the allotted acreage increased from 1.6 billion pounds in 1955-59 to 2.5 billion pounds in 1965 (table B-12), reflecting a significant increase in average yields per acre. During most years, the domestic production provided a surplus above edible-peanut requirements. The U.S. share in world production of peanuts increased from 5.4 percent in 1955-59 to 7.2 percent in 1965. The U.S. civilian per capita consumption increased irregularly from 6.4 pounds in 1950 to 7.5 pounds in 1965.

Price supports for peanuts, at levels between 75 and 90 percent of parity, have been sustained through Government loans and purchases. In recent years, the Commodity Credit Corporation (CCC), in its price-support operations, has acquired from 13 to 24 percent of the annual peanut crops. The Corporation has diverted the peanuts so acquired from the edible-peanut market to crushing for oil and meal, and to exports. In 1955-65, the average annual debit from

1/ Marketing quotas require approval by growers in a referendum. Historically, growers have approved such quotas.

operations under the price-support program on peanuts was about $20.6 million, equivalent to about 10 percent of the farm value of U.S. peanut production. In recent years U.S. peanut prices have been at a level about twice that of the world market. Virtually all U.S. exports move at the world price for peanuts used for crushing into oil. Annual exports and shipments to U.S. territories averaged 58 million pounds in 1955-59. In subsequent years they increased irregularly to 250 million pounds in 1965 and declined to 200 million pounds in 1966 (table B-12). Most U.S. exports of peanuts have been to Canada.

Sugar Act of 1948

Beginning with the Jones-Costigan Sugar Act in 1934, 1/ and continuing with the Sugar Act of 1937 2/ and the currently effective Sugar Act of 1948, 3/ the United States used quotas as the primary method for controlling imports of sugar. All sugar for the U.S. market is limited by absolute quotas which are allocated to specified foreign and domestic supplying areas. The tariff has been sharply reduced and the current rate of 5/8 cent per pound 4/ is of small importance in comparison to the control provided by the system of absolute quotas.

1/ Ch.263, sec. 4, 48 Stat. 670 (1934), 7 U.S.C., sec. 608a (1964).
2/ Ch. 898, 50 Stat. 903 (1930).
3/ 7 U.S.C., sec. 1111-1122 (1964). Currently effective through 1971.
4/ The base rate for standard raw sugar testing 96 degrees by the polariscope. This rate has been in effect since June 1951.

The Sugar Act is administered by the Secretary of Agriculture. The legislation provides guidelines as to the level of sugar prices the Secretary should endeavor to achieve in administration of the Act. Among these is the maintenance of raw sugar prices at the 1957-59 level adjusted for subsequent changes in the "Prices Paid by Farmers." 1/ The Secretary fixes the overall quota of sugar that can be marketed in the United States at a level he believes will result in a price consonant with legislative guidelines. He allocates this overall quota to the various domestic and specified foreign supplying areas in accordance with formulas set forth in the Act, and during the year reallocates unfilled area quotas also in accordance with legislative provisions. As a result, import quotas are virtually completely filled. Import licenses or permits are not required, and shipments enter the United States on a first-come-first-served basis. Data on final marketings, after reallocation of quota deficits among the various supplying areas, are shown in table B-13 for specified years beginning in 1948.

There has been an upward trend in the aggregate annual quotas from year to year reflecting the increase in population. Per capita consumption has remained relatively stable, generally at a little below 100 pounds of refined sugar, for many years. Within the total quota there have been significant shifts among the various supplying areas. Beginning July 1960 the United States stopped importing sugar from Cuba. The amended Sugar Act provides that the Cuban

1/ A price index calculated by the U.S. Department of Agriculture.

quota shall be prorated to other foreign countries during the current period of suspension of diplomatic relations between the two countries. The Dominican Republic, Mexico, Brazil, Peru, Australia, and the British West Indies have been the major beneficiaries of the reallocated Cuban quota.

Domestic beet sugar and mainland cane sugar areas have received a substantial increase in their share of the total marketing quota. The last two extensions of the Sugar Act of 1948 (1962 1/ and 1965 2/) provided for allocation of 65 percent of the growth in the U.S. sugar requirements to these areas.

To provide protection for continental U.S. cane sugar refiners processing raw sugar, U.S. sugar acts have limited the portion of the total quota for each country which may enter in the form of refined sugar and amendments in 1962 further reduced imports of refined sugar. Liquid sugar is excluded except for 2 million gallons of a type of molasses falling within the definition of liquid sugar but not competitive with commercial liquid or dry sugar.

In order to prevent evasion of sugar quotas by the importation of sugar-containing products, the Secretary of Agriculture may limit the quantity of such sugar-containing products imported from any country or area to a quantity which he determines will not substantially interfere with the objectives of the Sugar Act. The only action taken under this authority was the imposition, on July 13, 1966, of a quota on imports of mixtures of sugar and butterfat or

1/ 76 Stat. 156 (1962), 7 U.S.C. 1111 et seq. (1964).
2/ 79 Stat. 1271 (1965).

flour that contain more than 25 percent sugar. The quota for 1966, and that subsequently imposed for 1967, are given in the following tabulation:

Country	Unit of quantity	Quota	
		1966	1967
Australia	Pounds, product weight	9,240,000	14,090,000
Austria	Do	1/	827,000
Belgium	Do	1/	14,090,000
Canada	Do	1/	11,650,000
Denmark	Do	350,000	1,926,000
Sweden	Do	1/	397,000
United Kingdom	Do	1/	2,159,000
Each other country	Pounds of product containing raw value of sugar or liquid sugar in amount shown.	200,000	200,000

1/ No specific quota established; imports limited to the amount specified for "each other country."

The 1967 quota was much larger than the quota imposed in July 1967 on mixtures containing over 5.5 percent butterfat under the authority of section 22 of the Agricultural Adjustment Act, and which became the effective limitation on imports. Thus, the quota imposed under the Sugar Act now acts principally to limit potential imports of sugar and flour mixtures. 1/ Data on imports of such articles have not been published, but imports are reported to have been negligible, even prior to imposition of the quota.

The U.S. sugar acts have authorized unlimited imports of sugar under bond for processing and export or for livestock feed or

1/ The quota was amended in March 1968, for calendar 1968 and for subsequent years. The new quota limits annual imports of mixtures of sugar, flour and/or butterfat (more than 25 percent sugar and not over 5.5 percent butterfat) to a quantity containing not more than 100 short tons of sugar, raw value, from any one country.

distillation of alcohol. Such sugar, not being eligible for marketing in regular domestic outlets, can be purchased at world market prices. It enables U.S. exporters of sugar or sugar-containing products to compete in world markets without using higher-priced U.S. quota sugar and makes it economically feasible to market certain livestock feeds containing sugar.

Regulation of the U.S. sugar market through the quota system is supplemented by a system of conditional payments to domestic growers and a tax on all sugar marketed in normal domestic channels. The collections from the excise tax (0.53 cent per pound) yield an amount nearly equivalent to the conditional payments which are paid to domestic growers subject to their observance of regulations as to minimum wages, child labor, and marketing limitations.

By adjusting sugar quotas from time to time, the price of raw sugar in the United States has been maintained fairly close to the legislative price guideline. In December 1966 the price guideline under the Sugar Act was 7.14 cents per pound for raw sugar duty paid at New York and this was in fact the average market price that month. In contrast, "free market" or unprotected sugar was quoted at 1.41 cents per pound f.o.b. Caribbean port in December 1966. Most of the world's sugar is sold under arrangements that result in prices substantially above the "free market" price. Foreign suppliers sharing in the U.S. market customarily realize the full U.S. price less the 5/8 cent per pound duty and the cost of transportation.

United States-Philippine Trade Agreement

Under the trade agreement between the United States and the Philippine Republic of 1946, 1/ as revised, and the Philippine Trade Agreement Revision Act of 1955, 2/ imports of the following articles were made subject to quota as shown:

Sugars	Annual quota of 952,000 short tons, of which not over 56,000 short tons may be in the form of refined sugar.
Cordage, including yarns, twines, cords, rope and cable, tarred or untarred, wholy or in chief value of manila (abaca) or other hard fiber.	Annual quota of 6,000,000 pounds each calendar year.

The quotas are to continue, at these levels, through December 31, 1973, and one-half of these quota levels will be in effect during the period January 1-July 3, 1974. 3/ Subsequently, the quotas, as provided for in the trade agreement, will cease. It is likely, however, that quantitative limitations imposed by the Sugar Act will continue to regulate sugar imports.

As provided for in the Philippine Trade Agreement Revision Act of 1955, most articles which are the product of the Philippines, are subject to only a percentage of the most favorable rates of duty

1/ Ch. 244, sec. 212-216, 504, 60 Stat. 144, 156 (1946), 22 U.S.C., sec. 1262-1266, 1354 (1964).
2/ Ch. 438, sec. 201, 69 Stat. 413 (1955), 22 U.S.C., sec. 1372 (1964).
3/ Whether there will be further revisions in, or extensions of, the trade agreement prior to its current expiry date cannot be foretold at this time.

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applicable to imports from other countries 1/ when imported into the customs territory of the United States. 2/ The percentages applicable from the present through 1973 are as follows:

40 percent during calendar years 1965-67;
60 percent during calendar years 1968-70;
80 percent during calendar years 1971-73;
100 percent thereafter.

Sugar.--The quota allocated to the Philippines under the Sugar Act is invariably larger than that provided for in the Philippine Trade Agreement Revision Act (952,000 short tons). The latter act provides that the sugar quotas established therein shall be without prejudice to any increases which the Congress might allocate to the Philippines. Hence, the absolute quota under the U.S.-Philippine Trade Agreement is inoperative and the Philippines actually participate in the U.S. sugar market to the extent authorized by the Sugar Act.

Hard fiber cordage.--An annual import quota of 6 million pounds of hard fiber cordage from the Philippines first became effective May 1, 1935, under the Cordage Act of 1935. 3/ The quota was modified by the Philippine Trade Act of 1946 and the Philippine Trade Agreement Revision Act of 1955; it is currently provided for in headnote 2, part 2, schedule 3 of the TSUS. In the years 1946-61 the quota was not filled; it was filled during 1961-65, but not in 1966.

1/ Including any preferential rate prescribed for products of Cuba.
2/ The customs territory of the United States includes the States, the District of Columbia, and Puerto Rico.
3/ Ch. 240, sec. 1, 49 Stat. 340 (1935).

The quota is administered by the Bureau of Customs on a first-come-first-served basis. It is scheduled to terminate in 1974.

The principal hard fibers used in cordage, if imported in the form of raw fiber, waste, or advanced waste, have been free of duty for many years. Imports of these fibers, if processed, were dutiable at the rate of 20 percent ad valorem under the Tariff Act of 1930. Pursuant to trade agreement concessions, this rate was reduced until, currently, such imports are dutiable at the rate of 8 percent ad valorem. Imports of hard fiber cordage are dutiable at various rates. As provided for in general headnote 3(c) to the TSUS, articles which are the product of the Philippines are dutiable at a percentage of the rates applicable to imports from other countries. As of July 1, 1967, most Philippine articles are dutiable at 40 percent of such rates.

In the period 1958-66 U.S. annual imports of hard fiber cordage ranged from 256 million pounds in 1960 to 332 million pounds in 1962 (table B-14). Annual imports from the Philippine Republic during this period ranged from 5 million to 6 million pounds. Although the aggregate imports of hard fiber cordage from the Philippine Republic were small in comparison to total U.S. imports of hard fiber cordage, they supplied from 80 to 90 percent of annual U.S. imports of abaca rope and cable, three-sixteenth inches and over in diameter.

Because of the growing acceptance of synthetic fiber cordage, U.S. production of hard fiber cordage declined from 201 million pounds, valued at $52.3 million, in 1958 to 153 million pounds,

valued at $42.3 million, in 1963. In 1964 the value of U.S. hard fiber cordage production increased to $49.8 million, and it was $48.9 million in 1965. Although domestic production declined by about one-fourth from 1958 to 1963, domestic consumption increased slightly from 470 million pounds to 480 million pounds. The share of domestic production of all hard fiber cordage accounted for by abaca cordage, the principal type imported from the Philippines, has remained virtually the same. U.S. exports of hard fiber cordage (mostly abaca cordage) have been small; in 1963 they were equal to about 1½ percent of domestic production in terms of value, and somewhat less in terms of quantity.

Import restrictions on petroleum under the national security clause of the Trade Agreements Act

Since World War II the import trade in a number of commodities has been evaluated in light of the effect this trade may have on national security. Legislative measures designed to ensure that imports do not impair the national security have been enacted. The most important presently operative provision of law with regard to this matter is section 232 of the Trade Expansion Act of 1962. 1/ While a number of domestic industries have sought to invoke the national-security provisions of law, only in the case of petroleum and petroleum products has such an appeal resulted in the establishment of quantitative restrictions.

1/ 19 U.S.C., sec. 1862 (1964).

Mandatory restrictions on imports of crude petroleum and petroleum products were first imposed by the President in March 1959. 1/ These restrictions followed an investigation by the Director of the Office of Civil and Defense Mobilization (OCDM). 2/ The President's action established a mandatory program of import controls, effective March 11, 1959 on crude oil imports, and effective April 11, 1959 on oil products.

Imports are regulated by licenses issued by the Department of the Interior; allocations of the quota are made to individual companies, based principally on the amount of domestic crude oil processed in the preceding year. For purposes of the quota, the continental United States is divided into two major areas--Districts I-IV (the area east of the Rocky Mountains) and District V (the area west of the mountains). Plants in District V, which require additional petroleum to satisfy local requirements, receive somewhat more liberal treatment regarding imports than do plants in Districts I-IV.

Subsequent to the President's action of March 10, 1959, numerous changes and modifications of the original controls have been made. The volume of imports permitted has been increased both in absolute and relative terms. In Districts I-IV the quota originally permitted imports equal to about 9 percent of total demand during that period.

1/ This action was preceded by the Voluntary Oil Import Program, put into effect on July 1, 1957. Under the Voluntary Program, importers were requested to cut back imports of crude oil to a level 10 percent below their average annual imports in 1954-56. Late in 1958 it became evident that the Voluntary Oil Import Program was not accomplishing its purpose. Also, since finished petroleum products were not covered by the Program, imports thereof rose sharply.

2/ Now the Office of Emergency Planning.

This was changed to 12.2 percent of the production of crude oil and natural gas liquids during the corresponding period of the preceding year. In this area imports of crude and unfinished oils have maintained a ratio approximating 12.2 percent of domestic production. Certain types of imports have been exempted. The following tabulation shows the quota for the most recent quota years in barrels per day:

Commodity and quota period	District		
	I-IV	V	Puerto Rico 1/
Crude and unfinished--Jan. 1-Dec. 31, 1967 for District I-IV and V; Apr. 1, 1966-Mar. 31, 1967 for Puerto Rico---	689,000	210,682	175,228
Finished--Jan. 1-Dec. 31, 1967----	76,636	6,813	957
Residual fuel oil--Apr. 1, 1966-Mar. 31, 1967----------	2/	3,866	1,644

1/ An additional 50,000 barrels per day is authorized 1 refiner when plant capacity warrants allocation.
2/ No fixed quota; although an initial quota was established, modification of quotas for individual firms may be obtained, depending on the quantity and type of fuel oil sold.

When the mandatory quota on oil imports was initiated in 1959, importers of record were provided allocations equivalent to 80 percent of their last quota under the voluntary program. 1/ In succeeding allocation periods the quota allocations to historical importers

1/ Companies that imported crude oil under the voluntary program were given annual quotas of a certain percentage of their last allocation under that program. Over the years this percentage has been diminished and several companies have converted to an allocation that is determined mainly on the basis of plant input of oil in the preceding year.

were gradually reduced, and allotments were made to newcomers (principally small refiners), including refiners located in the interior of the United States. These allocations can be exchanged, at a premium, with coastal refiners readily able to use imported oil. Quota periods have usually been 6 or 12 months.

In 1966 almost 500 million barrels of crude oil were imported into the United States (table B-15). In the same year U.S. imports of petroleum products (other than residual fuel oil and petroleum asphalt) totaled 94 million barrels (table B-16). In 1966 about 375 million barrels of residual fuel oil were imported (table B-17). In recent years more than 20 percent of U.S. imports of crude petroleum came from Canada and about 2 percent from Mexico. Overland imports of crude petroleum from those two countries are exempted from quota limitation in that licenses for such imports are not required. The quantities imported in this manner, however, are charged against the allocable quotas.

U.S. prices, both of crude oil and petroleum products, have been higher than those in foreign markets. Between 1958 and 1965, notwithstanding the import restrictions, aggregate U.S. imports of petroleum increased at a greater rate than did domestic production, due principally to increased imports of residual fuel oil. Residual fuel oil became essentially decontrolled in April 1966. The ratio of imports to consumption in the years 1958-66 for crude petroleum ranged from 13 percent to 15 percent; for petroleum products (except residual fuel oil and petroleum asphalt) the ratio ranged between 1 percent

and 3 percent. A much sharper increase in imports of residual fuel oil in relation to consumption reflects special technological factors. As U.S. refineries have increased their efficiency, a greater share of the crude oil has been refined into higher valued products and a correspondingly smaller portion has remained as residual fuel oil. Largely because of this, the ratio of annual imports to consumption increased from 37 to 60 percent over the same period.

Quotas imposed by other legislation

Restrictions on the importation of meat (Public Law 88-482).--In 1964, following a period of declining prices for many types and grades of live cattle and concurrent large imports of beef, the Congress enacted Public Law 88-482. 1/ Although other provisions of the law became effective earlier, the meat import controls contained in the law became effective on January 1, 1965. The legislation provides for the imposition of an absolute quota on fresh, chilled, or frozen beef, veal, mutton, and goat meat, if imports of these meats beyond specified quantities should be anticipated. In the aggregate, these meats account for the bulk of U.S. meat imports (table B-18).

Public Law 88-482 sets the permissible level of aggregate imports of the meats listed above at 725.4 million pounds annually. For any given year, however, the amount is to be increased or decreased to assure that imports would bear about the same ratio to domestic commercial production in the quota year as they did, on the average, in the years 1959-63. In these years, the 725.4 million

1/ 78 Stat. 594 (1964), 19 U.S.C., sec. 1902 (1964).

pounds was equivalent to about 4.6 percent of domestic commercial production. This flexibility ensures that imports will have access to the same share of the U.S. market as in the base period. The law requires the Secretary of Agriculture to make two estimates (to be revised quarterly if necessary) prior to January 1 of each calendar year. On the one hand he must estimate the expected domestic commercial production of these meats for the forthcoming year in order to compute the quota amount. On the other hand, he is required to estimate the quantity of these meats which, but for the controls provided for in the law, would be imported in the forthcoming year. Should this estimate of imports exceed the quota amount by 10 percent or more the President shall, by proclamation, impose quotas. He may subsequently suspend or enlarge the quotas, as provided for in the law.

The law does not specify the manner in which quotas are to be administered, except that such quotas are to be allocated among supplying countries on the basis of the shares such countries supplied to the U.S. market during a representative period. The law does not state what such a period is. The Department of Agriculture has not indicated the manner in which it would allocate or administer the quotas.

Since the enactment of Public Law 88-482, the Secretary of Agriculture has made estimates of domestic production for the years 1965 through 1967. Calculations of the quota quantity and estimations of the expected volume of imports of meats were also made. The

following tabulation gives the quota amount, estimates of imports, and actual imports (in millions of pounds, product weight):

Year	Amount of quota	Expected level of imports	110 percent of quota (triggering point)	Actual imports
1960	-	-	-	451.1
1961	-	-	-	614.0
1962	-	-	-	925.0
1963	-	-	-	1,049.1
1964	-	-	-	739.9
1965	848.7	733	933.6	614.2
		1/ 714		
		2/ 675		
		3/ 630		
1966	890.1	700	979.1	823.4
		1/ 760		
		2/ 800		
		3/ 800		
1967	904.6	960	995.1	894.9
		1/ 900		
		2/ 860		
		3/ 860		

1/ First revision.
2/ Second revision.
3/ Third revision.

As shown in the tabulation above, the quantity of the quota as computed for each year has not been revised during any year. The estimates of expected imports, however, have been revised in most calendar quarters. As can be anticipated, the various natural, economic and political factors affecting production of, and trade in, meat and meat products have resulted in changes in trade patterns, even within a period of a few months.

In the two calendar years subsequent to the enactment of Public Law 88-482, imports of meats subject to possible quotas were

significantly smaller than in 1963 and below the level which would have called for import quotas. Imports in 1967 were less than the quantity which would have required imposition of quotas.

Certain feathers.--As discussed in the part of this report dealing with embargoes, the importation of certain skins and feathers of birds is prohibited. One exception to this prohibition, however, is provided for in headnote 2 to subpart D, part 15, of schedule 1 of the TSUS. This headnote, which continues a provision of Public Law 580 of 1952, 1/ provides that, within stated quantitative limits, skins bearing feathers of grey jungle fowl, mandarin duck, and of certain species of pheasant may be imported for certain designated purposes. 2/ The Secretary of the Interior is responsible for the administration of these quotas--including allocation, issuance of permits, and unilateral reduction or elimination of a quota or part of a quota should any of the species provided for be in danger of extinction. The purpose of the embargo on feathers of wild birds is wildlife conservation. The exceptions to the embargo, including the quotas on certain species, are not generally considered to be detrimental to this purpose.

Import permits are issued by the Department of Interior upon application of prospective importers. Applications must include the quantity, species, intended use, and port of entry of the proposed importation. The initial allocation each calendar year is for the first 6 months of the year. The Department allocates the quotas as

1/ 66 Stat. 755 (1952), 19 U.S.C., sec. 1202 (1964).
2/ For the quantities and species, see table A-2.

provided for in the Code of Federal Regulations and notifies applicants of the proposed allocation. Those applicants accepting their allocations must furnish evidence of orders placed with foreign suppliers for the feathers. Unused or unrequested quotas are subsequently reallocated for use during the second half of each calendar year.

Feathers of the type subject to quota restriction are not domestically produced in significant quantities. (Virtually all of the feathers produced commercially in the United States are chicken, duck, or turkey.)

Average U.S. imports of fancy feathers of all types are estimated to have been less than 1 million pounds annually in recent years. Of these, the feathers subject to quota probably accounted for less than 100,000 pounds each year; imports in 1962-66 are shown in the following tabulation:

Type of feather and quota	Number of skins imported				
	1962	1963	1964	1965	1966
Grey jungle fowl-5,000 skins--	1,225	2,078	558	73	-
Mandarin duck----1,000 skins--	450	-	-	-	-
Pheasant--------45,000 skins--	4,352	2,170	8,610	250	14,562
Total-------51,000 skins--	6,027	4,248	9,168	323	14,562

The quotas have been incompletely used in recent years. In the years 1962-66 aggregate imports of quota-type feathers were equivalent to from 0.6 percent to 28.6 percent of the annual quotas. In the same period the percentage of the annual quotas for the various species that were used ranged from 0 to 45 percent.

Quotas under international agreements

In addition to the quotas discussed thus far in this report, the United States imposes quotas under the provisions of international agreements to which this country is signatory. On July 1, 1967, two such international agreements were in effect--the Long-Term Arrangement Regarding International Trade in Cotton Textiles and the International Coffee Agreement.

Long-Term Arrangement Regarding International Trade in Cotton Textiles.--Imports of cotton manufactures have been subject to restraint since 1962 in accordance with the provisions of the Long-Term Arrangement Regarding International Trade in Cotton Textiles (LTA), negotiated under the authority of the provisions of section 204 of the Agricultural Act of 1956, as amended. 1/ The LTA is a multilateral agreement among some 30 nations having a substantial interest in international trade in cotton textiles. Prior to the inception of the LTA, Japan had (since 1957) controlled its exports to the United States of a wide range of cotton textile items, and Italy had controlled its exports of cotton velveteen to the United States.

1/ Section 204 of the Agricultural Act of 1956, as amended authorizes the President, whenever he determines it to be appropriate, to negotiate with representatives of foreign Governments in an effort to obtain agreements limiting the export from such countries and the importation into the United States of any agricultural commodity or product manufactured therefrom or textile or textile product. He is authorized to issue regulations governing the entry or withdrawal from warehouse of any such commodity, product, textiles, or textile products to carry out any such agreement. In addition, if a multilateral agreement exists among countries accounting for a significant part of world trade in the articles concerned, the President may also issue regulations controlling trade in products of countries not parties to the agreement.

However, shipments of cotton textiles to the United States were only partly controlled by these early efforts. The purpose of the LTA was to provide all textile-producing nations a share of the markets of the major importing nations, including the United States, while controlling importation of cotton textiles.

The LTA became effective on October 1, 1962, initially for a period of 5 years; in 1967 it was extended for 3 additional years. Under the LTA, countries experiencing domestic market "disruption" (as defined in the agreement) resulting from cotton textile imports can control the level of such imports by implementing the provisions of Article 3 of the LTA. An importing country can request an exporting country to limit shipments of the cotton textiles which are causing "disruption" in the importing country. If the exporting country does not accede to the request within 60 days, the importing country can then impose an import quota on the specified products. A quota cannot be less than the level determined by procedures specified in the agreement; annual increases in the quota (usually 5 percent) are provided for if the restraints remain in force for additional 12-month periods. Exports of participating countries cannot be restrained more severely than exports of non-participants.

Article 4 of the LTA permits mutually acceptable bilateral trade agreements which regulate cotton textile trade on terms not inconsistent with the basic objectives of the LTA. During the existence of the LTA, there has been a shift in emphasis away from the use of Article 3 restraint actions on the part of the United States and

toward an increased use of bilateral trade agreements. For example, in the first 12 months of the LTA (October 1, 1962 through September 30, 1963) when the United States invoked the Article 3 unilateral restraint provisions, as previously described, 115 times, only 4 bilateral agreements involving the United States were in effect. During the second year of the LTA (October 1, 1963 through September 30, 1964), the number of Article 3 restraints decreased to 67, while bilateral agreements involving the United States effective at the close of the year increased to 13. Since then there have been an insignificant number of restrictions under the provisions of Article 3 while bilateral cotton textile agreements involving the United States had come into effect with 22 Governments by mid-1967--the Republic of China, Colombia, Greece, Hong Kong, India, Israel, Italy, Jamaica, Japan, the Republic of Korea, Malta, Mexico, Nansei-Nanpo (Ryukyu), Pakistan, the Philippine Republic, Poland, Portugal, Singapore, Spain, Turkey, the United Arab Republic, and Yugoslavia (table A-5). Imports of cotton textiles from all of these countries accounted for about 90 percent of total U.S. imports of such products during 1966.

In the administration of the LTA, imported cotton textiles have been classified under 64 separate categories. Table A-6 lists these categories together with the index of the imports for each category during the STA year and each LTA year as compared with the level for fiscal year 1961. A cross-reference of TSUSA item numbers to the appropriate LTA categories is given in table A-7. Table B-19 shows

total imports of cotton textile items for calendar years 1958 through 1966. Despite the restraints of the LTA, imports of cotton textiles have increased markedly, from 1.1 billion equivalent square yards during 1960 to 1.8 billion during 1966, an increase of 64 percent. However, total restraint levels are, in most cases, subdivided among all or most of the 64 various categories, thus reducing the incidence of concentration of shipments of similar type articles.

Coffee.--The International Coffee Agreement was signed by the United States September 28, 1962; 1/ the Senate gave its advice and consent to ratification on May 21, 1963, and the agreement became provisionally effective for the United States on July 1, 1963, and definitively effective on December 27, 1963. Coffee imports are regulated pursuant to the agreement and implementary domestic legislation, the International Coffee Agreement Act of 1965, 2/ under which the United States fulfills some of its obligations under the agreement. The coffee agreement is designed to stabilize the price of coffee 3/ at approximately the 1962 levels through an export quota system administered by the International Coffee Council. Signatory countries accounted for about 97 percent of world exports and 92 percent of world imports in 1961, the base year of the agreement. Over the long term, producer members are expected to adjust production to amounts needed for domestic consumption, exports, and carryover in

1/ International Coffee Agreement, Sept. 28, 1962 [1963] 14. U.S.T. 1911, T.I.A.S. No. 5505.
2/ 19 U.S.C., sec. 1356a-1356c (Supp. I. 1965). The current implementing legislation expires September 30, 1968.
3/ TSUS items subject to the agreement are given in table A-8.

magnitudes which will maintain coffee prices at a relatively stable level, but high enough to provide adequate foreign exchange earnings for the producing countries. Most producing countries depend in great part on the sale of coffee for the foreign exchange needed to pay for their imports and to meet foreign debt obligations. Producing countries are expected to abide by the export quotas allotted by the Council, and, if persistently in violation, may be required to withdraw from the agreement.

Importing members (including the United States which consumes about one-half of the coffee sold in the world) are obliged under the agreement to require a certificate of origin for all coffee imported from member countries and to forward such certificates to the International Coffee Council. By this procedure, the Council determines whether or not the member producing countries are adhering to the export quotas which it has allotted.

In the event the Council determines that exports of nonmember countries exceed 5 percent of world exports in the base year, 1961, or otherwise reach a magnitude which disturbs the exports of member countries, it can request that the importing countries impose quotas on imports from nonmember countries. On September 6, 1966, the Council took such action, requesting that importing countries put into effect by January 1, 1967, regulations limiting imports of coffee from nonmember countries to an amount equal to average imports from such countries in 1960-62.

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Pursuant to the obligation of the United States under the agreement, absolute import quotas were established by the U.S. Bureau of Customs for the 12-month period beginning November 15, 1966. Specific country quotas were set for Bolivia, Guinea, Honduras, Kenya, Liberia, Paraguay, and Yemen, and a supplemental "basket" quota was allocated to unlisted nonmember countries. This "basket" quota is also available to the listed nonmember countries after they fill their specific quotas. No import licenses are required and all entries under quota are made on a first-come-first-served basis. Since establishment of the quotas, Honduras, Kenya, and Liberia became members of the agreement and their imports are no longer subject to such limitation.

Annual quotas still applicable as of September 11, 1967, were as follows:

Country	Established quota (pounds)	Total imports as of Sept. 11, 1967 (pounds)
Bolivia----------	1,850,800	Quota filled
Guinea----------	1,454,200	Quota filled
Paraguay----------	2,644,000	487,833
Yemen----------	1,850,800	852,450
Basket 1/----------	6,610,000	6,288,907
Total----------	14,409,800	10,934,190

1/ Basket quota allocated to unlisted nonmember countries and to listed nonmember countries that have filled their respective quotas.

Imports which have been subject to quotas are minor in relation to total U.S. imports of coffee which in the calendar year 1966 amounted to 2.9 billion pounds. The International Coffee Agreement expires in September 1968; actions for the purpose of its continuance are in process. 1/

1/ A renegotiated Agreement to be effective for a further period of 5 years was approved by the International Coffee Council on February 19, 1968 and was open for signature through March 31 at the United Nations. Following signature by the United States, the Agreement will be submitted to the Senate for its advice and consent to ratification and the necessary implementing legislation will be introduced for consideration by both Houses of the Congress.

Tariff-Rate-Quota Provisions for the Purpose of Restricting Imports

As noted in the introduction to this report, a tariff-rate quota, in general, permits a specified quantity of an article to enter at a specified rate of duty during a given period; imports in excess of that quantity are subject to a higher rate. Most U.S. tariff quotas currently in effect are the result of concessions granted by the United States in trade agreements; such arrangements are designed to encourage trade by reducing the duty on within-quota imports with no increase in duty on over-quota imports.

In some instances, however, tariff-rate quotas have been established with altered rates of duty for the purpose of restricting imports. In these cases, the quantities that might be entered under an existing (or moderately altered) rate of duty have been limited, while imports in excess of that quantity have been subject to an increased rate of duty. When coupled with a highly restrictive rate of duty on the over-quota imports, this arrangement may work substantially like an absolute quota. Tariff-rate-quota provisions employed for the purpose of restricting aggregate imports of certain articles have resulted from both escape-clause action and legislation; they are the only kind considered in this section.

Since the Trade Agreements Act of 1934 1/ was enacted, tariff-rate quotas for the purpose of limiting imports have been imposed

1/ Ch. 474, sec. 1, 48 Stat. 943 (1934), 19 U.S.C. 1351 (1964).

four times: in 1954, on imports of alsike clover seed; in 1959, on imports of stainless-steel table flatware; in 1965, on imports of brooms wholly or in part of broomcorn; and in 1967, on shipments of watches and watch movements from U.S. insular possessions. In the first two instances (alsike clover seed, and stainless-steel table flatware) the quotas resulted from action under section 7 (the escape clause) of the Trade Agreements Extension Act of 1951, 1/ which empowered the President to make such adjustments in the rates of duty or impose such tariff-rate quotas as he found necessary, after investigation by the Tariff Commission, to prevent serious injury to the domestic industry from imports resulting from a trade-agreement concession. Imports of brooms and shipments of watches and watch movements from U.S. insular possessions were put under a tariff-rate quota by legislative act. The tariff-rate quota on imports of alsike clover seed, after being repeatedly enlarged, was allowed to expire on June 30, 1959. 2/ The only tariff-rate quotas of the kind here discussed in force July 1, 1967, are those on imports of certain stainless-steel table flatware, on imports of brooms made of broomcorn, and on shipments of watches and watch movements from U.S. insular possessions.

1/ Ch. 141, sec. 7, 65 Stat. 74 (1951); repealed Pub. L. 87-794, sec. 257(e)(1), 76 Stat. 882 (1962).

2/ The tariff-rate quota on imports of alsike clover seed was first imposed by Presidential Proclamation 3059 of June 30, 1954; imports under the rate of duty then in force (2 cents per pound) were limited to 1,500,000 pounds annually, and the rate on over-quota imports was increased to 6 cents per pound. By Presidential Proclamation 3100 of June 29, 1955, the quota was increased to 2,500,000 pounds, and by Proclamation 3197 of June 24, 1957, to 3,000,000 pounds. On June 30, 1959, the quota restrictions terminated.

Stainless-steel table flatware

A tariff-rate quota established for the purpose of restricting imports of knives, forks, and spoons, valued under 25 cents each, not over 10.2 inches in overall length, and with stainless-steel handles, was established in 1959. This action followed an escape-clause investigation by the Tariff Commission under section 7 of the Trade Agreements Extension Act of 1951. Imports for consumption at the existing trade agreement rates of duty were limited to 5.75 million dozen pieces (69 million single pieces) in each 12-month period, beginning November 1, 1959; over-quota imports were made subject to rates of duty that were substantially higher--even higher than the rates established by the Tariff Act of 1930. Inasmuch as the rates of duty established for over-quota imports were virtually prohibitive, the duty arrangement had the effect of an absolute quota. 1/

In 1966, after an investigation by the Tariff Commission under section 351(d)(2) of the Trade Expansion Act of 1962, 2/ the President modified the quota provisions, retroactive to November 1, 1965. 3/

1/ Effective Aug. 31, 1963, the rate of duty applicable to some imports of stainless-steel table flatware was changed. Sets of articles described as tools, cutlery, forks, and spoons became classifiable under TSUS item 651.75, at the rate of duty applicable to that article in the set subject to the highest rate of duty. (Prior to that date these sets were not specially provided for.) In some cases imports of sets of articles containing one or more articles classifiable as stainless-steel table flatware were imported and, because the over-quota rate of duty was in effect, the entire set was dutiable at the high rate. Sec. 40(a) of the Tariff Schedules Technical Amendment Act established a specific provision for certain stainless-steel flatware in the form of specially designed camping and picnic sets, thereby removing them from the quota. 2/ 19 U.S.C., sec. 1981(d)(2) (1964).

3/ The quota provisions expired on Oct. 11, 1967 (pursuant to sec. 351(c)(1) or (2) of the Trade Expansion Act--19 U.S.C., sec. 1981(c)(1) or (2) (1964).

The quantity of imports permitted to enter at the trade agreement rates of duty was increased from 5.75 million dozen to 7 million dozen pieces; the rates of duty applicable to over-quota imports were substantially reduced. 1/

The quota is administered on a first-come-first-served basis. It has been common practice to import the merchandise into bonded warehouse, as a general import, prior to the beginning of a quota period. On, or shortly after, November 1 withdrawals for consumption are made and the bulk of the quota is filled.

Before the quantitative restrictions were imposed, effective November 1, 1959, U.S. imports of stainless-steel table flatware were increasing at a greater rate than were sales by U.S. manufacturers; the ratio of imports to production by domestic manufacturers increased from about 8 percent in 1953 to 61 percent in 1958. After the restrictions were imposed, sales by U.S. manufacturers increased--from 14.9 million dozen pieces in the calendar year 1958 to 26.7 million dozen pieces in 1964, and to 27.2 million dozen pieces in 1965. Imports decreased from 9.2 million dozen pieces in 1958 to 5.2 million dozen pieces in 1962, then increased to 7.3 million dozen pieces in 1964 and 8.9 million dozen pieces in 1966 (table B-20). In 1966, the first calendar year in which the liberalized restrictions were in effect, sales by domestic manufacturers increased to 30.0 million dozen pieces; imports increased to 9.2 million dozen pieces.

1/ For details see table A-2.

Apparent U.S. consumption of stainless-steel table flatware rose from 11.6 million dozen pieces in 1953 to 22.8 million dozen pieces in 1958 and to 38.8 million dozen pieces in 1966. The increased consumption of these articles is attributable principally to (1) their increased acceptance by consumers, (2) their lower price compared with sterling or silver-plated ware, (3) their availability in a wide range of patterns, (4) their utilitarian characteristics such as resistance to stains and tarnish and ability to withstand mechanical washing, (5) the increase in the number of U.S. households, (6) the larger number of pieces used per household, and (7) the increase in the number of commercial and institutional eating establishments using the articles.

In the quota years 1959-60 through 1964-65, imports were limited essentially to those entering at the trade-agreement rates. Recently, however, imports in excess of the quantitative limitations have increased, as shown in the following tabulation (in million dozens of pieces):

Period	U.S. imports		
	Within quota	Over quota	Total
Year ending Oct. 31--			
1964	5.75	0.10	5.85
1965	5.75	.24	5.99
1966	7.00	.67	7.67
Eight months ending June 30--			
1966	7.00	.17	7.17
1967	7.00	1.33	8.33

In the years 1961-64, nearly 95 percent of the quota type of imports originated in Japan (table B-21), and the remainder in a number of European countries. Since 1965 Hong Kong and Taiwan have also supplied limited quantities. Japan has controlled exports of stainless-steel table flatware to the United States since 1958.

As shown in the tabulation below, the average factory value per dozen pieces of the domestic producers' sales of stainless-steel table flatware has been 1½ to 2½ times that of the average foreign value of the imported flatware. The difference has narrowed since the import restrictions were imposed. The narrowing of the difference in average unit value has occurred through an increase in the average foreign value of the imported flatware rather than a decrease in the average value of the domestic perchandise.

Unit value of domestic and imported articles

(Per dozen pieces)

Year	U.S. f.o.b. factory	Foreign value	
		Total imports	Imports from Japan
1958	$2.12	$0.98	$0.86
1959	2.07	1.15	1.01
1960	2.10	1.14	1.00
1961	2.15	1.31	1.05
1962	2.05	1.30	1.08
1963	2.13	1.30	1.13
1964	2.23	1/ 1.32	1/ 1.22
1965	2.30	1/ 1.23	1/ 1.18

1/ Preliminary.

Source: Compiled from U.S. Tariff Commission's Report to the President on Investigation No. TEA-1A-5 under Section 351(d)(2) of the Trade Expansion Act of 1962, T.C. Publication 189, Washington, D.C., 1966 (tables 6 and 11).

Brooms made of broomcorn

In 1961-62, the Tariff Commission investigated and reported 1/ on the differences in costs of production of brooms made of broomcorn 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, as amended. 2/ The Commission recommended that, in order to equalize the differences in costs of production to the fullest extent permissible under section 336, the rate of duty of 25 percent ad valorem be applied to such brooms on the basis of the American selling price as defined in section 402(e) 3/ of the said act. The recommendation of the Commission was not implemented and the tariff treatment of these brooms was not changed until 1965. The Tariff Schedules Technical Amendments Act of 1965, (Public Law 89-241), 4/ enacted October 7, 1965, provided for tariff-rate quotas on these brooms of the kind considered in this section.

Prior to January 1, 1966, the brooms affected by the aforementioned 1965 act were dutiable at the rate of 25 percent ad valorem. Section 78 of the new law established two tariff-rate quotas on imports of brooms wholly or in part of broomcorn in conjunction with substantially increased over-quota rates of duty. Imports of whisk-brooms, valued not over 32 cents each, are dutiable at the rate of

1/ U.S. Tariff Commission, Publication 49, Washington, 1962.
2/ 19 U.S.C., sec. 1336 (1964).
3/ 19 U.S.C., sec. 1402(e) (1964).
4/ 19 U.S.C., sec. 1202, sched. 7, part 8, items 750.29-750.30 (Supp. I, 1964).

20 percent ad valorem if within a quota of 115,000 dozen; the over-quota rate on such whiskbrooms is 12 cents each. Imports of whiskbrooms valued over 32 cents each are dutiable at the rate of 32 percent ad valorem; a quota is not applicable to such imports but they are counted toward the quota of 115,000 dozen which determines the rate of duty on whiskbrooms valued not over 32 cents each.

In a similar manner, imports of other brooms wholly or in part of broomcorn, valued not over 96 cents each, are dutiable at rates of 20 percent ad valorem if within the quota of 205,000 dozen; the over-quota rates on such brooms is 32 cents each. A quota is not applicable to imports of brooms made of broomcorn that are valued at over 96 cents each (dutiable at the rate of 32 percent ad valorem), but imports of such brooms are counted toward the 205,000 dozen quota for brooms valued not over 96 cents.

Based on the unit values of aggregate imports in 1966, the specific rate of duty on over-quota imports of whiskbrooms was equivalent to a duty of 100 percent ad valorem; that on over-quota imports of other brooms was equivalent to about 120 percent ad valorem.

If the President determines 1/ that the estimated annual domestic consumption of brooms of the type subject to tariff-rate limitation has changed substantially, he shall modify the quantity subject

1/ In order to assist him in the exercise of this authority, the President, on Oct. 23, 1967, by Executive Order No. 11377, directed the Tariff Commission to furnish him annually with its judgment as to the estimated consumption during the preceding year of each kind of broom subject to quota. 32 F.R. 14725.

to the lower duties. The President may allocate the quotas among supplying countries. 1/ The aggregate of 320,000 dozen permitted entry at the lower rates of duty accounted for almost 90 percent of U.S. total imports of brooms and brushes not mounted in a block or head in 1966. Virtually all of the remaining imports of brooms and brushes were of types not subject to quantitative restriction of any kind.

Data relating to domestic production, imports, and exports of brooms of the types subject to tariff-rate quotas are not generally available for years prior to 1966. The value of domestic production of all brooms made wholly or in chief part of broomcorn increased from $33.7 million in 1958 to $38.1 million in 1963. Household floor brooms accounted for about two-thirds of these totals. A substantial part (in 1960 nearly one-fifth) of the domestic output of brooms containing broomcorn has been produced in workshops for the blind and relatively small quantities in prison shops.

United States imports of brooms and brushes not mounted in a block or head (the only type subject to tariff-rate quotas) increased steadily from about 290,000 dozen, valued at less than $0.8 million in 1961 to about 460,000 dozen, valued at $1.3 million in 1965 (table B-22). Mexico was the principal supplier of household floor brooms; Hungary supplied most of the whiskbrooms. Poland was an important supplementary source of imports of both types. The quantity permitted entry at the lower rate of duty of 20 percent ad valorem

1/ Headnote 3 for subpart A, part 8 of sched. 7 of the TSUS.

has not been adjusted by the President. In 1966, U.S. imports of whiskbrooms at the low rate were about 112,500 dozen, equivalent to 98 percent of the quota. Imports of the other brooms under quota were about 204,000 dozen, equivalent to over 99 percent of the quota. Imports of whiskbrooms in the first 6 months of 1967 completely filled the quota. Imports of other brooms in the same period totaled about 203,000 dozen, almost filling the quota.

Watches and watch movements

The Customs Simplification Act of 1954 1/ provided uniform duty-free treatment for shipments from the insular possessions into the customs territory of the United States. 2/ This treatment was incorporated in paragraph (a) of general headnote 3 of the Tariff Schedules of the United States effective August 31, 1963 (table A-2). Under this headnote, items grown or produced in a U.S. insular possession are free of duty when imported into the customs territory of the United States, provided they do not contain foreign materials equivalent to more than 50 percent of the total value.

Watch assembling in the United States insular possessions was initiated in the Virgin Islands in 1959 and expanded rapidly during the next few years; watch assembling in Guam began essentially in the

1/ 68 Stat. 1136, Title IV, sec. 401 (1954), 19 U.S.C., sec. 1202, general headnote 3a (1964).

2/ The customs territory of the United States includes the States, the District of Columbia, and Puerto Rico.

latter part of 1965. In 1966, as a result of the large aggregate volume of shipments from the insular possessions, a tariff-rate quota was imposed on watches and watch movements (Public Law 89-805). 1/

Effective January 1, 1967, the tariff-rate quota on watches and watch movements limited the number of these units assembled in the insular possessions that could enter duty-free into the customs territory of the United States. In practice this quota affected principally watch movements shipped from the insular possessions, rather than watches. It is unique in that it applies to items assembled on the soil of American possessions from foreign-made subassemblies and parts. The legislation provides that the total number of watches and watch movements from the Virgin Islands, Guam, and American Samoa in a given year shall not exceed one-ninth of the apparent U.S. consumption of watch movements during the previous year, as calculated by the Tariff Commission. 2/ One-ninth of the apparent U.S. consumption of 42,237,000 watch movements in 1966 is 4,693,000 units--the quota for 1967. The quota is allocated jointly by the Secretaries of Commerce and Interior. Of this the Virgin Islands can ship 4,106,375 units duty-free to the customs territory of the United States; Guam, 390,927 units; and American Samoa, 195,698 units. Shipments to the customs territory of the United States in

1/ 80 Stat. 1521 (1966), 19 U.S.C., sec. 1202, sched. 7, part 2, subpart E (1964), as amended (Supp. II, 1967).

2/ The total quota is divided as follows: 87.5 percent for the Virgin Islands, 8.33 percent for Guam, and 4.17 percent for American Samoa.

excess of these quantities are permitted, but are dutiable at the rates applicable to imports from other non-Communist countries. It appears that such imports would be negligible under conditions existing in the trade at the time of this report.

Unrestricted shipments from the insular possessions had three principal effects: (1) they restricted increased consumption of inexpensive domestically-produced watches (those produced within the customs territory of the United States); (2) they had a limiting effect on imports of watch movements (mainly from Switzerland); and (3) they permitted broad avoidance of U.S. duties on watch parts made abroad (principally in Japan, West Germany, France, and the Soviet Union) by shipping them to the U.S. insular possessions for subsequent duty-free entry as watch movements or watches.

In the first year of its operation, the quota on watch movements shipped from the insular possessions served to curtail watch shipments from the Virgin Islands and Guam. During 1966, 5.4 million movements were shipped to the U.S. mainland (table B-23). Shipments from these possessions 1/ in 1967 were 3.8 million units, a reduction of 30 percent.

Another development that served to restrict watch-movement assembling operations in the insular possessions was the termination, effective January 11, 1967, of the high rates of duty imposed under

1/ Watch movement assembly operations have not begun in American Samoa.

the escape clause on certain foreign watches and watch movements. This action reduced tariffs by one-third on almost all foreign-made watch movements containing as many as 17 jewels. The full impact of these rate reductions has not yet been felt by the watch-movement assembling industry in the insular possessions. Owing to the lowering of the external tariffs and to the implementation of the tariff-rate quota, it can be anticipated that there will be some further deterioration in the competitive position of movements assembled in the insular possessions.

U.S. Quantitative Restrictions and the General Agreement on Tariffs and Trade

In this section the concepts of the General Agreement on Tariffs and Trade (GATT) relating to quantitative import restrictions and the obligations of the United States thereunder are briefly summarized.

The framers of the GATT considered that concerted action to reduce tariffs under the GATT framework could be rendered ineffective unless additional measures were taken to cope with the problems of other restrictions designed for protective purposes. Under the leadership of the United States, the GATT Contracting Parties in 1947 agreed not to utilize quantitative restrictions for normal protective purposes. They adopted the following provision:

> No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party. 1/

It was recognized at the 1947 GATT conference that the prohibition of Article XI required certain exceptions in view of then-existing and anticipated circumstances. The exceptions to Article XI are: 2/

> (1) Temporary export restrictions or prohibitions to prevent or relieve critical shortages of food stuffs or other essential products; (art. XI(2)(a))

1/ General Agreement on Tariffs and Trade, Oct. 30, 1947, art. XI, 61 Stat. A3, (1948), T.I.A.S., No. 1700 (effective Jan. 1, 1948).
2/ Id.

(2) Import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading or marketing of commodities in international trade; (art. XI(2)(b))

(3) Import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of Governmental measures which operates to:

(a) restrict the quantities of the like domestic product, or
(b) remove a temporary surplus of the like domestic product, or
(c) restrict quantities of animal products, the production of which is directly dependent on the imported commodity, if commodity is negligible; (art. XI (2)(c))

(4) Restrictions on the quantity or value of merchandise permitted to be imported in order to safeguard its external financial position and its balance of payments; (art. XII)

(5) Quantitative restrictions to foster the establishment of a particular industry for contracting parties with economies with low standards of living and in the early stages of development; (art. XVIII)

(6) Escape-clause type restrictive action for a domestic industry threatened with or suffering serious injury as a result of increased imports generated by obligations incurred by a contracting party under the agreement; (art. XIX)

(7) Restrictive measures taken to protect the wide range of activities encompassed by social welfare and health standards, that is, action to protect public morals, health regulations, patents and copyrights, etc.; (art. XX) and

(8) Restrictive action necessitated by the security interests of the contracting party. (art. XXI)

In general these exceptions were permitted with the expectation that they would be employed only temporarily until the conditions requiring their use ceased to exist. When disputes have arisen over

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the use of restrictive measures, contracting parties have conducted negotiations in order to resolve any controversy (art. XXII). To a limited degree, contracting parties have availed themselves of the additional safeguards provided in the event of nullification or impairment of any benefit accruing to them under the agreement (art. XXIII).

A further important reservation or exception should be noted, Article XI is in part II of the GATT. By virtue of the GATT Protocol of Provisional Application the obligation of the United States and other contracting parties is to apply Article XI provisionally "to the fullest extent not inconsistent with existing legislation" [i.e., legislation existing on October 30, 1947].

The use of quantitative import restrictions by the United States has been limited, as indicated herein. The United States in 1954 requested and obtained a waiver of its commitments under the agreement, insofar as such commitments might be regarded as inconsistent with action which the United States is required to take under section 22 of the Agricultural Adjustment Act.

Quantitative restrictions employed by the United States, other than those relating to agricultural products, fall into several distinct categories. One category includes those restrictions, usually of many years' standing, relating to such national objectives as wildlife conservation, pure food, and public safety. Other restrictions are specifically permitted by the exceptions to Article XI, such as the escape-clause or national security provisions. The restrictions on certain furskins and on brooms made of broomcorn affect trade with non-GATT countries almost exclusively.

APPENDIX A

Citations, excerpts, and tabulations relating to import restriction provisions

Table A-1.--Legal enactments relating to certain import restrictions not treated in this report

Legislation	Authority
Federal Food, Drug and Cosmetic Act of 1938, as amended.	19 U.S.C. sec. 16 et. seq. (1964)
Narcotic Drugs Import and Export Act of 1909, as amended.	21 U.S.C. sec. 171 et. seq.(1964)
Federal Alcohol Administration Act of 1935, as amended.	27 U.S.C. sec. 201 et. seq.(1964)
Import Milk Act of 1927, as amended---	21 U.S.C. sec. 141 to 145 (1964)
Animal Quarantine Acts, as amended----	21 U.S.C. sec. 102 et. seq. (1964)
Sec. 306 of Tariff Act of 1930, as amended.	19 U.S.C. sec. 1306 (1964)
Plant Quarantine Act of 1947 and Nursery Stock Quarantine Act of 1912.	7 U.S.C. sec. 151 et. seq. (1964)
Federal Seed Act of 1939, as amended--	7 U.S.C. sec. 1551 et. seq. (1964)
Explosive Act of 1917, as amended-----	50 U.S.C. sec. 121 et. seq. (1964)
Sec. 305 of the Tariff Act of 1930, as amended.	19 U.S.C. sec. 1305 (1964)
Trading with the Enemy Act of 1917, as amended.	50 U.S.C. App. sec. 1, 5(b) (1964)
Foreign Assistance Act of 1964, as amended.	22 U.S.C. sec. 2370 (1964), as amended (Supp. II, 1967)

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions

Item	Articles	Rates of Duty 1/	
		1	2
	Public Law 88-482		
	Meats (except meat offal), fresh, chilled, or frozen, of all animals (except birds):		
106.10 2/	Cattle	3¢ per lb.	6¢ per lb.
106.20 2/	Goats and sheep (except lambs)	2.5¢ per lb.	5¢ per lb.
	Embargo on wild bird eggs		
	Schedule 1, Part 4		
	Subpart E. - Poultry and Other Birds' Eggs		
	Subpart E headnote:		
	1. The importation of eggs of wild birds is prohibited, except eggs of game birds imported for propagating purposes under regulations prescribed by the Secretary of the Interior, and specimens imported for scientific collections.		
	Bird eggs, and bird-egg yolks and albumen, fresh, frozen, prepared or preserved (whether or not sugar or other material is added):		
	Eggs in the shell:		
119.50	Poultry (except chicken)	5¢ per doz.	10¢ per doz.
119.55	Chicken	3.5¢ per doz.	10¢ per doz.
119.60	Other	Free	Free
	Whole eggs not in the shell, egg yolks, and egg albumen:		
119.65	Dried	27¢ per lb.	27¢ per lb.
119.70	Other	11¢ per lb.	11¢ per lb.
	Embargo on certain furskins		
	Schedule 1, Part 5		
	Subpart B. - Furskins		
	Subpart B headnote:		
	*****		
	4. The entry, or withdrawal from warehouse, for consumption of ermine, fox, kotinsky, marten, mink, muskrat, and weasel furskins, raw or not dressed, or dressed, which are the product of the Union of Soviet Socialist Republics or of Communist China, is prohibited.		
	*****		
	1/ The column 2 rates are assessed on articles which are the product of designated Communist countries. The column 1 rates apply to products of other countries.		
	2/ Meats covered by the tariff descriptions in items 106.10 and 106.20 may be made subject to an absolute quota by Presidential proclamation should the annual ratio of imports to domestic production increase over the analogous weighted average annual ratio for the period 1959 through 1963, inclusive. For more precise details see Public Law 88-482, TD 56253.		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty 1	Rates of Duty 2
123.50	Furskins of the silver, black, or platinum fox (including those of any fox which is a mutation, or type developed, from silver, black, or platinum foxes), whether or not dressed.....	37.5% ad val.	50% ad val.
	Other furskins, raw or not dressed, or dressed:		
124.10	Raw or not dressed.....	Free	Free
	Dressed:		
	Not dyed:		
124.20	Plates, mats, linings, strips, crosses, or similar forms.....	17.5% ad val.	35% ad val.
	Other:		
124.25	Beaver, caracul and Persian lamb, chinchilla, ermine, fisher, fitch, fox, kolinsky, leopard, lynx, marten, mink, nutria, ocelot, otter, pony, raccoon, sable, and wolf.....	5.5% ad val.	25% ad val.
	*****		
124.40	Other.....	10% ad val.	25% ad val.
	Dyed:		
124.60	Plates, mats, linings, strips, crosses, or similar forms.....	20% ad val.	40% ad val.
	Other:		
124.65	Beaver, caracul and Persian lamb, chinchilla, ermine, fisher, fitch, fox, kolinsky, leopard, lynx, marten, mink, nutria, ocelot, otter, pony, raccoon, sable, and wolf.....	8% ad val.	30% ad val.
	*****		
124.80	Other.....	12% ad val.	30% ad val.
	Sugar Act of 1948		
	PART 10. - SUGAR; COCOA; CONFECTIONERY 1/		
	Subpart A. - Sugars, Sirups, and Molasses 2/		
	Subpart A headnote:		
	1. The term "degree", as used in the "Rates of Duty" columns of this subpart, means sugar degree as determined by polariscopic test.		
	1/ Imports of cane and beet sugar and articles in chief value thereof are, in certain circumstances, subject to an additional import duty. See Appendix to Tariff Schedules.		
	2/ Imports of cane and beet sugar are subject to absolute quotas under the Sugar Act of 1948, as amended and extended (7 U.S.C. 1100 et seq.).		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty 1	Rates of Duty 2
	Sugar beets and sugar cane:		
	In their natural state:		
155.10	Sugar beets	80¢ per short ton	80¢ per short ton
155.12	Sugar cane	$2.50 per short ton	$2.50 per short ton
155.15	In other forms suitable for the commercial extraction of sugar	0.5¢ per lb. of total sugars	1.5¢ per lb. of total sugars
	Sugars, sirups, and molasses, derived from sugar cane or sugar beets:		
155.20	Principally of crystalline structure or in dry amorphous form	0.6625¢ per lb. less 0.009375¢ per lb. for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.428125¢ per lb.	1.9875¢ per lb. less 0.028125¢ per lb. for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 1.284375¢ per lb.
155.21	If products of Cuba	0.53¢ per lb. less 0.0075¢ per lb. for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.3425¢ per lb. (a)	
	Not principally of crystalline structure and not in dry amorphous form:		
155.30	Containing soluble non-sugar solids (excluding any foreign substance that may have been added or developed in the product) equal to 65% or less by weight of the total soluble solids	Dutiable on total sugars at the rate per lb. applicable under Item 155.20 to sugar testing 100 degrees	Dutiable on total sugars at the rate per lb. applicable under Item 155.20 to sugar testing 100 degrees
155.31	If products of Cuba	Dutiable on total sugars at the rate per lb. applicable under Item 155.21 to sugar testing 100 degrees (a)	
155.35	Other	2.9¢ per gal.	6.8¢ per gal.
155.36	If products of Cuba	2.1¢ per gal. (a)	
155.40	Molasses, including dried molasses, imported for use other than (a) the commercial extraction of sugar, or (b) human consumption	0.012¢ per lb. of total sugars	0.03¢ per lb. of total sugars
155.41	If product of Cuba	0.01¢ per lb. of total sugars (a)	
155.50	Maple sugar	2¢ per lb.	6¢ per lb.
155.55	Maple sirup	1.5¢ per lb.	4¢ per lb.
155.60	Dextrose	1.6¢ per lb.	2¢ per lb.
155.65	Dextrose sirup	1.6¢ per lb.	2¢ per lb.
155.70	Honey	1¢ per lb.	3¢ per lb.
155.75	Sugars, sirups, and molasses, described in this subpart, flavored; and sirups, flavored or unflavored, consisting of blends of any of the products described in this subpart	20% ad val.	20% ad val.
155.76	If products of Cuba	16% ad val. (a)	
	(a) = Suspended. See general headnote 3(b).		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty 1	Rates of Duty 2
	Embargo on impure tea		
	PART 11. - COFFEE, TEA, MATÉ, AND SPICES		
	Subpart A - Coffee and Coffee Substitutes Tea, Maté		
	Subpart A headnotes:		
	*****		
	3. Pursuant to 21 U.S.C. 41 the importation of impure tea is prohibited, except as provided for in part 50 of schedule 8.		
	*****		
160.50	Tea, crude or prepared..	Free	Free
	Embargo on pepper shells		
	Subpart B. - Spices and Spice Seeds		
	Subpart B headnotes:		
	*****		
	4. The importation of pepper shells, ground or unground, is hereby prohibited.		
	*****		
	Pepper:		
	Black or white:		
161.77	Not ground.....	Free	Free
161.79	Ground.....	3¢ per lb.	5¢ per lb.
	Capsicum or cayenne or red:		
161.81	Not ground.....	5¢ per lb.	5¢ per lb.
161.82	If product of Cuba.....	4¢ per lb. (a)	
161.84	Ground.....	5.1¢ per lb.	8¢ per lb.
	(a) = Suspended. See general headnote 3(b).		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty	
		1	2
	<u>Provision relating to feathers</u> Subpart D. - Feathers, Downs, Bristles, and Hair <u>Subpart D headnotes</u>: ***** 2. (a) Except as provided in (b) and (c) of this headnote, the importation of the feathers or skin of any bird is hereby prohibited. Such prohibition shall apply to the feathers or skin of any bird — (i) whether raw or processed; (ii) whether the whole plumage or skin or any part of either; (iii) whether or not attached to a whole bird or any part thereof; and (iv) whether or not forming part of another article. (b) Headnote 2(a) shall not apply — (i) in respect of any of the following birds (other than any such bird which, whether or not raised in captivity, is a wild bird): chickens (including hens and roosters), turkeys, guinea fowl, geese, ducks, pigeons, ostriches, rheas, English ring-necked pheasants, and pea fowl; (ii) to any importation for scientific or educational purposes; (iii) to the importation of fully-manufactured artificial flies used for fishing; (iv) to the importation of birds which are classifiable under item 813.20 of schedule 8; and (v) to the importation of live birds. (c) Notwithstanding headnote 2(a), there may be entered in each calendar year the following quotas of skins bearing feathers: (i) for use in the manufacture of artificial flies used for fishing: (A) not more than 5,000 skins of grey jungle fowl (<u>Gallus sonnerati</u>), and (B) not more than 1,000 skins of mandarin duck (<u>Dendronessa galericulata</u>); and (ii) for use in the manufacture of artificial flies used for fishing, or for millinery purposes, not more than 45,000 skins, in the aggregate, of the following species of pheasant: Lady Amherst pheasant (<u>Chrysolophus amherstiae</u>), golden pheasant (<u>Chrysolophus pictus</u>), silver pheasant (<u>Lophura nycthemera</u>), Reeves pheasant (<u>Syrmaticus reevesii</u>), blue-eared pheasant (<u>Crossoptilon auritum</u>), and brown-eared pheasant (<u>Crossoptilon mantchuricum</u>). For the purposes of these quotas, any part of a skin which has been severed shall be considered to be a whole skin. (d) No article specified in headnote 2(c) shall be entered except under a permit issued by the Secretary of the Interior. The Secretary of the Interior shall prescribe such regulations as may be necessary to carry out the purposes and provisions of headnote 2(c) (including regulations providing for		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty	
		1	2
	equitable allocation among qualified applicants of the import quotas established by such provisions). Whenever the Secretary of the Interior finds that the wild supply of any species mentioned in headnote 2(c) is threatened with serious reduction or with extinction, he shall prescribe regulations which provide (to such extent and for such period as he deems necessary to meet such threat) -- (i) in the case of grey jungle fowl or mandarin duck, for the reduction of the applicable import quota; or (ii) in the case of any species of pheasant, for the reduction of the import quota established for pheasants, for the establishment of a subquota for such species of pheasant, or for the elimination of such species from the import quota for pheasants, or any combination thereof. The authority granted to the Secretary of the Interior by the preceding sentence to reduce any import quota shall include authority to eliminate such quota. (e) Any article of a kind the importation of which is prohibited or subjected to a quota by headnotes 2(a), (b), and (c) and which is in the United States shall be presumed for the purposes of seizure and forfeiture to have been imported in violation of law and shall be seized and forfeited under the customs laws unless such presumption is satisfactorily rebutted; except that such presumption shall not apply to articles in actual use for personal adornment or for scientific or educational purposes. Any article so forfeited may (in the discretion of the Secretary of the Treasury and under such regulations as he may prescribe) (1) be placed with any agency of the Federal Government or of any State government, or any society or museum, for exhibition or scientific or educational purposes, or (2) be destroyed. (f) Nothing in these headnotes shall be construed to repeal the provisions of the Act of March 4, 1913, chapter 145 (Thirty-seventh Statutes at Large, page 847), or the Act of July 3, 1918 (Fortieth Statutes at Large, page 755), or any other law of the United States, now of force, intended for the protection or preservation of birds within the United States. If on investigation by the collector before seizure, or before trial for forfeiture, or if at such trial if such seizure has been made, it shall be made to appear to the collector, or the prosecuting officer of the Government, as the case may be, that no illegal importation of such feathers has been made, but that the possession, acquisition or purchase of such feathers is or has been made in violation of the provisions of the Act of March 4, 1913, chapter 145 (Thirty-seventh Statutes at Large, page 847), or the Act of July 3, 1918 (Fortieth Statutes at Large, page 755), or any other law of the United States, now of force, intended for the protection or preservation of birds within the United States, it shall be the duty of the collector, or such prosecuting officer, as the case may be, to report the facts to the proper officials of the United States, or State or Territory charged with the duty of enforcing such laws.		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty 1	Rates of Duty 2
	Feathers and downs, whether or not on the skin, crude, sorted (including feathers simply strung for convenience in handling or transportation), treated, or both sorted and treated, but not otherwise processed:		
	*****		
186.15	Other.....	20% ad val.	20% ad val.
	Quota on hard fiber cordage		
	Schedule 3, Part 2		
	Part 2 headnotes:		
	*****		
	2. The total amount of cordage, of hard (leaf) fibers, which is the product of the Philippines and which may be entered in any calendar year through December 31, 1973, shall not be over 6,000,000 pounds.		
	*****		
	Cordage:		
	Of vegetable fibers:		
	Of hard (leaf) fibers:		
	Not of stranded construction:		
315.20	Binder twine and baler twine.....	Free	Free
315.25	Other.....	15% ad val.	40% ad val.
	Of stranded construction:		
315.30	Measuring under 3/16 inch in diameter.....	15% ad val.	40% ad val.
	Measuring 3/16 or over but under 3/4 inch in diameter:		
315.35	Of abaca.....	2¢ per lb. + 10% ad val.	2¢ per lb. + 15% ad val.
315.40	Of sisal, of henequen, or of sisal and henequen.....	1¢ per lb. + 7.5% ad val.	2¢ per lb. + 15% ad val.
315.41	If product of Cuba.....	0.8¢ per lb. + 6% ad val. (a)	
315.45	Other.....	2¢ per lb. + 15% ad val.	2¢ per lb. + 15% ad val.
	Measuring 3/4 inch or over in diameter:		
315.50	Of abaca.....	2¢ per lb.	2¢ per lb.
315.55	Of sisal, of henequen, or of sisal and henequen.....	1¢ per lb.	2¢ per lb.
315.56	If product of Cuba.....	0.8¢ per lb. (a)	
	(a) = Suspended. See general headnote 3(b).		

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Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty 1	Rates of Duty 2
	Petroleum quotas 1/		
	PART 10. - PETROLEUM, NATURAL GAS, AND PRODUCTS DERIVED THEREFROM 2/		
	*****		
	Crude petroleum (including reconstituted crude petroleum); topped crude petroleum; crude shale oil; and distillate and residual fuel oils (including blended fuel oils) derived from petroleum, shale, or both, with or without additives:		
475.05	Testing under 25 degrees A.P.I.	0.125¢ per gal.	0.5¢ per gal.
475.10	Testing 25 degrees A.P.I. or more.....	0.25¢ per gal.	0.5¢ per gal.
475.15	Natural gas, methane, ethane, propane, butane, and mixtures thereof.....	Free	Free
475.25	Motor fuel.....	1.25¢ per gal.	2.5¢ per gal.
475.30	Kerosene derived from petroleum, shale oil, or both (except motor fuel).....	0.25¢ per gal.	0.5¢ per gal.
475.35	Naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel).....	0.25¢ per gal.	0.5¢ per gal.
475.40	Mineral oil of medicinal grade derived from petroleum, shale oil, or both.....	0.5¢ per gal.	0.5¢ per gal.
	Lubricating oils and greases, derived from petroleum, shale oil, or both, with or without additives:		
475.45	Oils.....	2¢ per gal.	4¢ per gal.
	Greases:		
475.55	Containing not over 10 percent by weight of salts of fatty acids of animal (including marine animal) or vegetable origin.....	10% ad val.	20% ad val.
475.60	Other.....	1¢ per lb. + 10% ad val.	2¢ per lb. + 20% ad val.
	Mixtures of hydrocarbons not specially provided for, derived wholly from petroleum, shale oil, natural gas, or combinations thereof, which contain by weight not over 50 percent of any single hydrocarbon compound:		
475.65	In liquid form.....	0.25¢ per gal.	0.5¢ per gal.
475.70	In other than liquid form.....	Free	Free

1/ The TSUS items listed account for the bulk of the trade under quota. In addition to these, there are numerous items in schedule 4 of the TSUS which may include products subject to quota restriction. Trade under quota in these items is negligible or nil.

2/ Crude petroleum and certain products thereof are subject to import quotas proclaimed pursuant to section 2 of Public Law 464, 83d Congress, as amended (19 USC 1352a). Proc. 3279, as amended by Procs. 3290, 3328, 3386, 3389, 3509, 3531, 3541, 3693, 3779, and 3794.

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty	
		1	2
	Insular possession watch quotas Schedule 7, Part 2 SUBPART E. - WATCHES, CLOCKS, AND TIMING DEVICES Subpart E headnotes: ***** 6. Products of insular Possessions.--(a) Except as provided in paragraph (b) of this headnote, any article provided for in this subpart which is the product of an insular possession of the United States outside the customs territory of the United States and which contains any foreign component shall be subject to duty-- (i) at the rates set forth in column numbered 1, if the countries of origin of more than 50 percent in value of the foreign components are countries to products of which column numbered 1 rates apply, and (ii) at the rates set forth in column numbered 2, if the countries of origin of 50 percent or more in value of the foreign components are countries to products of which column numbered 2 rates apply. (b) If the requirements for free entry set forth in general headnote 3(a) are complied with, watches (provided for in item 715.05) and watch movements (provided for in items 716.08 through 719.--) which are the product of the Virgin Islands, Guam, or American Samoa and which contain any foreign component may be admitted free of duty, but the total quantity of such articles entered free of duty during each calendar year shall not exceed a number equal to 1/9 of the apparent United States consumption of watch movements during the preceding calendar year (as determined by the Tariff Commission), of which total quantity-- (i) not to exceed 87.5 percent shall be the product of the Virgin Islands, (ii) not to exceed 8.33 percent shall be the product of Guam, and (iii) not to exceed 4.17 percent shall be the product of American Samoa. (c) On or before April 1 of each calendar year (beginning with 1967), the Tariff Commission shall determine the apparent United States consumption of watch movements during the preceding calendar year, shall report such determination to the Secretary of the Treasury, the Secretary of the Interior, and Secretary of Commerce, and shall publish such determination in the Federal Register, together with the number of watches and watch movements which are the product of the Virgin Islands, Guam, and American Samoa which may be entered free of duty under paragraph (b) during the calendar year. (d) The Secretary of the Interior and the Secretary of Commerce, acting jointly, shall allocate on a fair and equitable basis among producers of watches and watch movements located in the Virgin Islands, Guam, and American Samoa the quotas for each calendar year provided by paragraph (b) for articles which are the product of the Virgin Islands, Guam, and American Samoa, respectively. Allocations made by the Secretaries shall be final. The Secretaries are authorized to issue such regulations as they determine necessary to carry out their duties under this paragraph.		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty 1	Rates of Duty 2
715.05 (see head-note 3(b))	Watches.....	The column 1 rates applicable to the cases, plus the column 1 rates applicable to the movements, if such cases and movements were imported separately	The column 2 rates applicable to the cases, plus the column 2 rates applicable to the movements, if such cases and movements were imported separately
	Clocks:		
715.15 (see head-note 3(b))	With watch movements; or with clock movements measuring less than 1.77 inches in width.....	The column 1 rates applicable to the cases, plus the column 1 rates applicable to the movements, if such cases and movements were imported separately	The column 2 rates applicable to the cases, plus the column 2 rates applicable to the movements, if such cases and movements were imported separately -
	With other movements:		
715.20	Standard marine chronometers having spring-detent escapements.....	$2.15 each + 17.5% ad val. + 7¢ for each jewel, if any	$4.50 each + 65% ad val. + 25¢ for each jewel, if any
	Other clocks:		
715.25	Valued not over $1.10 each.....	27.5¢ each + 32.5% ad val. + 12.5¢ for each jewel, if any	55¢ each + 65% ad val. + 25¢ for each jewel, if any
715.27	Valued over $1.10 but not over $2.25 each.....	50¢ each + 32.5% ad val. + 12.5¢ for each jewel, if any	$1 each + 65% ad val. + 25¢ for each jewel, if any
715.29	Valued over $2.25 but not over $5 each.....	75¢ each + 32.5% ad val. + 12.5¢ for each jewel, if any	$1.50 each + 65% ad val. + 25¢ for each jewel, if any
715.31	Valued over $5 but not over $10 each....	$1.50 each + 32.5% ad val. + 12.5¢ for each jewel, if any	$3 each + 65% ad val. + 25¢ for each jewel, if any
715.33	Valued over $10 each.....	$2.25 each + 32.5% ad val. + 12.5¢ for each jewel, if any	$4.50 each + 65% ad val. + 25¢ for each jewel, if any
	Apparatus with watch or clock movements or with synchronous motors, for recording the time of day, or for measuring, recording, or otherwise indicating intervals of time:		
715.40	Pigeon timers.....	$1.50 each + 26% ad val. + 10¢ for each jewel, if any	$4.50 each + 65% ad val. + 25¢ for each jewel, if any
	Other:		
715.45	Valued not over $1.10 each.....	27.5¢ each + 32.5% ad val. + 12.5¢ for each jewel, if any	55¢ each + 65% ad val. + 25¢ for each jewel, if any
715.47	Valued over $1.10 but not over $2.25 each....	50¢ each + 32.5% ad val. + 12.5¢ for each jewel, if any	$1 each + 65% ad val. + 25¢ for each jewel, if any
715.49	Valued over $2.25 but not over $5 each.....	75¢ each + 32.5% ad val. + 12.5¢ for each jewel, if any	$1.50 each + 65% ad val. + 25¢ for each jewel, if any
715.51	Valued over $5 but not over $10 each.....	$1.50 each + 32.5% ad val. + 12.5¢ for each jewel, if any	$3 each + 65% ad val. + 25¢ for each jewel, if any
715.53	Valued over $10 each.....	$2.25 each + 35% ad val. + 12.5¢ for each jewel, if any	$4.50 each + 65% ad val. + 25¢ for each jewel, if any

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty		
		1		2
	Time switches with watch or clock movements, or with synchronous or subsynchronous motors:			
715.60	Valued not over $1.10 each	27.5¢ each + 32.5% ad val. + 12.5¢ for each jewel, if any		55¢ each + 65% ad val. + 25¢ for each jewel, if any
715.62	Valued over $1.10 each but not over $2.25 each	50¢ each + 32.5% ad val. + 12.5¢ for each jewel, if any		$1 each + 65% ad val. + 25¢ for each jewel, if any
715.64	Valued over $2.25 but not over $5 each	75¢ each + 20% ad val. + 12.5¢ for each jewel, if any		$1.50 each + 65% ad val. + 25¢ for each jewel, if any
715.66	Valued over $5 but not over $10 each	$1.50 each + 20% ad val. + 12.5¢ for each jewel, if any		$3 each + 65% ad val. + 25¢ for each jewel, if any
715.68	Valued over $10 each	$2.25 each + 32.5% ad val. + 12.5¢ for each jewel, if any		$4.50 each + 65% ad val. + 25¢ for each jewel, if any
	Watch movements, assembled, without dials or hands, or with dials or hands whether or not assembled thereon: 1/			
716.08	Having over 17 jewels	$10.75 each		$10.75 each
		1-a	1-b	2
	Having no jewels or not over 17 jewels: Not adjusted, not self-winding (or if a self-winding device cannot be incorporated therein), and not constructed or designed to operate for a period in excess of 47 hours without rewinding: Having no jewels or only 1 jewel:			
716.10	Not over 0.6 inch in width	90¢ each	$1.50 each	$1.50 each
716.11	Over 0.6 but not over 0.8 inch in width	75¢ each	$1.35 each	$1.35 each
716.12	Over 0.8 but not over 0.9 inch in width	75¢ each	$1.20 each	$1.20 each
716.13	Over 0.9 but not over 1 inch in width	75¢ each	$1.05 each	$1.05 each
716.14	Over 1 but not over 1.2 inches in width	75¢ each	93¢ each	93¢ each
716.15	Over 1.2 but not over 1.5 inches in width	75¢ each	84¢ each	84¢ each
716.16	Over 1.5 but not over 1.77 inches in width	75¢ each	75¢ each	75¢ each
	Having over 1 jewel but not over 7 jewels:			
716.20	Not over 0.6 inch in width	$1.80 each	$2.50 each	$2.50 each
716.21	Over 0.6 but not over 0.8 inch in width	$1.35 each	$2.25 each	$2.25 each
716.22	Over 0.8 but not over 0.9 inch in width	$1.35 each	$2 each	$2 each
716.23	Over 0.9 but not over 1 inch in width	$1.20 each	$1.75 each	$1.75 each
716.24	Over 1 but not over 1.2 inches in width	90¢ each	$1.55 each	$1.55 each
716.25	Over 1.2 but not over 1.5 inches in width	90¢ each	$1.40 each	$1.40 each
716.26	Over 1.5 but not over 1.77 inches in width	90¢ each	$1.25 each	$1.25 each
	Having over 7 but not over 17 jewels:			
716.30	Not over 0.6 inch in width	$1.80 each + 9¢ for each jewel over 7		$2.50 each + 15¢ for each jewel over 7
716.31	Over 0.6 but not over 0.8 inch in width	$1.35 each + 9¢ for each jewel over 7		$2.25 each + 15¢ for each jewel over 7
716.32	Over 0.8 but not over 0.9 inch in width	$1.35 each + 9¢ for each jewel over 7		$2 each + 15¢ for each jewel over 7

1/ The column 1 rates of duty on most watch movements have been increased pursuant to escape-clause procedure, or by temporary legislation. See Appendix to Tariff Schedules.

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty 1	Rates of Duty 2
	Watch movements, assembled, etc. (con.): Having no jewels, etc. (con.): Not adjusted, not, etc. (con.): Having over 7, etc. (con.):		
716.33	Over 0.9 but not over 1 inch in width	$1.20 each + 9¢ for each jewel over 7	$1.75 each + 15¢ for each jewel over 7
716.34	Over 1 but not over 1.2 inches in width	90¢ each + 9¢ for each jewel over 7	$1.55 each + 15¢ for each jewel over 7
716.35	Over 1.2 but not over 1.5 inches in width	90¢ each + 9¢ for each jewel over 7	$1.40 each + 15¢ for each jewel over 7
716.36	Over 1.5 but not over 1.77 inches in width	90¢ each + 9¢ for each jewel over 7	$1.25 each + 15¢ for each jewel over 7
717.-- (See headnote 3(b))	Adjusted, but not self-winding (and if a self-winding device cannot be incorporated therein), and not constructed or designed to operate for a period in excess of 47 hours without rewinding	Column 1 base rate + 50¢ for each adjustment	Column 2 base rate + $1 for each adjustment
718.-- (See headnote 3(b))	Self-winding (or if a self-winding device can be incorporated therein), or constructed or designed to operate for a period in excess of 47 hours without rewinding, but not adjusted	Column 1 base rate + 50¢ each	Column 2 base rate + $1 each
719.-- (See headnote 3(b))	Adjusted and self-winding (or if a self-winding device can be incorporated therein), or constructed or designed to operate for a period in excess of 47 hours without rewinding	Column 1 base rate + 50¢ each + 50¢ for each adjustment	Column 2 base rate + $1 each + $1 for each adjustment
	Clock movements, assembled, without dials or hands, or with dials or hands whether or not assembled thereon: Measuring less than 1.77 inches in width: Not constructed or designed to operate for over 47 hours without rewinding:		
720.02	Having no jewels or only 1 jewel	75¢ each	75¢ each
720.04	Having over 1 jewel	$1.25 each + 13.5¢ for each jewel over 7	$1.25 each + 15¢ for each jewel over 7
	Constructed or designed to operate for over 47 hours without rewinding:		
720.06	Having no jewels or only 1 jewel	$1.50 each	$1.75 each
720.08	Having over 1 jewel	$2 each + 13.5¢ for each jewel over 7	$2.25 each + 15¢ for each jewel over 7

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty	
		0 1	2
	Broom quota		
	Schedule 7, Part 8		
	Subpart A. - Combs, Hair Ornaments, Brooms and Brushes, Paint Rollers		
	Subpart A headnotes:		
	*****		
	3. (a) If the President determines that the estimated annual domestic consumption of whiskbrooms of a kind described in items 750.26 to 750.28, inclusive, or of other brooms of a kind described in items 750.29 to 750.31, inclusive, has substantially changed since 1965 or since the date of the immediately preceding proclamation under this paragraph (if any), the quantity provided for in item 750.26 or 750.29, as the case may be, shall be modified by the percentage by which the President determines the estimated annual domestic consumption of the relevant brooms has changed in comparison with such estimated consumption in 1965 or at the time of such immediately preceding proclamation (if any). Such modified quantity shall be proclaimed by the President and shall, subject to the provisions of this paragraph, replace the quantity previously applicable under item 750.26 or 750.29.		
	(b) If the President determines an allocation among supplying countries of the quantity provided for in item 750.26 or 750.29 to be in the national interest, he may proclaim such allocation.		
	*****		
	Brooms and brushes consisting of vegetable materials bound together but not mounted or set in a block or head, with or without handles:		
	Brooms wholly or in part of broom corn:		
	Whiskbrooms:		
	Valued not over 32¢ each:		
750.26	In any calendar year prior to the entry, or withdrawal from warehouse, for consumption of 115,000 dozen (or such modified quantity as may become applicable under headnote 3(a) to this subpart) whiskbrooms classifiable under items 750.26 to 750.28, inclusive.....	20% ad val.	20% ad val.
750.27	Other.....	12¢ each	12¢ each
750.28	Valued over 32¢ each.....	32% ad val.	32% ad val.
	Other brooms:		
	Valued not over 96¢ each:		
750.29	In any calendar year prior to the entry, or withdrawal from warehouse, for consumption of 205,000 dozen (or such modified quantity as may become applicable under headnote 3(a) to this subpart) brooms classifiable under items 750.29 to 750.31, inclusive.....	20% ad val.	20% ad val.
750.30	Other.....	32¢ each	32¢ each
750.31	Valued over 96¢ each.....	32% ad val.	32% ad val.
750.32	Other.....	25% ad val.	25% ad val.
750.33	If product of Cuba.....	20% ad val. (a)	
	(a) = Suspended. See general headnote 3(b)		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty	
		1	2
	Embargo on white phosphorus matches Schedule 7, Part 9 Subpart A. - Matches, Pyrotechnics, Candles, Blasting Caps Subpart A headnotes: 1. The importation of white phosphorus matches is prohibited.		
	Matches:		
755.05	In immediate containers each containing not more than 100 matches.....	15¢ per gross of immediate containers	20¢ per gross of immediate containers
755.10	Other.....	2¢ per 1000 matches	2-3/4¢ per 1000 matches
	Stainless steel flatware quota Appendix, Part 2 Part 2 headnote: 1. This part contains the temporary modifications of the provisions in the tariff schedules proclaimed by the President pursuant to trade-agreements legislation. Unless otherwise stated, the modified provisions are effective until suspended or terminated. Subpart A. - Escape-Clause Actions Subpart A headnotes: 1. This subpart contains the temporary modifications of the provisions of the tariff schedules proclaimed by the President pursuant to the escape-clause procedures prescribed in section 7 of the Trade Agreements Extension Act of 1951, as amended, or in sections 301 and 351 or 352 of the Trade Expansion Act of 1962.		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty 1	Rates of Duty 2
	Knives, forks, and spoons, all the foregoing valued under 25 cents each, not over 10.2 inches in over-all length, and with stainless steel handles (provided for in items 650.09, 650.11, 650.39, 650.41, and 650.55 of part 3E of schedule 6, or if included in sets provided for in item 651.75 of such part):		
	For an aggregate quantity from countries subject to the rates set for in rate of duty column numbered 1 not to exceed (1) 84 million single units entered in the 12-month period beginning November 1, 1965, and (2) 84 million single units entered in the period beginning November 1, 1966, and ending at the close of October 11, 1967, unless the President proclaims otherwise pursuant to section 351(c) (1) or (2) of the Trade Expansion Act of 1962 (19 U.S.C. 1981(c) (1) or (2)):		
	Knives and forks:		
927.50	With handles not containing nickel and not containing over 10 percent by weight of manganese (items 650.09 and 650.39).....	1¢ each + 12.5% ad val.	No change
927.51	With handles containing nickel or containing over 10 percent by weight of manganese (items 650.11 and 650.41)...	1¢ each + 17.5% ad val.	No change
927.52	Spoons (item 650.55).....	17% ad val.	No change
	Other:		
	Knives and forks:		
927.60	With handles not containing nickel and not containing over 10 percent by weight of manganese (item 650.09 and 650.39).....	3¢ each + 15% ad val.	3¢ each + 15% ad val. but not less than 2¢ each + 45% ad val.
927.61	With handles containing nickel or containing over 10 percent by weight of manganese (items 650.11 and 650.41)...	3¢ each + 20% ad val.	3¢ each + 20% ad val. but not less than 2¢ each + 45% ad val.
927.62	Spoons (item 650.55).....	40% ad val.	No change

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty	
		1	2
	Section 22 quotas		
	PART 3. - ADDITIONAL IMPORT RESTRICTIONS PROCLAIMED PURSUANT TO SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT, AS AMENDED		
	Part 3 headnotes:		
	1. This part covers the provisions proclaimed by the President pursuant to section 22 of the Agricultural Adjustment Act, as amended (7 USC 624), imposing import fees, herein referred to as duties, and quantitative limitations on articles imported into the United States. The duties provided for in this part are cumulative duties which apply in addition to the duties, if any, otherwise imposed on the articles involved. Unless otherwise stated, the duties and quantitative limitations provided for in this part apply until suspended or terminated.		
	2. Exclusions.--The import restrictions provided for in this part do not apply with respect to --		
	(a) articles imported by or for the account of any agency of the United States;		
	(b) commercial samples of cotton or cotton waste of any origin in uncompressed packages each weighing not more than 50 pounds gross weight; and articles (except cotton and cotton waste) with an aggregate value not over $10 in any shipment, if imported as samples for taking orders, for the personal use of the importer, or for research;		
	(c) articles entered for exhibition, display, or sampling at a Trade Fair or for research, but only if written approval of the Secretary of Agriculture or his designated representative is presented at the time of entry or bond is furnished in a form prescribed by the Commissioner of Customs in an amount equal to the value of the merchandise as set forth in the entry plus the estimated duty as determined at the time of entry, conditioned upon the production of such written approval within six months from the date of entry;		
	(d) certified or registered seed wheat for use for seeding and crop-improvement purposes, in bags tagged and sealed by an officially recognized seed-certifying agency of the country of production, if --		
	(i) the individual shipment amounts to 100 bushels (of 60 pounds each for wheat) or less, or		
	(ii) the individual shipment amounts to more than 100 bushels and the written approval of the Secretary of Agriculture or his designated representative is presented at the time of entry, or bond is furnished in a form prescribed by the Commissioner of Customs in an amount equal to the value of the merchandise as set forth in the entry, plus the estimated duty as determined at the time of entry, conditioned upon the production of such written approval within six months from the date of entry;		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Rates of Duty	
		1	2
	(e) wheat flour, the product of Israel, which is certified to the Secretary of Agriculture by an authorized representative of the government of Israel or its designee as having been thoroughly safeguarded for ritual purposes under rabbinical supervision and which is imported into the United States for use solely for religious and ritual purposes in the making of matzos for Passover, if the written approval of the Secretary of Agriculture is presented at the time of entry, or withdrawal from warehouse, for consumption; and (f) cotton produced in the United States with respect to which the Secretary of Agriculture shall have certified that there has been exported without benefit of subsidy, as an offset to the proposed re-entry, an equal or greater number of pounds of cotton produced in the United States, of any grade or staple. 3. (a) Dairy products -- (i) Imported articles subject to the import quotas provided for in items 950.01 through 950.11, except 950.06, may be entered only by or for the account of a person or firm to whom a license has been issued by or under the authority of the Secretary of Agriculture, and only in accordance with the terms of such license; except that no such license shall be required for up to 1,225,000 pounds per quota year of natural Cheddar cheese made from unpasteurized milk and aged not less than 9 months which prior to exportation has been certified to meet such requirements by an official of a government agency of the country where the cheese was produced, of which amount not more than 612,500 pounds may be entered during the period July 1, 1967, through December 31, 1967, or during the first six months of a quota year. Such licenses shall be issued under regulations of the Secretary of Agriculture which he determines will, to the fullest extent practicable, result in (1) the equitable distribution of the respective quotas for such articles among importers or users and (2) the allocation of shares of the respective quotas for such articles among supplying countries, based upon the proportion supplied by such countries during previous representative periods, taking due account of any special factors which may have affected or may be affecting the trade in the articles concerned. No licenses shall be issued which will permit entry during the first six months of a quota year of more than one-half of the quantities specified for any of the cheeses or substitutes for cheese (items 950.07 through .10) in the column entitled "Quota Quantity." (ii) not more than 4,406,250 pounds of the quota quantity specified for articles under item 950.08A for the period July 1, 1967, through December 31, 1967, and not more than 8,812,500 pounds of the annual quota quantity specified in such item for each subsequent 12-month period shall be products other than natural Cheddar cheese made from unpasteurized milk and aged not less than 9 months.		

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Quota Quantity
	(b) Cotton Waste. For the purposes of Item 955.05, the minimum quota in column (A) is that part of the total quota in column (C) which must be reserved for comber waste made from cotton 1-3/16 inches or more in staple length, and the unreserved quota in column (B) is that part of the total quota available for any quota-type waste, including comber waste made from cotton 1-3/16 inches or more in staple length.	
	Whenever, in any 12-month period beginning January 1 in any year, the respective aggregate quantity specified below for one of the numbered classes of articles has been entered, no article in such class may be entered during the remainder of such period:	
950.00	Milk and cream, fluid or frozen, fresh or sour, containing over 5.5 percent but not over 45 percent by weight of butterfat:	
	For the 12-month period ending December 31, 1967:	
	New Zealand.....	the quantity entered on or before June 30, 1967, plus 750,000 gallons
	Other.....	None
	For each subsequent year:	
	New Zealand.....	1,500,000 gallons
	Other.....	None
	Dried milk, dried cream, and dried whey provided for in part 4 of schedule 1:	
950.01	Described in items 115.45 and 118.05.....	496,000 pounds
950.02	Described in item 115.50.....	1,807,000 pounds
950.03	Described in item 115.55.....	7,000 pounds
950.04	Described in item 115.60.....	500 pounds
950.05	Butter, and fresh or sour cream containing over 45 percent of butterfat, provided for in part 4B of schedule 1.....	707,000 pounds
950.06	Butter substitutes containing over 45 percent of butterfat provided for in item 116.30, part 4B, schedule 1, and butter oil however provided for elsewhere in these schedules.....	1,200,000 pounds
	Cheeses and substitutes for cheese provided for in part 4C, schedule 1:	
950.07	Blue-mold (except Stilton) and cheese and substitutes for cheese containing, or processed from, blue-mold cheese.....	5,016,999 pounds
950.08A	Cheddar cheese, and cheese and substitutes for cheese containing, or processed from, Cheddar cheese:	
	For the 12-month period ending December 31, 1967.....	The quantity entered on or before June 30, 1967, plus 5,018,750 pounds (See headnote 3(a)(ii) of this part)
	For each subsequent 12-month period.....	10,037,500 pounds (See headnote 3(a)(ii) of this part)
950.08B	American-type cheese, including Colby, washed curd, and granular cheese (but not including Cheddar) and cheese and substitutes for cheese containing, or processed from, such American-type cheese:	
	For the 12-month period ending December 31, 1967.....	the quantity entered on or before June 30, 1967, plus 3,048,300 pounds
	For each subsequent 12-month period.....	6,096,600 pounds
950.09	Edam and Gouda cheeses.....	9,200,400 pounds
950.10	Italian-type cheeses, made from cows' milk, in original loaves (Romano made from cows' milk, Reggiano, Parmesano, Provoloni, Provolette, and Sbrinz).....	1,500,100 pounds
950.11	Malted milk, and articles of milk or cream, provided for in item 118.30, part 4D, schedule 1....	6,000 pounds

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Quota Quantity
	Whenever, in any 12-month period, etc. (con.):	
	Articles containing over 5.5 percent by weight of butterfat, the butterfat content of which is commercially extractable, or which are capable of being used for any edible purpose (except articles provided for in subparts A, B, C or item 118.30, of part 4, schedule 1, and except articles imported packaged for distribution in the retail trade and ready for use by the purchaser at retail for an edible purpose or in the preparation of an edible article):	
950.12	Over 45 percent by weight of butterfat.....	None
950.13	Over 5.5 percent but not over 45 percent by weight of butterfat and classifiable for tariff purposes under item 182.91:	
	For the 12-month period ending December 31, 1967:	
	Australia.....	the quantity entered on or before June 30, 1967, plus 1,120,000 pounds
	Belgium and Denmark (aggregate).....	the quantity entered on or before June 30, 1967, plus 170,000 pounds
	Other.....	None
	For each subsequent 12-month period:	
	Australia.....	2,240,000 pounds
	Belgium and Denmark (aggregate).....	340,000 pounds
	Other.....	None

Item	Articles	Wheat (In 60-pound bushels)	Milled Wheat Products (In pounds)
950.60	Whenever, in any 12-month period beginning May 29 in any year, the respective quantity specified below of wheat fit for human consumption (item 130.70, part 7A, schedule 1) or of milled wheat products fit for human consumption (item 131.40, part 7B, schedule 1) the product of a specified foreign country or area has been entered, no such wheat or milled wheat products, respectively, the product of such country or area may be entered during the remainder of such period:		
	Canada.....	795,000	3,815,000
	China.....	None	24,000
	Hungary.....	None	13,000
	Hong Kong.....	None	13,000
	Japan.....	None	8,000
	United Kingdom.....	100	75,000
	Australia.....	None	1,000
	Germany.....	100	5,000
	Syria.....	100	5,000
	New Zealand.....	None	1,000
	Chile.....	None	1,000
	Netherlands.....	100	1,000
	Argentina.....	2,000	14,000
	Italy.....	100	2,000
	Cuba.....	None	12,000
	France.....	1,000	1,000
	Greece.....	None	1,000
	Mexico.....	100	1,000
	Panama.....	None	1,000
	Uruguay.....	None	1,000
	Poland and Danzig.....	None	1,000
	Sweden.....	None	1,000
	Yugoslavia.....	None	1,000
	Norway.....	None	1,000
	Canary Islands.....	None	1,000
	Rumania.....	1,000	None
	Guatemala.....	100	None
	Brazil.....	100	None
	Union of Soviet Socialist Republics.....	100	None
	Belgium.....	100	None
	Other foreign countries or areas.....	None	None

Item	Articles	Quota Quantity
951.00	Whenever, in any 12-month period beginning August 1 in any year, the aggregate quantity specified below of peanuts, shelled or not shelled, blanched, or otherwise prepared or preserved (except peanut butter) provided for in items 145.20, 145.21, and 145.48, part 9A, schedule 1, has been entered, no such products may be entered during the remainder of such period.....	1,709,000 pounds: Provided, That peanuts in the shell shall be charged against this quota on the basis of 75 pounds for each 100 pounds of peanuts in the shell.

Table A-2.--Provisions of the Tariff Schedules of the United States relating to quantitative import restrictions--Continued

Item	Articles	Quota Quantity (in pounds)
	Whenever, in the respective 12-month period specified below, the aggregate quantity specified below for one of the numbered classes of articles or for the product of a specified country or area within such numbered class has been entered, no article in such class or the product of such country or area may be entered during the remainder of such period:	
	Cotton, not carded, not combed, and not otherwise processed, the product of any country or area including the United States:	
955.01	Having a staple length under 1-1/8 inches (except harsh or rough cotton having a staple length under 3/4 inch), entered during the 12-month period beginning September 20 in any year:	
	Egypt and Sudan (aggregate)	783,816
	Peru	247,952
	India and Pakistan (aggregate)	2,003,483
	China	1,370,791
	Mexico	8,883,259
	Brazil	618,723
	Union of Soviet Socialist Republics	475,124
	Argentina	5,203
	Haiti	237
	Ecuador	9,333
	Honduras	752
	Paraguay	871
	Colombia	124
	Iraq	195
	British East Africa	2,240
	Indonesia and Netherlands New Guinea (aggregate)	71,388
	British West Indies (except Barbados, Bermuda, Jamaica, Trinidad, Tobago)	21,321
	Nigeria	5,377
	British West Africa (except Nigeria and Ghana)	16,004
	Other, including the United States	None
	Having a staple length 1-1/8 inches or more but under 1-3/8 inches, entered during the 12-month period beginning August 1 in any year:	
955.02	Harsh or rough cotton (except cotton of perished staple, grabbots, and cotton pickings), white in color and having a staple length of 1-5/32 inches or more	1,500,000
955.03	Other	4,565,642
955.04	Having a staple length 1-3/8 inches or more, entered during the 12-month period beginning August 1 in any year	39,590,778
955.05	Card strips made from cotton having a staple length under 1-3/16 inches, and cotton comber waste, lap waste, sliver waste, and roving waste, all the foregoing, whether or not advanced, the product of any country or area including the United States, entered during the 12-month period beginning September 20 in any year:	See headnote 3(b) of this part

	(A) Minimum Quota for certain comber waste	(B) Unreserved Quota	(C) Total Quota
United Kingdom	2,882,305	1,441,152	4,323,457
Canada	None	239,690	239,690
France	151,613	75,807	227,420
India and Pakistan (aggregate)	None	69,627	69,627
Netherlands	45,493	22,747	68,240
Switzerland	29,592	14,796	44,388
Belgium	25,706	12,853	38,559
Japan	None	341,535	341,535
China	None	17,322	17,322
Egypt	None	8,135	8,135
Cuba	None	6,544	6,544
Germany	50,886	25,443	76,329
Italy	14,175	7,088	21,263
Other, including the United States	None	None	None

Item	Articles	Quota Quantity (in pounds)
955.06	Fibers of cotton processed but not spun, entered during the 12-month period beginning September 11 in any year	1,000

Table A-3.--Commodities embargoed from Rhodesia

TSUS Reference	Commodity
Schedule 5, Part 1, Subpart F, item 518.11.	Asbestos, crudes, fibers, stucco, sand and refuse.
	Chromium:
Schedule 6, Part 1, item 601.15	Ore and concentrates thereof.
Schedule 6, Part 2, Subpart B, items 607.30, 607.31 and 607.55.	Ferrochromium and ferro-silico-chromium.
	Copper:
Schedule 6, Part 1, items 602.25 and 602.30.	Ore and concentrates thereof.
Schedule 6, Part 2, Subpart C, and Part 3.	Copper products.
	Iron:
Schedule 6, Part 1, item 601.24	Ore and concentrates thereof.
Schedule 6, Part 2, Subpart B, items 607.15, 607.18, 607.20 and 607.21.	Pig iron, cast iron and spiegel-eisen.
Schedule 1, Part 5, Subpart A	Hides, skins and leather.
Schedule 1, Part 2	Meat and meat products.
Schedule 1, Part 10, Subparts A and C	Sugar, syrups and molasses, confectionery.
Schedule 1, Part 13	Tobacco and tobacco products.

Source: 32 Fed. Reg. 3448 (1967).

Table A-4.--Certain dairy products: Quota quantities authorized, by country for the 12-month period ending June 30, 1967, and additional quota quantities imposed for the six-month period ending December 31, 1967 1/

Country	Quota quantities authorized for 12-month period ending June 30, 1967				
	Cheese				Butter
	Cheddar	Blue-mold	Edam and Gouda	Italian-type	
	Pounds	Pounds	Pounds	Pounds	Pounds
Argentina	-	-	206,581	6,397,281	-
Australia	16,150	-	-	-	-
Canada	612,329	-	-	-	-
Denmark	1,000	4,708,509	319,797	-	212,010
France	-	8,595	-	-	-
Ireland	2,250	-	-	-	-
Italy	-	224,310	-	5,094,946	-
Netherlands	-	-	8,446,589	-	-
New Zealand	2,142,474	-	-	-	332,000
Norway	-	65,000	10,949	-	-
Portugal	-	-	20,000	-	-
Sweden	5,850	9,200	182,783	-	-
Other	-	-	-	-	2/ 162,965
Total	2,780,053	5,015,614	9,186,699	11,492,227	706,975

Country	Dried whole milk	Dried skimmed milk	Dried buttermilk	Malted milk and compounds
	Pounds	Pounds	Pounds	Pounds
Australia	-	1,322,940	-	6,000
Canada	-	484,050	355,300	-
New Zealand	7,000	-	140,700	-
Total	7,000	1,806,990	496,000	6,000

Country	Additional quota quantities established for the six-month period beginning July 1, 1967 3/			
	American-type cheese	Cheddar cheese	Fluid and frozen cream	Certain articles containing over 5.5 percent but not over 45 percent of butterfat
	Pounds	Pounds	Pounds	Pounds
Australia	840,000	840,000	-	1,120,000
Belgium	-	-	-	4/ 170,000
Denmark	-	-	-	4/ 170,000
Ireland	280,000	280,000	-	-
New Zealand	1,680,000	1,680,000	750,000	-
Sweden	62,500	62,500	-	-
Other	5/ 185,800	6/ 153,700	-	-
Total	3,048,300	3,016,200	750,000	1,290,000

1/ Pursuant to Presidential Proclamation No. 3790 of June 30, 1967, the allocation of the quotas on all dairy products, except butter oil, was changed from a quota-year basis (ending June 30) to a calendar year basis; the quota on butter oil has been allocated on a calendar-year basis since it was established in 1957.

2/ Argentina, Australia, Canada, the Netherlands, Norway, Sweden, and Switzerland combined have an aggregate of 162,965 pounds.

3/ Data are not yet available on the quota authorizations for the products enumerated above for the six-month period ending Dec. 31, 1967. The Department of Agriculture has indicated, however, that equitable distributions of the quotas are being made in order to convert the quotas to a calendar-year basis. About half the amount of the quota quantities shown for the above products (except Cheddar cheese) are expected to be authorized, by country, for the individual commodities for the period July 1-Dec. 31, 1967. The quota quantity for Cheddar will be additionally modified--including a provision for aged Cheddar--as shown below.

4/ Belgium and Denmark together have an aggregate of 170,000 pounds.

5/ Austria, Belgium, Bulgaria, Canada, Denmark, Israel, Italy, Netherlands, Portugal, Switzerland, United Kingdom, and West Germany combined have an aggregate of 185,800 pounds.

6/ Austria, Belgium, Bulgaria, Denmark, Israel, Italy, Netherlands, Portugal, Switzerland, United Kingdom, and West Germany combined have an aggregate of 153,700 pounds.

Source: Data on fluid and frozen cream and articles containing butterfat from Presidential Proclamation No. 3790 of June 30, 1967; other data supplied by the U.S. Department of Agriculture.

Note.--The annual quota of 500 pounds of dried cream is not included above inasmuch as there were no applications for licenses. The quotas on butter substitutes including butter oil (1,200,000 pounds annually) and on aged Cheddar cheese (612,500 pounds in the six-month period beginning July 1, 1967) do not regulate imports on the basis of country of origin.

Table A-5.--Long-Term Arrangement Regarding International Trade in Cotton Textiles (LTA): Status of quantitative limitations on U.S. import trade, as of July 1, 1967

Country of origin	Product categories involved 1/ (See table A-6 for description)	Current limitation on import trade		Limitation controlled by-- 2/
		12-month period (except as noted) beginning--	Aggregate quantity (Million equivalent square yards)	
Controls under authority of Article 3 of LTA:				
Brazil	1, 2, 3, 4	Nov. 30, 1966 3/	4/ 55.2	United States
	9	Oct. 28, 1966	.6	
	19	July 27, 1966	4.9	
	22, 26	June 9, 1967	6.9	
Malaysia	45	Aug. 30, 1966	1.7	
	19, 5/ 26, 6/ 31, 34, 60	Dec. 27, 1966	7.7	
	46	Feb. 23, 1967	.4	United States
	15, 50, 51	Mar. 21, 1967	.6	
	9, 18	Apr. 28, 1967	.8	
	22	May 24, 1967	.2	
Bilateral agreements under authority of Article 4 of LTA: 7/				
Colombia	All.	July 1, 1966	8/ 25.2	Colombia
Greece	All.	Sept. 1, 1966	6.4	Greece and United States
Hong Kong	All.	Oct. 1, 1966	338.6	Hong Kong
India	All.	Oct. 1, 1966	79.0	India
Israel	All.	Oct. 1, 1966	9/ 23.0	Israel
Italy	7	Jan. 1, 1967	1.8	Italy
Jamaica	All.	Oct. 1, 1966	21.2	Jamaica
Japan	All. 10/	Jan. 1, 1967	342.8	Japan
Korea	All.	Jan. 1, 1967	11/ 28.7	Korea and United States
Malta	All.	Jan. 1, 1967	12.7	Malta and United States
Mexico	All.	May 1, 1967	75.0	Mexico and United States
Nansei-Nanpo Islands	All.	July 1, 1967	12/ 13.6	Nansei-Nanpo Islands
Pakistan	All.	July 1, 1967	63.8	Pakistan and United States
Philippines	All.	Jan. 1, 1967	52.4	Philippines and United States
Poland	All.	Mar. 1, 1967	5.0	Poland and United States
Portugal	All.	Jan. 1, 1967	102.3	Portugal and United States
Republic of China (Taiwan)	All.	Oct. 1, 1966	60.4	Republic of China (Taiwan) and United States
Singapore	All.	Apr. 1, 1967	31.5	Singapore
Spain	All.	Jan. 1, 1967	36.4	Spain
Turkey	All.	July 1, 1967	3.2	Turkey
United Arab Republic	All.	Oct. 1, 1966	51.0	United Arab Republic
Yugoslavia	All.	Jan. 1, 1967	16.6	Yugoslavia and United States

1/ Under the provisions of the LTA, all categories from all countries are subject to limitation whenever market disruption exists; categories listed are those on which limitations were actually in force as of July 1967. In those cases where an aggregate limitation applies to all categories from a country, smaller limitations apply to items within each category.

2/ U.S. Bureau of Customs controls imports in some cases, while foreign governments control exports in others.

3/ Period ends December 15, 1967.

4/ Including an additional 6 million pounds of yarn allowed for this 12-month period only.

5/ Duck only.

6/ Shop towels only.

7/ Many of the bilateral agreements for countries listed superseded numerous restraints under article 3 of the LTA. The aggregate quantities shown for the current year are authorized to be increased by 5 percent in each of the succeeding years during which the agreement is effective.

8/ In addition, Colombia was permitted to export the equivalent of 11.6 million square yards of specified types of fabric and yarn.

9/ In addition, Israel was permitted to export the equivalent of 5.5 million square yards of yarn during the seven-month period beginning June 1, 1966.

10/ All 64 categories are under total or, in a few cases, partial restriction.

11/ An amendment to the agreement provided that 1.9 million square yards of specified items shipped between Jan. 1, 1966 and Apr. 1, 1967 were not to be included in the limitations.

12/ Including an additional 1 million square yards allowed for this 12-month period only.

Table A-6.--Cotton Textile Categories used in the Long-Term Arrangement Regarding International Trade in Cotton Textiles: Indexes of U.S. imports, July 1, 1960 through September 30, 1967

(7/1/60-6/30/61 = 100)

Category number	Description	July 1, 1960 thru June 30,1961	Oct. 1, 1961 thru Sept.30,1962	Oct. 1, 1962 thru Sept.30,1963	Oct. 1, 1963 thru Sept.30,1964	Oct. 1, 1964 thru Sept.30,1965	Oct. 1, 1965 thru Sept.30,1966	Oct. 1, 1966 thru Sept.30,1967
1	Cotton yarn, carded, singles, not ornamented, etc.--	100	235.7	208.1	191.8	151.8	577.2	368.6
2	Cotton yarn, plied, carded, not ornamented, etc.----	100	150.9	206.5	98.5	68.9	652.8	526.2
3	Cotton yarn, singles, combed, not ornamented, etc.--	100	221.3	109.9	65.0	34.2	735.4	409.4
4	Cotton yarn, plied, combed, not ornamented, etc.----	100	409.2	202.9	198.6	151.4	1,745.2	850.2
5	Ginghams, carded yarn	100	184.3	123.0	103.0	203.1	176.8	78.5
6	Ginghams, combed yarn	100	120.7	100.9	73.1	79.5	100.3	62.4
7	Velveteens	100	100.5	88.1	107.4	92.9	97.1	97.8
8	Corduroy	100	147.3	375.7	472.3	646.7	889.4	1,282.8
9	Sheeting, carded yarn	100	146.3	168.9	131.7	142.0	152.1	214.0
10	Sheeting, combed yarn	100	35.4	5.7	-	10.4	228.9	57.5
11	Lawns, carded yarn	100	1/	1/	1/	1/	1/	1/
12	Lawns, combed yarn	100	1/	1/	1/	1/	1/	1/
13	Voiles, carded yarn	100	1/	1/	1/	1/	1/	1/
14	Voiles, combed yarn	100	1/	1/	1/	1/	1/	1/
15	Poplin and broadcloth, carded yarn	100	159.9	88.9	73.3	107.3	233.8	144.4
16	Poplin and broadcloth, combed yarn	100	391.6	200.9	226.1	305.5	323.8	204.2
17	Typewriter-ribbon cloth	100	147.5	121.6	48.6	53.8	64.6	67.8
18	Print cloth type shirting, 80x80 type, carded yarn--	100	189.4	630.7	2,664.8	4,543.2	3,818.3	2,615.2
19	Print cloth type shirting, other than 80x80 type, carded yarn	100	2,117.7	6,194.9	6,502.3	18,047.1	21,421.8	9,230.9
20	Shirting, carded yarn	100	781.9	609.0	178.1	189.5	273.6	375.9
21	Shirting, combed yarn	100	222.7	178.8	115.9	30.7	30.3	39.0
22	Twill and sateen, carded yarn	100	142.0	222.9	195.3	299.3	311.6	436.0
23	Twill and sateen, combed yarn	100	160.7	134.1	199.1	222.4	596.4	964.8
24	Yarn-dyed fabrics, except ginghams, carded yarn-----	100	81.2	197.3	136.6	284.1	122.0	52.0
25	Yarn-dyed fabrics, except ginghams, combed yarn-----	100	119.1	124.8	99.1	81.2	119.8	47.8
26	Fabrics, n.e.s., carded yarn	100	99.3	124.9	101.1	138.9	180.1	216.3
27	Fabrics, n.e.s., combed yarn	100	84.5	54.4	74.4	76.9	164.3	128.4
28	Pillowcases, plain, carded yarn	100	260.9	150.6	150.6	254.4	352.9	343.1
29	Pillowcases, plain, combed yarn	100	24.3	6.2	29.4	95.2	114.6	59.0
30	Dish towels	100	140.8	80.6	90.8	127.3	125.0	57.1
31	Towels, other than dish towels	100	201.3	148.6	191.8	228.4	274.8	310.0
32	Handkerchiefs	100	105.5	100.5	101.0	87.4	107.8	90.5
33	Table damasks and manufactures of	100	92.2	78.2	71.8	83.9	80.6	64.1
34	Sheets, carded yarn	100	691.7	471.9	590.6	705.2	1,224.1	1,450.2
35	Sheets, combed yarn	100	28.0	22.8	40.1	53.7	52.5	104.9
36	Bedspreads	100	107.3	84.1	85.1	73.7	92.6	132.1
37	Braided and woven elastics	100	141.3	186.4	167.2	193.0	368.8	290.3
38	Fishing nets	100	53.9	60.5	32.1	29.2	20.8	23.3
39	Gloves and mittens	100	87.8	80.5	67.2	48.7	57.9	60.7
40	Hose and half hose	100	80.1	60.6	37.7	34.4	28.5	19.8

(continued)

1/ Statistics included under categories 26 and 27.

Table A-6.--Cotton Textile Categories used in the Long-Term Arrangement Regarding International Trade in Cotton Textiles: Indexes of U.S. imports, July 1, 1960 through September 30, 1967--Continued

(7/1/60-6/30/61 = 100)

Category number	Description	July 1, 1960 thru June 30,1961	Oct. 1, 1961 thru Sept.30,1962	Oct. 1, 1962 thru Sept.30,1963	Oct. 1, 1963 thru Sept.30,1964	Oct. 1, 1964 thru Sept.30,1965	Oct. 1, 1965 thru Sept.30,1966	Oct. 1, 1966 thru Sept.30,1967
41	Men's and boys' all white T. shirts, knit or crocheted	100	100.6	90.3	126.0	153.7	132.0	139.4
42	Other T. shirts	100	65.7	121.2	118.5	124.0	132.4	185.1
43	Knitshirts, other than T. shirts and sweatshirts (including infants)	100	115.4	132.8	106.5	145.2	219.8	196.9
44	Sweaters and cardigan	100	85.3	88.2	146.0	243.0	234.9	227.1
45	Men's and boys' shirts, dress, not knit or crocheted	100	147.5	183.6	221.1	246.9	265.4	144.5
46	Men's and boys' shirts, sport, not knit or crocheted	100	112.2	138.3	138.1	136.8	174.4	136.8
47	Men's and boys' shirts, work, not knit or crocheted	100	271.3	545.7	584.9	321.8	221.0	392.2
48	Raincoats, 3/4 length or over	100	188.4	114.7	91.7	126.2	145.4	156.2
49	All other coats	100	102.2	168.4	183.2	193.0	367.2	681.9
50	Men's and boys' trousers, slacks and shorts (outer), not knit or crocheted	100	165.9	155.6	140.9	149.3	155.4	180.6
51	Women's, misses' and children's trousers, slacks, shorts (outer), not knit or crocheted	100	175.0	199.4	184.0	174.2	191.6	160.6
52	Blouses, and blouses combined with skirts, trousers, or shorts	100	132.1	124.5	136.4	151.1	148.7	86.3
53	Women's, misses', children's and infants' dresses (including nurses' and other uniform dresses), not knit or crocheted	100	146.7	203.3	230.8	227.6	205.2	254.7
54	Playsuits, sunsuits, washsuits, creepers, rompers, etc. (except blouse and shorts; blouse and trouser; or blouse, shorts and skirt sets)	100	88.7	54.4	30.0	33.3	39.9	33.9
55	Dressing gowns, including bathrobes and beachrobes, lounging gowns, dusters and housecoats, not knit or crocheted	100	86.4	97.1	112.9	152.2	160.8	222.0
56	Men's and boys' undershirts, (not T. shirts)	100	132.7	98.6	49.5	105.0	174.8	263.4
57	Men's and boys' briefs and undershorts	100	185.1	116.4	270.6	438.2	575.6	423.4
58	Drawers, shorts and briefs (except men's and boys' briefs), knit or crocheted	100	1,169.8	9.8	8.2	6.6	37.1	34.6
59	All other underwear, not knit or crocheted	100	40.4	192.1	150.3	118.3	102.6	99.6
60	Nightwear and pajamas	100	113.2	130.2	148.8	160.5	214.3	195.2
61	Brassieres and other body supporting garments	100	114.6	103.8	108.0	93.5	100.4	86.8
62	Other knitted or crocheted clothing	100	228.0	202.9	151.2	171.6	420.1	621.8
63	Other clothing, not knit or crocheted	100	77.9	62.9	118.0	215.6	245.6	240.3
64	All other cotton textile items	100	119.4	113.8	99.8	124.9	153.4	155.7

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

Table A-7.--Provisions of the Tariff Schedules of the United States Annotated cross-referenced to categories of the International Textile Arrangement (I.C.T.A.)

TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category
300.6020	64	320.--68	13	322.--08	26	323.--64	23
300.6022	64	.--70	14	.--18	5	.--66	13
300.6024	64	.--76	26	.--20	6	.--70	14
300.6026	64	.--78	27	.--22	11	.--76	26
300.6028	64	.--88	26	.--24	12	.--78	27
301.--00	1	.--90	27	.--26	15	.--88	26
302.--20	1	.--92	26	.--28	16	.--90	27
302.--22	1	.--94	27	.--30	16	.--92	26
302.--24	2	321.--01	26	.--32	19	.--94	27
302.--26	3	.--02	26	.--34	26	324.--22	11
302.--28	4	.--03	26	.--44	9	.--24	12
303.1000	64	.--04	26	.--46	10	.--48	20
303.2040	64	.--06	26	.--54	22	.--50	21
303.2042	64	.--08	26	.--56	22	.--52	33
315.0500	64	.--22	11	.--58	22	.--54	22
315.1000	64	.--24	12	.--60	23	.--58	22
315.1500	64	.--26	15	.--62	23	.--60	23
320.--01	26	.--28	16	.--64	23	.--64	23
.--02	26	.--30	16	.--68	13	.--68	13
.--03	26	.--32	19	.--70	14	.--70	14
.--04	26	.--34	26	.--72	24	.--76	26
.--06	26	.--44	9	.--74	25	.--78	27
.--08	26	.--46	10	.--76	26	.--88	26
.--22	11	.--54	22	.--78	27	.--90	27
.--24	12	.--58	22	.--80	24	.--92	26
.--26	15	.--60	23	.--82	25	.--94	27
.--28	16	.--64	23	.--84	24	325.--18	5
.--30	16	.--68	13	.--86	25	.--20	6
.--32	19	.--70	14	.--88	26	.--22	11
.--34	26	.--76	26	.--90	27	.--24	12
.--36	9	.--78	27	.--92	26	.--48	20
.--38	9	.--88	26	.--94	27	.--50	21
.--40	9	.--90	27	323.--22	11	.--52	33
.--42	10	.--92	26	.--24	12	.--54	22
.--44	9	.--94	27	.--48	20	.--56	22
.--46	10	322.--01	26	.--50	21	.--58	22
.--54	22	.--02	26	.--52	33	.--60	23
.--58	22	.--03	26	.--54	22	.--62	23
.--60	23	.--04	26	.--58	22	.--64	23
.--64	23	.--06	26	.--60	23	.--68	13

Table A-7.--Provisions of the Tariff Schedules of the United States Annotated cross-referenced to categories of the International Textile Arrangement (I.C.T.A.)--Continued

TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category
325.--70	14	326.--88	26	328.--22	11	329.--76	26
.--72	24	.--90	27	.--24	12	.--78	27
.--74	25	.--92	26	.--26	18	.--88	26
.--76	26	.--94	27	.--28	16	.--90	27
.--78	27	327.--01	26	.--30	16	.--92	26
.--80	24	.--02	26	.--32	19	.--94	27
.--82	25	.--03	26	.--34	26	330.--22	11
.--84	24	.--04	26	.--44	9	.--24	12
.--86	25	.--05	26	.--46	10	.--48	20
.--88	26	.--06	26	.--54	22	.--50	21
.--90	27	.--22	11	.--56	22	.--52	33
.--92	26	.--24	12	.--58	22	.--54	22
.--94	27	.--26	15	.--60	23	.--58	22
326.--01	26	.--28	16	.--62	23	.--60	23
.--02	26	.--30	16	.--64	23	.--64	23
.--03	26	.--32	19	.--66	13	.--66	13
.--04	26	.--34	26	.--70	14	.--70	14
.--05	26	.--44	9	.--72	24	.--76	26
.--06	26	.--46	10	.--74	25	.--78	27
.--22	11	.--54	22	.--76	26	.--88	26
.--24	12	.--58	22	.--78	27	.--90	27
.--26	15	.--60	23	.--80	24	.--92	26
.--28	16	.--64	23	.--82	25	.--94	27
.--30	16	.--66	13	.--84	24	331.--16	5
.--32	19	.--70	14	.--86	25	.--20	6
.--34	26	.--76	26	.--88	26	.--22	11
.--36	9	.--78	27	.--90	27	.--24	12
.--38	9	.--86	26	.--92	26	.--46	20
.--40	9	.--90	27	.--94	27	.--50	21
.--42	10	.--92	26	329.--22	11	.--52	33
.--44	9	.--94	27	.--24	12	.--54	22
.--46	10	328.--01	26	.--48	20	.--56	22
.--54	22	.--03	26	.--50	21	.--58	22
.--56	22	.--03	26	.--52	33	.--60	23
.--60	23	.--04	26	.--54	22	.--62	23
.--64	23	.--05	26	.--58	22	.--64	23
.--66	13	.--06	26	.--60	23	.--66	13
.--70	14	.--08	26	.--64	23	.--70	14
.--76	26	.--18	5	.--66	13	.--72	24
.--78	27	.--20	6	.--70	14	.--74	25

Table A-7.--Provisions of the Tariff Schedules of the United States Annotated cross-referenced to categories of the International Textile Arrangement (I.C.T.A.)--Continued

TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category
331.--76	26	348.0010	64	358.0510	64	363.6025	64
.--78	27	348.0510	64	358.0610	64	.6040	64
.--80	24	349.1010	64	358.2410	64	364.1120	64
.--82	25	349.1012	64	358.2610	64	364.1220	64
.--84	24	349.2010	37	359.1020	64	364.1520	64
.--86	25	349.3010	37	.1040	64	365.0000	64
.--88	26	350.0010	64	.1060	64	365.1510	64
.--90	27	351.0500	64	360.2000	64	365.2510	64
.--92	26	351.2510	64	360.2500	64	365.3110	64
.--94	27	351.4010	64	360.3000	64	365.3510	64
332.1020	26	351.4610	64	360.7521	64	365.4010	64
.1040	27	351.5010	64	360.[illegible]	64	365.5010	64
332.4020	64	351.6010	64	361.0522	64	365.7010	64
.4040	64	351.8010	64	.0542	64	365.7510	64
345.1020	64	351.9010	64	361.1510	64	365.7700	64
.1040	64	352.1010	64	361.5000	64	365.7820	30
346.0500	8	352.3010	64	361.5422	64	365.7830	64
346.1000	8	352.4010	64	361.5622	64	366.0300	64
346.1500	7	352.5000	64	363.0100	64	366.0600	64
346.2000	7	352.8010	64	363.0510	64	366.0900	64
346.2200	7	353.1010	64	.0515	36	366.1520	64
346.2400	7	353.5012	64	.0520	36	366.1820	31
346.3020	26	.5014	64	.0525	64	.1840	31
.3040	27	.5016	64	363.3010	34	.1860	31
346.3220	26	355.0510	64	.3020	28	.1880	31
.3240	27	355.3500	38	.3030	35	366.2120	31
346.3520	28	355.5000	64	.3040	29	.2140	31
.3540	27	355.6510	64	363.4020	64	.2160	31
346.4020	26	356.1010	64	.4040	64	.2180	31
.4040	27	356.1510	64	363.4520	64	366.2420	31
346.4520	26	356.2000	64	.4540	64	.2440	31
.4540	27	356.2510	64	363.5020	36	.2460	31
.4560	64	357.0512	26	.5040	36	.2480	31
346.7000	26	.0514	27	.5060	36	366.2720	31
347.1000	64	.0516	26	363.5120	36	.2740	31
347.1500	64	.0518	27	.5140	36	.2760	30
347.2520	64	357.6010	64	.5160	36	.2780	31
347.3320	64	357.7010	64	363.5520	36	366.4200	33
.3340	64	357.8010	64	.5540	36	366.4500	64
.3380	64	358.0210	64	.5560	36	366.4600	64

Table A-7.--Provisions of the Tariff Schedules of the United States Annotated cross-referenced to categories of the International Textile Arrangement (I.C.T.A.)--Continued

TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category
366.4700	64	374.0520	40	378.1530	59	380.0650	43
366.5720	64	374.1020	40	378.2012	57	.0655	44
366.6000	64	374.1520	62	.2018	59	.0660	52
366.6300	64	374.4020	40	.2030	59	.0690	52
366.6500	64	374.4520	40	378.2512	57	380.0010	48
366.6900	64	376.0420	64	.2518	59	.0020	48
366.7500	32	376.2425	61	.2530	59	.0040	40
366.7700	64	.2465	61	380.0301	62	.0060	40
366.7900	64	.2490	61	.0302	62	.0080	40
370.0420	32	376.2825	61	.0303	62	.0000	40
.0440	32	.2865	61	.0305	60	380.1210	48
.0460	32	.2890	61	.0306	62	.1220	48
370.0800	32	376.5400	63	.0307	42	.1240	40
370.1820	32	376.0521	58	.0308	42	.1260	40
.1840	32	.0531	58	.0309	62	.1280	40
370.2400	32	.0533	58	.0311	62	.1200	40
370.2800	32	.0533	58	.0312	62	380.1520	55
370.3200	32	.0541	58	.0313	62	.1540	55
370.3600	32	.0542	58	.0316	62	380.1620	55
370.4000	32	.0544	58	.0350	63	.1640	55
370.4400	32	.0546	58	.0351	63	380.2100	60
370.4800	32	.0551	58	.0352	63	380.2400	60
370.5200	32	.0552	58	.0353	55	380.2752	45
370.5600	32	.0554	58	.0354	63	.2755	45
370.6020	32	.0563	59	.0355	63	.2750	45
.6040	32	.0564	59	.0356	54	.2762	45
370.6420	32	.0571	59	.0357	45	.2765	45
.6440	32	376.1012	62	.0358	45	.2769	45
370.6820	32	.1014	56	.0359	40	.2772	47
.6840	32	.1016	57	.0360	63	.2775	47
372.0510	64	.1029	56	.0361	63	.2777	47
372.1010	62	.1032	58	.0363	63	.2778	47
.1040	63	.1034	57	380.0610	62	.2770	47
372.1520	62	.1030	58	.0615	62	.2762	46
.1540	63	376.1512	62	.0620	62	.2765	46
.1560	63	.1514	56	.0625	60	.2767	46
372.0510	62	.1516	57	.0630	62	.2760	46
.0540	63	.1529	56	.0635	41	.2702	46
372.1010	62	.1532	58	.0640	42	.2705	46
.1045	63	.1534	57	.0645	62	.2707	46

Table A-7.--Provisions of the Tariff Schedules of the United States Annotated cross-referenced to categories of the International Textile Arrangement (I.C.T.A.)--Continued

TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category	TSUSA Number	I.C.T.A. Category
380.2799	46	382.0360	63	382.0904	48	382.3316	53
380.3000	63	.0361	63	.0906	48	.3318	53
380.3300	63	.0362	63	.0908	48	.3320	53
380.3600	63	.0363	53	.0910	48	.3322	53
380.3908	60	.0364	53	.0912	48	.3324	53
.3912	54	.0365	53	.0914	49	.3326	60
.3922	50	.0366	53	.0916	49	.3328	54
.3925	50	.0367	53	.0918	49	.3330	54
.3927	50	.0368	53	.0920	49	.3332	54
.3929	50	.0369	55	.0922	49	.3334	63
.3932	50	.0370	63	.0924	49	.3336	63
.3935	50	.0371	54	382.1202	46	.3338	63
.3937	50	.0372	63	.1204	46	.3340	63
.3939	50	.0373	63	.1206	46	.3342	63
.3992	63	.0374	51	.1208	46	.3344	63
.3993	63	.0375	51	.1210	46	.3346	51
.3995	63	.0376	63	.1212	46	.3348	51
382.0301	62	.0377	63	.1214	49	.3350	51
.0302	62	.0397	46	.1216	49	.3352	51
.0303	62	.0398	45	.1218	49	.3354	51
.0304	62	382.0605	62	.1220	49	.3356	51
.0305	62	.0610	62	.1222	49	.3358	51
.0306	62	.0615	62	.1224	49	.3360	51
.0307	62	.0620	62	382.1520	55	.3362	51
.0308	62	.0625	62	.1540	55	.3364	51
.0309	60	.0630	62	.1580	55	.3368	46
.0310	62	.0635	62	382.1820	55	.3370	45
.0311	42	.0640	62	.1840	55	.3392	63
.0312	62	.0645	62	.1860	55	.3393	63
.0313	62	.0650	60	382.2100	60	.3395	63
.0314	62	.0655	62	382.2400	60	385.2500	64
.0315	62	.0660	42	382.2700	63	385.3000	64
.0317	62	.0665	62	382.3000	63	385.4000	64
.0318	62	.0670	43	382.3302	52	385.5520	64
.0354	52	.0675	62	.3304	52	385.6020	64
.0355	52	.0680	44	.3306	52	385.7020	64
.0356	52	.0685	62	.3308	52	385.7520	64
.0357	52	.0690	62	.3310	52	385.8020	64
.0358	52	.0695	62	.3312	52	386.0510	64
.0359	52	382.0902	46	.3314	53	386.1000	62

Table A-7.--Provisions of the Tariff Schedules of the United States Annotated cross-referenced to categories of the International Textile Arrangement (I.C.T.A.)--Continued

TSUSA Number	I. C. T. A. Category	TSUSA Number	I. C. T. A. Category	TSUSA Number	I. C. T. A. Category	TSUSA Number	I. C. T. A. Category
386.2000	64						
386.2500	64						
386.3000	64						
386.4000	64						
386.5000	64						
703.0520	63						
703.1020	63						
704.0520	39						
704.1020	39						
704.1520	39						
704.4015	39						
704.4515	39						
704.5015	39						
706.2015	64						
706.2240	64						
706.2270	64						
706.2415	64						
727.8020	64						
727.8040	64						
731.4000	64						
734.5045	64						
745.7420	64						
922.0100	17						
922.0200	17						
922.0300	17						
922.0400	17						
922.0500	17						

Source: Long Term International Cotton Textile Arrangement Categories By Tariff Schedules of the United States Annotated April 1, 1966, U.S. Department of Commerce.

Table A-8.--Commodities regulated by the International Coffee Agreement

Item	Articles	Rates of Duty	
		1	2
160.10	Coffee, crude, roasted, or ground, whether or not the caffeine has been removed.....	Free	Free
	Coffee extracts, essences, and concentrates (including soluble or instant coffee):		
160.20	✪ Soluble or instant coffee (containing no admixture of sugar, cereal, or other additive).....	Free	Free
160.21	✪ Other.....	3¢ per lb.	3¢ per lb.
160.22	If products of Cuba....	2.4¢ per lb. (s)	

APPENDIX B

Statistical Tables

(383)

Table B-1.--Furskins and manufactures: U.S. imports for consumption, annual average 1948-50, specified years 1954-66

(Value in millions of dollars)

Period	Soviet Union	Communist China	All other countries		Total
			Seven embargoed furskins	Other	
Annual average:					
1948-50	29	6	22	66	123
1954	8	-	32	29	69
1958	6	-	45	34	85
1960	6	-	51	52	109
1961	7	-	54	37	98
1963	7	-	1/ 68	52	127
1964	10	-	1/ 68	36	114
1965	12	-	1/ 70	41	123
1966	6	-	1/ 81	51	138

1/ Partly estimated.

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

Table B-2.—Mink, fox, muskrat, marten, weasel, ermine, and kolinsky furskins: U.S. production, imports for consumption, and exports of domestic merchandise, 1950 and 1963-66 1/

(In thousands of skins)

Item	1950	1963	1964	1965	1966
Mink:					
Production	2,384	5,000	5,600	5,900	6,200
Imports 2/	1,058	4,459	4,364	4,856	5,651
Exports	180	1,088	901	1,199	
Apparent consumption	3,262	8,448	9,063	9,557	10,727
Ratio (percent) of imports to consumption	32	53	48	51	53
Fox:					
Production 3/	254	153	160	180	180
Imports	216	412	267	490	489
Exports	177	257	318	4/	4/
Apparent consumption	293	308	109	5/	5/
Ratio (percent) of imports to consumption	74	134	245	5/	5/
Muskrat:					
Production	8,011	4,613	4,994	4,305	5,000
Imports	3,452	6/ 49	4/	4/	4/
Exports	4,589	6,446	6,204	5,109	4,566
Apparent consumption	6,874	5/	5/	5/	5/
Ratio (percent) of imports to consumption	50	5/	5/	5/	5/
Marten: 7/					
Production	19	9	7	10	10
Imports	203	65	58	43	51
Apparent consumption	222	74	65	53	61
Ratio (percent) of imports to consumption	91	88	89	81	84
Weasel: 7/					
Production	221	18	25	21	25
Imports	1,959	6/ 19	4/	4/	4/
Apparent consumption	2,180	5/	5/	5/	5/
Ratio (percent) of imports to consumption	90	5/	5/	5/	5/
Ermine: 7/ 8/					
Imports	601	6/ 5	4/	4/	4/
Kolinsky: 7/ 8/					
Imports	994	6/ 70	4/	4/	4/

1/ Production data includes skins from both trapped and ranch-raised animals; data for skins from trapped animals are for the years ending at the conclusion of the trapping seasons.
2/ Excludes Japanese mink.
3/ Data on number of ranch-raised foxes (silver and black) supplied by the Fur Brokers Association, New York, New York.
4/ Not separately reported.
5/ Not available.
6/ Data for the Jan. 1-Aug. 30 period only.
7/ Exports not separately reported.
8/ No U.S. production.

Source: Data on the number of trapped animals derived from various issues of Wildlife Leaflet of the U.S. Department of the Interior; production of mink are figures compiled by the Tariff Commission pursuant to investigation No. 332-54; those on the number of skins of ranch-raised animals other than mink derived from information published by the National Board of Fur Farm Organizations, Inc., except as noted; imports and exports compiled from official statistics of the U.S. Department of Commerce.

Table B-3.--Nonfat dry milk, cheese, and butter: U.S. production, C.C.C. 1/ price-support purchases, utilization, and uncommitted stocks, 1953-66

(In millions of pounds)

Year	Nonfat dry milk				Cheese				Butter			
	Production	CCC purchases	CCC utilization	CCC uncommitted stocks	Production	CCC purchases	CCC utilization	CCC uncommitted stocks	Production	CCC purchases	CCC utilization	CCC uncommitted stocks
1953	1,214	597	196	432	967	308	38	255	1,412	359	118	257
1954	1,334	649	985	97	970	276	196	335	1,449	320	313	264
1955	1,366	536	649	4	920	150	224	261	1,383	162	366	60
1956	1,490	724	726	32	889	188	303	146	1,413	165	225	-
1957	1,624	825	770	27	927	242	245	142	1,414	174	142	31
1958	1,710	783	765	45	883	80	215	3	1,390	184	208	7
1959	1,723	838	783	-	849	57	53	7	1,334	124	130	2/
1960	1,819	873	696	177	894	2/	7	-	1,373	145	129	16
1961	2,020	1,193	1,185	186	1,021	124	70	54	1,484	330	196	150
1962	2,231	1,300	972	514	956	203	194	63	1,537	403	259	294
1963	2,106	998	1,146	366	965	120	164	19	1,420	308	482	120
1964 3/	2,178	677	977	66	1,009	119	121	17	1,442	266	368	18
1965 3/	1,993	888	823	131	1,008	39	56	3/	1,323	216	225	9
1966 3/	1,594	367	433	64	1,043	20	12	8	1,112	29	32	6

1/ Commodity Credit Corporation.
2/ Less than 0.5 million pounds.
3/ Preliminary.

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

Table E-4.--Dairy products subject to U.S. import quotas: U.S. production, imports for consumption, exports of domestic merchandise, and import quotas under section 22, 1960-66

TSUS appendix item	Commodity	1960	1961	1962	1963	1964	1965	1966
		Quantity (1,000 gallons)						
950.00	Milk and cream, fluid or frozen, containing over 5.5 percent but not over 45 percent butterfat:							
	Production	1/	1/	1/	1/	1/	1/	1/
	Imports	2/	2/	13	881	1,188	1,507	1,789
	Quota 3/	-	-	-	-	-	-	-
		Quantity (1,000 pounds)						
950.01	Dried buttermilk and dried whey:							
	Production	363,301	360,521	371,220	404,439	463,982	491,743	547,124
	Imports	357	484	404	543	204	78	401
	Quota	496	496	496	496	496	496	496
950.02	Dried nonfat milk:							
	Production	1,818,605	2,019,848	2,230,269	2,106,058	2,177,189	1,988,508	1,595,104
	Imports	1,340	2,159	1,360	1,950	1,561	1,342	2,835
	Quota	1,807	1,807	1,807	1,807	1,807	1,807	1,807
	Exports	199,126	730,387	872,279	1,119,190	1,310,902	863,074	387,683
950.03	Dried whole milk:							
	Production	97,998	81,695	86,117	91,015	87,622	88,622	94,350
	Imports	6	3	8	6	6	1/	7
	Quota	7	7	7	7	7	7	7
	Exports 4/	28,072	17,464	13,345	29,810	13,898	18,827	15,584
950.04	Dried cream:							
	Production	1/	241	659	1,018	1,121	982	528
	Imports	-	-	-	1/	1/	2	-
	Quota	1	1	1	1	1	1	1
	Exports	5/	5/	5/	5/	5/	1,209	933
950.05	Butter (creamery):							
	Production	1,372,901	1,484,126	1,537,143	1,419,688	1,441,502	1,324,582	1,112,009
	Imports	1,044	861	789	746	665	784	667
	Quota	707	707	707	707	707	707	707
	Exports	1,288	738	5,773	57,318	130,345	45,966	2,377
950.06	Butter substitutes containing over 45 percent butterfat and butteroil:							
	Production	6/	6/	6/	6/	6/	6/	6/
	Imports 7/	1,200	1,200	1,200	1,200	1,200	1,200	1,200
	Quota	1,200	1,200	1,200	1,200	1,200	1,200	1,200
	Exports	8/ 5,189	8/ 4,740	8/ 5,052	8/ 15,589	8/ 25,324	15,831	9,052
950.07	Blue-mold cheese (except Stilton):							
	Production	15,169	16,205	14,507	15,416	16,835	19,000	20,198
	Imports	4,188	3,821	4,363	3,910	4,249	4,400	5,173
	Quota	4,167	4,450	5,017	5,017	5,017	5,017	5,017
950.08A	Cheddar cheese:							
	Production	894,322	1,021,241	955,949	965,334	1,009,118	1,007,761	1,043,114
	Imports	3,289	1,677	2,544	3,157	2,479	1,857	4,181
	Quota	2,780	2,780	2,780	2,780	2,780	3,707	2,780
	Exports	3,094	2,328	2,394	5,872	4,791	3,876	3,323
950.08B	American-type cheese:							
	Production	101,796	127,520	138,538	143,017	148,193	150,524	177,456
	Imports	3,569	14,605	10,338	10,446	11,428	14,149	45,994
	Quota 3/	-	-	-	-	-	-	-

See footnotes at end of table.

Table B-4.--Dairy products subject to U.S. import quotas: U.S. production, imports for consumption, exports of domestic merchandise, and import quotas under section 22, 1960-66--Continued

TSUS appendix item	Commodity	1960	1961	1962	1963	1964	1965	1966
		Quantity (1,000 pounds)						
950.09	Edam and Gouda cheese:							
	Production 9/	4,600	5,060	5,560	5,600	6,200	6,300	7,600
	Imports	5,994	7,315	6,687	7,489	6,770	7,566	10,897
	Quota 10/	4,600	9,200	9,200	9,200	9,200	9,200	9,200
950.10	Italian-type cheese, hard type:							
	Production 11/	57,800	60,088	64,200	67,900	71,456	76,000	81,000
	Imports 12/	7,180	8,003	9,374	10,120	8,896	7,788	8,228
	Quota	9,200	11,500	11,500	11,500	11,500	11,500	11,500
950.11	Malted milk and compounds or mixtures:							
	Production 13/	24,542	23,986	23,111	22,495	22,369	22,184	22,904
	Imports	5	21	6	14	12	9	1
	Quota	6	6	6	6	6	6	6
950.12	Articles containing over 45 percent butterfat:							
	Production	6/	6/	6/	6/	6/	6/	6/
	Imports	-	-	-	-	-	-	-
	Quota	-	-	-	-	-	-	-
950.13	Articles containing over 5.5 percent but not over 45 percent butterfat:							
	Production	-	-	-	-	-	-	-
	Imports	1/	9/ 2,517	9/ 4,085	9/ 3,300	32	684	107,621
	Quota 3/	-	-	-	-	-	-	-

1/ Not available.
2/ Less than 500 gallons.
3/ Quota established effective July 1, 1967.
4/ Includes dried cream (see 950.04).
5/ Included in figures for dried whole milk (950.03).
6/ Meaningful statistics are not available.
7/ Compiled from Bureau of Customs data.
8/ Does not include product exported for relief or charity purposes by individuals and private agencies.
9/ Estimated by the U.S. Tariff Commission.
10/ Processed Edam and Gouda not subject to quota.
11/ Production compiled from unpublished estimates of the U.S. Department of Agriculture.
12/ Sbrinz, Romano, Parmesano, Reggiano, Provoloni, and Provolette, made from cow's milk, in original loaves.
13/ Malted milk powder only.

Source: Production and quota data compiled from official statistics of the U.S. Department of Agriculture, except as noted; imports and exports compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Quotas are for the 12-month period ending in the year shown. Other data on a calendar-year basis.

Table B-5.--Cotton less than 1-1/8 inches in staple length (other than harsh or rough cotton of less than 3/4 inch staple length, and other than linters): U.S. imports under the quota, by countries of origin, by quota years beginning September 20, 1939-66

(In pounds)

Year beginning Sept. 20	Egypt and Sudan	Peru	India and Pakistan	Mexico	Brazil	All other	Total
1939	80	78,705	1,012,941	3,522,778	328,510	11,282	4,954,296
1940	-	247,952	240,045	8,883,259	618,723	85,734	10,075,713
1941	-	247,952	70,264	8,883,259	618,723	9,568	9,829,766
1942	-	247,952	-	8,883,259	618,723	9,500	9,759,434
1943	-	73,576	-	8,883,259	417,580	-	9,374,415
1944	-	26,183	432,154	8,883,259	-	-	9,341,596
1945	-	247,952	2,003,483	8,883,259	618,723	4,933	11,758,350
1946	11,630	247,952	1,167,578	8,883,259	618,723	480,549	11,409,691
1947	-	247,952	271,932	8,883,259	618,723	475,124	10,496,990
1948	-	247,952	292,269	8,883,259	406,040	339,890	10,169,410
1949	1,171	239,358	116,418	8,883,259	506,614	-	9,746,820
1950	2,174	161,784	-	37,669	602,956	-	804,583
1951	-	40,185	-	8,542,602	142,837	-	8,725,624
1952	-	53,664	-	8,883,259	550,127	1,382	9,488,432
1953	-	50,357	33,968	6,339,207	618,723	431,975	7,474,230
1954	-	5,931	214,953	8,883,259	618,723	411,937	10,134,803
1955	-	25,180	358,883	8,883,259	618,723	322,197	10,208,242
1956	-	-	143,670	8,883,259	600,000	-	9,626,929
1957	10,896	-	-	8,883,259	618,723	3,649	9,516,527
1958	8,353	-	10,064	8,883,259	618,723	328,454	9,848,853
1959	-	-	19,908	8,883,259	618,000	876	9,522,043
1960	-	50,569	519,653	8,883,259	618,721	681	10,072,883
1961	783,816	245,483	2,003,483	8,883,259	618,723	114,908	12,649,672
1962	782,857	35,995	81,640	8,883,259	618,723	-	10,402,474
1963	628,215	24,045	159,692	8,883,259	600,000	-	10,295,211
1964	-	68,899	-	2,770,015	-	-	2,838,914
1965	-	181,062	-	1,568,113	-	-	1,749,175
1966	783,816	58,977	-	8,883,259	-	2,566	9,728,618

Source: Compiled from official statistics of the U.S. Bureau of Customs.

Table B-6.--Raw cotton: U.S. production, by staple-length groups, crop years beginning August 1, 1958-66

Crop years beginning August 1	Short staple under 1-1/8 inches		Ordinary long staple 1-1/8 up to 1-3/8 inches	
	1,000 Bales 1/	Percent of total	1,000 Bales 1/	Percent of total
1958	10,843	94.8	511	4.5
1959	13,961	96.1	487	3.4
1960	13,690	95.9	510	3.6
1961	13,758	96.0	508	3.6
1962	14,331	96.4	428	2.9
1963	14,771	96.7	370	2.4
1964	14,596	96.4	448	2.9
1965	14,398	96.5	443	3.0
1966	9,088	95.0	411	4.3

	Extra long staple 1-3/8 inches and longer		Total, all cotton	
	1,000 Bales 1/	Percent of total	1,000 Bales 1/	Percent of total
1958	81	.7	11,435	100.0
1959	68	.5	14,516	100.0
1960	65	.5	14,265	100.0
1961	59	.4	14,325	100.0
1962	106	.7	14,865	100.0
1963	142	.9	15,283	100.0
1964	104	.7	15,148	100.0
1965	77	.5	14,918	100.0
1966	64	.7	9,563	100.0

1/ Approximately 500 pounds.

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

Table B-7.--Long-staple cotton: U.S. imports for consumption under quota, by countries of origin, by quota periods beginning August 1, 1958-66

(In bales 1/)

Quota year beg. Aug. 1:	Description	Egypt	Sudan	Peru	British West Indies	Mexico	All other	Total
1958	Extra-long staple (1-3/8" & over)	58,982	545	2/ 22,954				82,481
	Harsh 1-5/32" up to 1-3/8"			3,125				3,125
	Other 1-1/8" up to 1-3/8"	9				9,503		9,512
1959	Extra-long staple (1-3/8" & over)	68,026	1,108	3/ 12,195			4/ 1,140	82,469
	Harsh 1-5/32" up to 1-3/8"			3,121				3,121
	Other 1-1/8" up to 1-3/8"					9,512		9,512
1960	Extra-long staple (1-3/8" & over)	70,642	26	5/ 11,694	112			82,474
	Harsh 1-5/32" up to 1-3/8"			3,113				3,113
	Other 1-1/8" up to 1-3/8"					9,509		9,509
1961	Extra-long staple (1-3/8" & over)	62,191	15	6/ 20,232	25			82,463
	Harsh 1-5/32" up to 1-3/8"			1,531				1,531
	Other 1-1/8" up to 1-3/8"					9,420		9,420
1962	Extra-long staple (1-3/8" & over)	58,111	1,500	7/ 22,870				82,481
	Harsh 1-5/32" up to 1-3/8"			548				548
	Other 1-1/8" up to 1-3/8"					8,538		8,538
1963	Extra-long staple (1-3/8" & over)	48,167		8/ 34,302				82,469
	Harsh 1-5/32" up to 1-3/8"			589				589
	Other 1-1/8" up to 1-3/8"		3,892			5,619		9,512
1964	Extra-long staple (1-3/8" & over)	69,432	60	9/ 12,988				82,480
	Harsh 1-5/32" up to 1-3/8"			174				174
	Other 1-1/8" up to 1-3/8"	22	5,524	126				5,672
1965	Extra-long staple (1-3/8" & over)	44,122	185	10/ 38,173				82,480
	Harsh 1-5/32" up to 1-3/8"			553				553
	Other 1-1/8" up to 1-3/8"	8,955	365	192				9,512
1966	Extra-long staple (1-3/8" & over)	52,616	1,256	11/ 27,209		681	12/ 719	82,481
	Harsh 1-5/32" up to 1-3/8"			462				462
	Other 1-1/8" up to 1-3/8"	8,604	86					8,690

1/ 500 pounds, gross weight.
2/ Including 18,846 bales of cotton stapling 1-11/16" or more.
3/ Including 9,935 bales of cotton stapling 1-11/16" or more.
4/ From Lebanon.
5/ Including 8,742 bales of cotton stapling 1-11/16" or more.
6/ Including 17,298 bales of cotton stapling 1-11/16" or more.
7/ Including 18,172 bales of cotton stapling 1-11/16" or more.
8/ Including 30,068 bales of cotton stapling 1-11/16" or more.
9/ Including 9,080 bales of cotton stapling 1-11/16" or more.
10/ Including 29,852 bales of cotton stapling 1-11/16" or more.
11/ Including 16,505 bales of cotton stapling 1-11/16" or more.
12/ From Morocco. Including 341 bales of cotton stapling 1-11/16" or more.

Source: Compiled from official statistics of the U.S. Bureau of Customs. Because of time differences between imports charged against the quota and imports released from customs custody, data in this table differ slightly from the statistics of the U.S. Department of Commerce.

Table B-8.--Long-staple cotton: U.S. imports for consumption under the quota, by countries of origin, by quota period beginning August 1, 1958-66

(In pounds)

Quota year beg. Aug. 1:	Description	Egypt	Sudan	Peru	British West Indies	Mexico	All other	Total
1958	Extra-long staple (1-3/8" & over)	28,311,050	261,673	1/ 11,018,055				39,590,778
	Harsh 1-5/32" up to 1-3/8"			1,500,000				1,500,000
	Other 1-1/8" up to 1-3/8"	4,265				4,561,379		4,565,644
1959	Extra-long staple (1-3/8" & over)	32,652,403	531,688	2/ 5,853,725			3/ 547,303	39,585,119
	Harsh 1-5/32" up to 1-3/8"			1,498,231				1,498,231
	Other 1-1/8" up to 1-3/8"					4,565,642		4,565,642
1960	Extra-long staple (1-3/8" & over)	33,908,374	12,331	4/ 5,613,059	53,742			39,587,506
	Harsh 1-5/32" up to 1-3/8"			1,494,161				1,494,161
	Other 1-1/8" up to 1-3/8"					4,564,518		4,564,518
1961	Extra-long staple (1-3/8" & over)	29,851,730	7,168	5/ 9,711,141	12,080			39,582,119
	Harsh 1-5/32" up to 1-3/8"			735,019				735,019
	Other 1-1/8" up to 1-3/8"					4,521,732		4,521,732
1962	Extra-long staple (1-3/8" & over)	27,893,292	719,806	6/ 10,977,680				39,590,778
	Harsh 1-5/32" up to 1-3/8"			263,051				263,051
	Other 1-1/8" up to 1-3/8"					4,098,079		4,098,079
1963	Extra-long staple (1-3/8" & over)	23,120,411		7/ 16,464,781				39,585,192
	Harsh 1-5/32" up to 1-3/8"			282,597				282,597
	Other 1-1/8" up to 1-3/8"		1,868,290			2,697,332		4,565,622
1964	Extra-long staple (1-3/8" & over)	33,327,515	28,682	8/ 6,234,419				39,590,616
	Harsh 1-5/32" up to 1-3/8"			83,759				83,759
	Other 1-1/8" up to 1-3/8"	10,862	2,651,383	60,486				2,722,731
1965	Extra-long staple (1-3/8" & over)	21,178,740	88,526	9/ 18,323,267				39,590,533
	Harsh 1-5/32" up to 1-3/8"			265,286				265,286
	Other 1-1/8" up to 1-3/8"	4,298,436	174,989	92,217				4,565,642
1966	Extra-long staple (1-3/8" & over)	25,255,654	602,731	10/13,060,310		327,067	11/345,117	39,590,879
	Harsh 1-5/32" up to 1-3/8"			221,546				221,546
	Other 1-1/8" up to 1-3/8"	4,130,101	41,001					4,171,102

1/ Including 9,045,968 pounds stapling 1-11/16" or more.
2/ Including 4,768,642 pounds stapling 1-11/16" or more.
3/ Lebanon.
4/ Including 4,196,016 pounds stapling 1-11/16" or more.
5/ Including 8,302,914 pounds stapling 1-11/16" or more.
6/ Including 8,722,377 pounds stapling 1-11/16" or more.
7/ Including 14,432,448 pounds stapling 1-11/16" or more.
8/ Including 4,358,471 pounds stapling 1-11/16" or more.
9/ Including 14,328,829 pounds stapling 1-11/16" or more.
10/ Including 7,922,608 pounds stapling 1-11/16" or more.
11/ Morocco, including 163,891 pounds stapling 1-11/16" or more.

Source: Compiled from official statistics of the U.S. Bureau of Customs. Because of time differences between imports charged against the quota and imports released from customs custody, data in this table differ from the statistics of the U.S. Department of Commerce.

Table B-9.--Certain spinnable cotton Wastes 1/: U.S. imports under quota, by countries of origin, by quota years beginning September 20, 1939-66

(In thousands of pounds)

Year	United Kingdom	Canada	France	India and Pakistan	Netherlands	Switzerland	Belgium	Japan	Germany	All other	Total
1939	3,488	240	9	70	-	-	-	-	-	6	3,813
1940	1,431	240	-	70	-	-	-	-	-	3	1,744
1941	1/	232	-	70	-	-	-	-	-	-	302
1942	-	91	-	62	-	-	-	-	-	-	153
1943	-	-	-	-	-	-	-	-	-	-	-
1944	-	-	-	70	-	-	-	-	-	-	70
1945	-	-	-	70	-	-	-	-	-	-	70
1946	-	108	-	70	-	-	-	-	-	6	184
1947	25	175	-	70	-	-	-	-	-	-	270
1948	22	235	-	70	-	-	-	-	-	-	327
1949	1,441	240	76	69	-	15	-	-	-	2/	1,841
1950	1,441	107	68	67	-	-	2	-	24	-	1,709
1951	442	234	-	69	-	-	-	-	25	7	777
1952	167	239	13	66	16	-	13	-	25	6	545
1953	915	239	-	69	17	-	1	7	24	7	1,279
1954	1,441	238	73	68	20	-	-	-	24	7	1,871
1955	947	240	68	58	-	-	-	-	25	7	1,345
1956	140	239	-	70	-	-	-	-	23	7	479
1957	1,435	240	-	66	22	-	-	-	25	7	1,795
1958	1,488	240	1	50	-	-	-	-	25	7	1,811
1959	2,015	240	132	-	22	-	-	-	37	2	2,448
1960	1,914	240	76	59	21	-	3	-	50	-	2,363
1961	1,892	240	179	70	67	42	22	342	76	-	2,930
1962	1,641	240	163	50	52	11	33	-	58	-	2,248
1963	1,087	240	222	19	11	34	34	59	36	-	1,742
1964	12	239	-	43	-	-	-	-	26	-	320
1965	78	87	-	-	-	-	-	-	-	22	187
1966	34	67	32	16	-	-	-	-	34	-	183

1/ Card strips from cotton having a staple of less than 1-3/16 inches in length, comber waste, lap waste, sliver waste, and roving waste. Prior to March 31, 1942, all card strips were included in the quota limitation.
2/ Less than 500 pounds.

Source: Compiled from official statistics of the U.S. Bureau of Customs.

Table B-10.--Wheat: U.S. stocks, production, imports for consumption, exports of domestic merchandise, and apparent consumption, crop years 1959-66

(In millions of bushels)

Year beginning July 1--	Stocks at beginning of year	Production	Imports 1/	Exports 2/	Apparent consumption 3/	Ratio (percent) of imports to consumption
1959--------	1,295	1,118	7	512	594	1
1960--------	1,314	1,355	8	662	604	1
1961--------	1,411	1,232	6	720	607	1
1962--------	1,322	1,092	6	642	583	1
1963--------	1,195	1,147	4	859	586	1
1964--------	901	1,283	2	728	640	4/
1965--------	818	1,316	2	867	734	4/
1966--------	535	1,311	2	742	680	4/

1/ Includes dutiable flour and other products in terms of wheat.
2/ Includes flour and other products in terms of wheat, as well as shipments for relief or charity by individuals and private agencies.
3/ Includes military procurement at home and abroad as well as shipments to U.S. territories.
4/ Less than 0.5 percent.

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

Table B-11.--Milled wheat products fit for human consumption: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1958 and 1961-66

Item	1958	1961	1962	1963	1964	1965	1966
	Quantity (million pounds)						
Production 1/--	24,634	26,075	26,248	26,691	26,588	25,457	25,719
Imports--------	4	4	4	4	4	4	4
Exports--------	3,507	4,300	4,712	4,429	4,225	3,078	3,323
Apparent consumption 2/--	21,131	21,779	21,540	22,266	22,367	22,383	22,400
	Value (1,000 dollars)						
Production 1/--	1,399,000	3/	3/	1,503,000	3/	3/	3/
Imports--------	186	163	154	171	161	224	183
Exports--------	160,892	179,727	192,597	183,033	170,928	121,616	139.379

1/ Wheat flour only. Shipments by producers of prepared flour and flour mixes increased in value from $350 million in 1958 to $400 million in 1963; data for 1961, 1962, 1964, and 1965 are not available.
2/ Changes in carryover stocks believed to be small.
3/ Not available.

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

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Table B-12.--Peanuts: U.S. stocks, production, imports, exports, and price support operations, average 1955-59, annual 1960-66 1/

Crop year beginning Aug. 1--	Beginning stocks 2/	Production	Imports	Exports and shipments	Price-support operations			
					U.S. average support level	Loan acquisitions plus purchases	Government losses	
							Total	Per pound acquired
	Million pounds	Million pounds	Million pounds	Million pounds	Cents per pound	Million pounds	Million dollars	Cents
Annual average 1955-59	366	1,599	3	58	11.2	268	15	5.6
1960	395	1,786	3/	81	10.1	299	15	4.8
1961	340	1,740	3	34	11.0	231	13	5.6
1962	358	1,810	2	43	11.1	335	21	6.3
1963	366	2,022	2	97	11.2	378	28	7.3
1964	380	2,205	2	179	11.2	557	31	5.5
1965 4/	341	2,503	1	250	11.2	700	44	6.3
1966 4/	383	2,399	1	200	11.4	704	44	6.2

1/ Farmer's stock basis--as delivered to processors in the shell; convertible to shelled basis at the ratio of 1.55 pounds in-the-shell equivalent to 1 pound shelled.
2/ Includes oil stock peanuts.
3/ Less than 500,000 pounds.
4/ Preliminary.

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

Table B-13.--Sugar: Charges against Sugar Act quotas by supplying areas, 1948, 1958, and 1964-66

(In thousands of short tons (raw value))

Supplying area	1948	1958	1964	1965	1966
Domestic beet	1,657	2,240	2,699	3,025	3,025
Mainland cane 1/	456	681	911	1,100	1,100
Hawaii	714	630	1,110	1,137	1,200
Puerto Rico	1,013	823	792	830	712
Virgin Islands	4	6	16	4	5
Total domestic areas	3,844	4,380	5,528	6,096	6,042
Republic of the Philippines	251	980	1,174	1,178	1,187
Cuba	2,927	3,437	-	-	-
Other foreign countries 2/	62	279	2,417	2,647	3,128
Total foreign countries	3,240	4,696	3,591	3,825	4,315
Grand total	7,084	9,076	9,119	9,921	10,357

1/ Louisiana and Florida.
2/ Major suppliers are Dominican Republic, Mexico, Brazil, Peru, Australia, and the British West Indies.

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

Table B-14.--Hard fiber cordage: U.S. production, imports for consumption, and exports of domestic merchandise, 1958-66

Year	All hard fiber cordage				Abaca cordage 1/			
	Production	Imports		Exports 2/	Production	Imports		Exports
		Total	From the Philippines			Total	From the Philippines	
	Quantity (1,000 pounds)							
1958	201,341	271,309	5,830	2,372	68,490	5,968	4,918	1,591
1959	3/	292,178	5,620	1,604	3/	5,678	4,737	1,367
1960	3/	256,084	5,089	1,222	3/	5,449	4,602	1,082
1961	3/	273,562	5,731	1,436	3/	5,862	5,001	1,289
1962	3/	332, 91	6,135	1,599	3/	5,987	5,195	1,454
1963	153,376	328,503	6,089	1,537	51,593	5,817	5,222	1,469
1964	3/	281,834	6,232	1,480	3/	6,675	5,817	1,335
1965	3/	289,783	6,170	3/	3/	6,826	5,995	3/
1966	3/	319,064	5,782	3/	3/	7,082	5,695	3/
	Value (1,000 dollars)							
1958	52,260	33,417	1,130	753	26,321	1,318	959	634
1959	3/	35,035	1.111	660	3/	1,245	952	617
1960	3/	33,439	1,176	561	3/	1,379	1,079	524
1961	3/	36,644	1,211	617	3/	1,378	1,089	583
1962	3/	43,015	1,221	719	3/	1,328	1,084	665
1963	42,276	51,338	1,143	648	21,304	1,186	1,010	619
1964	3/	53,816	1,227	649	3/	1,342	1,149	611
1965	48,950	46,382	1,231	3/	3/	1,406	1,201	3/
1966	3/	43,467	1,157	3/	3/	1,479	1,144	3/

1/ Mostly rope and cable, 3/16" and over in diameter.
2/ Small quantities of twine and binder are not included.
3/ Not available.

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

Table B-15.--Crude petroleum: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption 1958-66

(In 1,000 barrels of 42 gallons each)

Year	Production	Imports	Exports	Apparent consumption	Ratio of imports to consumption
1958	1/ 2,448,987	383,707	4,328	2,828,366	14
1959	2,574,590	384,597	2,524	2,956,663	13
1960	2,574,933	400,846	3,087	2,972,692	13
1961	2,621,758	411,968	3,228	3,030,498	14
1962	2,676,189	450,790	1,793	3,125,186	14
1963	2,752,723	454,620	1,697	3,205,646	14
1964	2,786,822	482,172	1,361	3,267,633	15
1965	2,848,514	501,489	1,004	3,348,999	15
1966	3,038,999	496,325	1,478	3,533,846	14

1/ 48 States only.

Source: Production compiled from official statistics of the U.S. Department of the Interior; imports and exports compiled from official statistics of the U.S. Department of Commerce.

Table B-16.--Petroleum products: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1958-66

(In 1,000 barrels of 42 gallons each)

Year	Production	Imports 1/	Exports 2/	Apparent consumption	Ratio (percent) of imports to consumption
1958 3/	3,084,153	59,286	55,514	3,087,925	2
1959	3,238,418	54,898	46,706	3,246,610	2
1960	3,292,691	46,998	43,038	3,296,650	1
1961	3,348,847	55,532	37,291	3,368,763	2
1962	3,442,336	4/ 66,114	38,307	3,470,143	2
1963	3,571,538	4/ 84,424	39,372	3,556,590	2
1964	3,645,800	71,008	27,958	3,688,850	2
1965	3,742,398	83,323	36,567	3,789,154	2
1966	3,915,828	94,160	37,281	3,972,707	2

1/ Data prior to Aug. 31, 1963 not comparable to later years.
2/ Data prior to Jan. 1, 1965 not comparable to later years.
3/ 48 States only.
4/ Partly estimated by the Tariff Commission.

Source: Production compiled from official statistics of the U.S. Department of the Interior; imports and exports compiled from official statistics of the U.S. Department of Commerce.

Table B-17.--Residual fuel oil: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1958-66

(In 1,000 barrels of 42 gallons each)

Year	Production	Imports	Exports	Apparent consumption	Ratio of imports to consumption
1958	1/ 363,358	196,158	22,617	536,899	37
1959	347,900	223,194	21,319	549,775	41
1960	332,147	230,737	18,803	544,081	42
1961	315,577	230,677	14,023	532,231	43
1962	295,679	2/ 264,314	12,852	547,141	48
1963	275,910	262,149	15,281	522,778	50
1964	266,825	292,012	19,135	539,702	54
1965	268,567	342,847	14,997	596,417	57
1966	263,961	373,196	13,244	623,913	60

1/ 48 States only.
2/ U.S. Bureau of Mines; imports reported by the Department of Commerce (136,262,000 barrels, valued at $291,896,000) appear to be in error.

Source: Production compiled from official statistics of the U.S. Department of the Interior; imports and exports compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B-18.--Meats, other than bird meat: U.S. imports for consumption, 1964-66

(Quantity in millions of pounds; value in millions of dollars)

Item	1964		1965		1966	
	Quantity	Value	Quantity	Value	Quantity	Value
Meat, fresh, chilled, or frozen:						
Beef and veal	706	229	584	196	763	298
Mutton and goat meat	34	8	30	7	61	16
Lamb	10	3	13	3	15	5
Pork	39	14	48	19	42	18
Other	19	3	15	5	18	6
Total	808	257	690	230	899	343
Meat, prepared or preserved:						
Sausages	11	5	9	5	12	6
Pork	169	111	212	138	254	181
Beef	90	31	115	45	127	55
Other	8	3	12	4	18	6
Total	278	150	348	192	411	248

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

Table B-19.--Textiles, wholly or in chief value of cotton: U.S. general imports, 1/ by country of origin, 1958-66

(In millions of equivalent square yards)

Country of origin	1958	1959	1960	1961	1962	1963	1964	1965	1966
North America									
Canada	.9	1.1	1.1	2.1	1.6	1.1	2.9	17.2	16.2
Mexico	1.8	3.0	3.7	3.8	9.2	5.9	6.7	14.0	152.7
Jamaica	.2	.3	5.1	8.8	13.5	16.1	15.7	15.3	16.4
Other	.2	.6	.7	.7	1.5	3.0	3.4	1.3	4.2
Total	3.1	5.0	10.6	15.4	25.8	26.1	28.7	47.8	189.5
South America									
Colombia	2/	-	-	2.8	14.5	8.7	16.1	26.0	34.2
Brazil	2.1	1.5	8.6	.4	.1	3.1	5.8	57.7	95.6
Other	2/	2/	2/	2/	2/	3.5	7.1	2/	1.3
Total	2.1	1.5	8.6	3.2	14.6	15.3	29.0	83.7	131.1
Western Europe									
Norway	.1	.1	.1	.1	.2	.1	.1	.1	1.1
Denmark	.6	.4	1.0	1.2	1.0	1.0	1.0	1.1	2.5
United Kingdom	14.8	18.5	13.5	10.7	11.7	11.0	11.7	13.0	14.5
Netherlands	4.2	4.6	6.2	5.1	5.5	5.6	3.8	4.0	12.6
Belgium	19.9	23.6	23.8	18.9	25.2	25.9	27.9	34.5	42.6
France	3.1	14.7	38.0	22.3	26.8	7.2	5.0	6.2	7.6
West Germany	9.4	13.2	14.7	13.2	15.0	16.4	18.4	17.4	32.1
Austria	2.5	2.6	2.8	2.4	2.7	2.2	1.6	1.9	1.9
Switzerland	6.2	8.6	11.7	8.4	9.1	5.9	5.4	8.5	18.4
Spain	1.2	10.1	61.2	14.0	18.7	34.1	19.4	24.0	44.2
Portugal	1.1	4.2	65.6	51.5	101.5	62.7	48.2	45.0	112.8
Malta	2/	2/	2/	2/	2/	2/	.2	1.7	10.8
Italy	14.9	17.0	19.6	18.5	19.9	14.1	14.3	13.9	19.0
Yugoslavia	2/	2/	2/	.6	14.6	16.5	15.3	8.9	13.4
Greece	2/	2/	2/	2/	4.1	7.4	2.7	2.4	18.9
Other	.2	.2	.8	.5	.4	.5	.4	2.9	2.5
Total	78.2	117.8	259.0	167.4	256.4	210.6	175.4	185.5	354.9
Asia and Oceania									
Turkey	2/	2/	2/	2/	-	2.1	.8	2/	2/
Syria	-	-	.7	2/	2/	.2	-	2/	2/
Iran	-	2/	2/	2/	2/	2/	2/	.1	.6
Israel	.9	1.3	2.1	5.1	12.3	11.7	7.7	6.9	24.8
India	3.2	28.1	52.7	11.5	35.5	67.4	46.0	81.7	81.4
Pakistan	.4	8.6	16.1	8.0	15.3	36.1	24.0	40.6	58.7
Thailand	2/	2/	2/	2/	2/	2/	2/	.1	.2
Philippines	19.0	24.7	38.3	40.8	44.3	41.0	38.1	36.8	41.4
South Korea	4.8	8.3	13.7	5.0	10.8	34.9	33.5	25.5	24.0
Hong Kong	67.9	206.3	289.7	183.0	269.4	257.8	264.2	293.8	353.4
Taiwan	.2	11.1	23.4	22.9	84.8	35.7	46.7	52.3	61.6
Japan	309.0	315.5	273.3	243.0	351.2	304.8	323.6	404.2	412.0
Nansei Nanpo Islands	1.4	3.7	9.4	4.4	8.7	14.2	8.7	11.0	9.8
Malaysia	-	-	-	-	-	-	1.7	1.6	24.0
Singapore	-	-	-	-	-	-	-	21.5	39.7
Other	2/	.1	2/	2/	.6	.1	.2	.3	.7
Total	406.8	607.7	719.4	523.7	832.9	806.0	795.2	976.4	1,132.3
Africa									
Nigeria	2/	2/	2/	2/	2/	2/	-	-	.3
South Africa	-	-	-	.2	2/	2/	2/	2/	2/
United Arab Republic	.9	2.0	54.9	9.9	31.6	41.7	26.5	17.8	10.7
Other	.3	.4	.5	.3	.3	.4	.4	.3	.5
Total	1.2	2.4	55.4	10.4	31.9	42.1	26.9	18.1	11.5
Other Areas	.1	.1	.5	.1	3.1	1.0	2.3	1.2	3.4
Grand total	491.5	734.6	1,053.6	720.2	1,164.7	1,101.2	1,067.5	1,312.8	1,822.8

1/ Includes merchandise released from customs custody immediately upon arrival plus merchandise entered into bonded storage warehouses immediately upon arrival.

2/ Less than 50,000 square yards.

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

Table B-20.--Stainless-steel table flatware: Production and sales by U.S. manufacturers, U.S. imports for consumption, and apparent consumption, 1951-66, January-June 1966, and January-June 1967

Period	U.S. production 1/	Sales by U.S. manufacturers: Total	Sales by U.S. manufacturers: Exports	Imports for consumption 2/	Apparent consumption 3/	Ratio of imports to--: Apparent consumption	Ratio of imports to--: U.S. production
	1,000 dozen pieces	1,000 dozen pieces	1,000 dozen pieces	1,000 dozen pieces	1,000 dozen pieces	Percent	Percent
1951	11,893	11,379	208	4/	4/	4/	4/
1952	9,304	9,306	203	4/	4/	4/	4/
1953	11,020	10,827	147	883	11,563	7.6	8.0
1954	11,051	10,800	97	1,347	12,050	11.2	12.2
1955	14,848	14,654	144	3,571	18,081	19.8	24.1
1956	14,695	14,392	82	7,999	22,309	35.9	54.4
1957	13,079	13,207	82	10,600	23,725	44.7	81.0
1958	15,030	14,887	1,292	9,180	22,775	40.3	61.1
1959	18,480	18,594	327	8,950	27,217	32.9	48.4
1960	19,332	18,654	191	5/ 10,900	5/ 29,363	5/ 37.1	5/ 56.4
1961	18,467	18,877	212	4,755	5/ 23,420	5/ 20.3	5/ 25.7
1962	21,339	21,089	178	5,163	26,074	19.8	24.2
1963	21,366	22,100	231	6/ 6,860	6/ 28,729	6/ 23.9	6/ 32.1
1964	27,862	26,729	267	6/ 7,339	6/ 33,801	6/ 21.7	6/ 26.3
1965	27,409	27,210	334	6/7/ 8,880	6/ 35,756	6/ 24.8	6/ 32.4
1966	30,262	30,043	449	6/7/ 9,185	6/ 38,779	6/ 23.7	6/ 30.3
January-June--							
1966	14,840	14,567	234	6/7/ 1,781	6/ 16,114	6/ 11.1	6/ 12.0
1967 7/	15,828	15,016	4/	6/ 1,715	8/ 16,500	6/ 10.4	6/ 10.8

1/ Partly estimated from sales data for a few manufacturers.
2/ Includes an estimate for a small amount of imports in the years 1953-58.
3/ Sales of domestically produced flatware plus imports less exports.
4/ Not available.
5/ The high figure for imports in 1960 is attributable primarily to the entry in that year of most of the imports permissible within the quota in the first and second quota years. As a result, the figures for apparent consumption and the ratios of imports to apparent consumption and to production for 1960 and 1961 are of only qualified significance.
6/ Data for 1963 and 1964 are revised. Data do not include imports in sets of nonquota-type stainless-steel table flatware beginning Aug. 31, 1963, because they are not reported separately under the TSUS. Such imports are known to be negligible.
7/ Preliminary.
8/ Estimated

Source: Compiled from information submitted to the U.S. Tariff Commission by the producers and importers, and from official statistics of the U.S. Department of Commerce.

Table B-21.--Stainless-steel table flatware: U.S. imports for consumption, total and from Japan, by types, 1960-66

(Quantity in 1,000 dozen pieces; entered value in 1,000 dollars)

Item	1960		1961		1962		1963		1964		1965 1/		1966 1/	
	Quantity	Entered value	Quantity	Entered value	Quantity	Entered value	Quantity	Entered value	Quantity	Entered value	Quantity	Entered value	Quantity	Entered value
	Total, all countries													
Quota-type	2/ 10,222	2/ 9,629	2/ 4,280	2/ 4,121	4,577	4,519	5,665	5,907	6,128	6,739	8,318	8,685	8,494	8,840
Nonquota-type	678	2,769	475	2,087	586	2,169	669	2,308	667	2,257	562	2,256	691	2,401
Total, quota- and nonquota-types	2/ 10,900	2/ 12,398	2/ 4,735	2/ 6,227	5,163	6,688	6,334	8,215	6,795	8,996	8,880	10,940	9,185	11,241
	Japan													
Quota-type	9,500	8,749	4,089	3,874	4,385	4,269	5,268	5,477	5,585	6,208	6,521	7,123	6,643	7,336
Nonquota-type	377	1,146	212	652	341	848	404	931	442	1,134	313	946	425	1,098
Total, quota- and nonquota-types	9,876	9,895	4,301	4,526	4,726	5,117	5,672	6,408	6,027	7,342	6,834	8,069	7,068	8,434
	Ratio (percent) of imports from Japan to total imports 3/													
Quota-type	92.9	90.9	95.5	93.6	95.8	94.5	93.0	92.7	91.1	92.1	78.4	82.0	78.2	83.0
Nonquota-type	55.6	41.4	44.6	31.2	58.3	39.1	60.3	40.3	66.2	50.3	55.7	41.9	61.5	45.7
Average, quota- and nonquota-types	90.6	79.8	90.5	72.7	91.5	76.5	89.5	78.0	88.7	81.6	77.0	73.8	76.9	75.0

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

Data do not include imports of quota-type flatware amounting to 526,000 dozen pieces in 1963, and 544,000 dozen pieces in 1964, for which data on value and in the indicated detail of this table are not available from 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/ Includes relatively small amounts of imports which were entered free of duty for U.S. Government use.

3/ Based on the unrounded data.

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

Note.--Statistics may not add due to rounding. Beginning with 1963, due to the discrepancies in the U.S. Department of Commerce data, the data shown for imports entered at the increased rates of duty are of qualified significance. Data obtained from the Customs Bureau, U.S. Department of the Treasury, indicate that such imports were considerably smaller than those shown in this table.

Table B-22.--Brooms and brushes not mounted in a block or head: U.S. imports for consumption, by principal countries, 1961-66

Country	1961	1962	1963	1964	1965	1966
	Quantity (dozens)					
Mexico	75,190	108,540	114,536	159,877	193,193	156,410
Hungary	125,921	136,114	111,018	112,452	119,328	104,940
Poland	56,401	68,975	58,306	86,099	109,978	40,562
Italy	25,208	29,768	14,656	26,063	7,339	5,814
West Germany	83	2,216	191	27	2,686	360
Yugoslavia	4,692	580	420	-	-	-
All other	1,753	4,778	11,519	30,032	25,615	53,941
Total	289,248	350,971	310,646	414,550	458,139	362,027
	Value					
Mexico	$347,709	$381,759	$460,278	$683,932	$885,103	$778,015
Hungary	173,275	174,345	137,465	141,010	131,074	137,788
Poland	138,625	189,605	169,182	238,183	206,914	126,160
Italy	107,321	94,430	62,716	50,451	36,405	28,704
West Germany	1,118	6,000	731	267	5,843	617
Yugoslavia	8,099	1,346	617	-	-	-
All other	11,429	18,897	21,353	48,572	41,771	51,453
Total	787,576	866,382	852,342	1,162,415	1,307,110	1,122,737

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

Table B-23.--Shipments of watches and watch movements from the U.S. Virgin Islands and Guam into the U.S. customs territory, 1960-67

Period	Quantity	Value
	1,000 units	1,000 dollars
1960	44	287
1961	173	1,087
1962	420	2,551
1963	1,057	6,319
1964	2,369	14,169
1965	3,625	21,601
1966	5,447	33,456
1967	3,782	23,280

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

PHILIPPINE TRADE AGREEMENT REVISION ACT OF 1955

§ 1371. Revised agreement; definition.

For purposes of this subchapter, the term "revised agreement" means the executive agreement concerning trade and related matters entered into by the President of the United States and the President of the Philippines on July 4, 1946, as such executive agreement is revised pursuant to the authority contained in section 1372 of this title. (Aug. 1, 1955, ch. 438, title II, § 201, 69 Stat. 413.)

SHORT TITLE

Congress in enacting this subchapter, and amending section 734 of Title 48, Territories and Insular Possessions, provided by section 1 of act Aug. 1, 1955, that this subchapter and the amendment should popularly be known as the "Philippine Trade Agreement Revision Act of 1955".

§ 1372. Authorization to revise agreement.

In order to make revisions proposed by the delegations of the Government of the United States of America and of the Republic of the Philippines in the "Final Act of Negotiations Relative to Revision of the 1946 Trade Agreement Between the United States of America and the Republic of the Philippines" signed at Washington, December 15, 1954, as corrected, the President of the United States is authorized to enter into an agreement with the President of the Philippines revising the executive agreement concerning trade and related matters entered into by the President of the United States and the President of the Philippines on July 4, 1946. (Aug. 1955, ch. 438, title II, § 201, 69 Stat. 413.)

CODIFICATION

Section is from part of section 201 of act Aug. 1, 1955. Remainder of section 201 is set out as a note under this section.

REVISED AGREEMENT BETWEEN UNITED STATES AND PHILIPPINES

Section 201 of act Aug. 1, 1955, provided in part that the executive agreement concerning trade and related matters entered into by the President of the United States and the President of the Philippines on July 4, 1946, should be revised to read as follows:

"AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF THE PHILIPPINES CONCERNING TRADE AND RELATED MATTERS DURING A TRANSITIONAL PERIOD FOLLOWING THE INSTITUTION OF PHILIPPINE INDEPENDENCE, SIGNED AT MANILA ON JULY 4, 1946, AS REVISED

"The President of the United States of America and the President of the Republic of the Philippines, mindful of the close economic ties between the people of the United States and the people of the Philippines during many years of intimate political relations, and desiring to enter into an agreement in keeping with their long friendship, which will be mutually beneficial to the two peoples and will strengthen the economy of the Philippines so as to enable that Republic to contribute more effectively to the peace and prosperity of the free world, have agreed to the following Articles:

"ARTICLE I

"1. The ordinary customs duty to be collected on United States articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol, which during the following portions of the period from January 1, 1956, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the Philippines for consumption shall be determined by applying the following percentages of the Philippine duty as defined in Subparagraph (b) of Paragraph 1 of the Protocol:

"(a) During the period from January 1, 19[illegible] December 31, 1958, both dates inclusive, twenty [illegible] per centum.

"(b) During the period from January 1, 19[illegible] December 31, 1961, both dates inclusive, fifty per [illegible]

"(c) During the period from January 1, 19[illegible] December 31, 1964, both dates inclusive seven [illegible] per centum.

"(d) During the period from January 1, 19[illegible] December 31, 1973, both dates inclusive, ninety per centum.

"(e) During the period from January 1, 1974, to July 3 1974, both dates inclusive, one hundred per [illegible]

"2. The ordinary customs duty to be collected on Philippine articles as defined in Subparagraph [illegible] Paragraph 1 of the Protocol, other than those [illegible] in the Schedule to Paragraph 2 of Article II, w[illegible] ing such portions of such period are entere[illegible] drawn from warehouse, in the United Stat[illegible] sumption, shall be determined by applying th[illegible] wing percentages of the United States duty as [illegible] d in Subparagraph (g) of Paragraph 1 of the Prot[illegible]

"(a) During the period from January 1, 19[illegible] December 31, 1958, both dates inclusive, five p[illegible]

"(b) During the period from January 1, 19[illegible] December 31, 1961, both dates inclusive, ten pe[illegible]

"(c) During the period from January 1, 1962, [illegible] December 31, 1964, both dates inclusive, twenty per centum

"(d) During the period from January 1, 1965, to December 31, 1967, both dates inclusive, forty per centum

"(e) During the period from January 1, 1968, to December 31, 1970, both dates inclusive, sixty per centum

"(f) During the period from January 1, 1971 [illegible] December 31, 1973, both dates inclusive, eighty per centum

"(g) During the period from January 1, 1974 to July 3, 1974, both dates inclusive, one hundred per centum

"3. Custom duties on United States articles, and on Philippine articles, other than ordinary customs duties, shall be determined without regard to the provisions of Paragraphs 1 and 2 of this Article, but shall be subject to the provisions of Paragraph 4 of this Article.

"4. With respect to United States articles imported into the Philippines, and with respect to Philippine articles imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles. As used in this Paragraph, the term 'duty' includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes or ordinary customs duties.

"5. With respect to products of the United States which do not come within the definition of United States articles, imported into the Philippines, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country. As used in this Paragraph the term 'duty' includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes.

"6. With respect to products of the Philippines, which do not come within the definition of Philippine articles, imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country (except Cuba), or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country (except Cuba). As used in this Paragraph the term 'duty' includes taxes, fees, charges, or exactions, imposed on or in connection with importation, but does not include internal taxes.

"7. Notwithstanding the provisions of Paragraph 1 of this Article, the Philippines shall impose a temporary special import tax, in lieu of the present tax on the sale of foreign exchange, on any article or product imported or brought into the Philippines, irrespective of source; provided that such special levy is applied in a non-

discriminatory manner pursuant to Paragraphs 4 and 5 of this Article, that the initial tax is at a rate no higher than the present rate of the foreign exchange tax, and that the tax shall be progressively reduced at a rate no less rapid than that specified in the following Schedule. If, as a result of applying this Schedule, the total revenue from Philippine customs duties and from the special import tax on goods coming from the United States is less in any calendar year than the proceeds from the exchange tax on such goods during the calendar year 1955, no reduction need be made in the special import tax for the next succeeding calendar year, and, if necessary to restore revenues collected on the importation of United States goods to the level of the exchange tax on such goods in calendar year 1955, the Philippines may increase the rate for such succeeding calendar year to any previous level provided for in this Schedule which is considered to be necessary to restore such revenues to the amount collected from the exchange tax on United States goods in calendar year 1955. Rates for the special import levy in subsequent years shall be fixed in accordance with the schedules specified in this Article, except as the Philippine Government may determine that higher rates are necessary to maintain the above-mentioned level of revenues from the importation of United States goods. In this event, such rate shall be determined by the Philippine Government, after consultation with the United States Government, at a level of the Schedule calculated to cover any anticipated deficiency arising from the operation of this provision.

"SCHEDULE FOR REDUCING SPECIAL IMPORT TAX

"(a) After December 31, 1956, ninety per centum.
"(b) After December 31, 1957, eighty per centum.
"(c) After December 31, 1958, seventy per centum.
"(d) After December 31, 1959, sixty per centum.
"(e) After December 31, 1960, fifty per centum.
"(f) After December 31, 1961, forty per centum.
"(g) After December 31, 1962, thirty per centum.
"(h) After December 31, 1963, twenty per centum.
"(i) After December 31, 1964, ten per centum.
"(j) On and after January 1, 1966, nil.

"ARTICLE II

"1. During the period from January 1, 1956, to December 31, 1973, both dates inclusive, the total amount of the articles falling within one of the classes specified in Items A and A-1 of the Schedule to this Paragraph, which are Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amounts specified in such Schedule as to each class of articles. During the period from January 1, 1956, to December 31, 1973, both dates inclusive, the total amount of the articles falling within the class specified in Item B of the Schedule to this paragraph which are the product of the Philippines, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amount specified in such Schedule as to such class of articles. During the period from January 1, 1974, to July 3, 1974, both dates inclusive, the total amounts referred to in the preceding sentences of this Paragraph shall not exceed one-half of the amount specified in such Schedule with respect to each class of articles, respectively. The establishment herein of the limitations on the amounts of Philippine raw and refined sugar that may be entered, or withdrawn from warehouse, in the United States for consumption, shall be without prejudice to any increases which the Congress of the United States might allocate to the Philippines in the future. The following Schedule to Paragraph 1 shall constitute an integral part thereof:

"SCHEDULE OF ABSOLUTE QUOTAS

Item	*Classes of Articles*	*Amounts*
A	Sugars	952,000 short tons
A-1	of which not to exceed may be refined sugars, meaning 'direct-consumption sugar' as defined in Section 101 of the Sugar Act of 1948, as amended [section 1101 of Title 7], of the United States which is set forth in part as Annex I to this Agreement.	56,000 short tons
B	Cordage, including yarns, twines (including binding twine described in Paragraph 1622 of the Tariff Act of 1930 of the United States, as amended [former section 1201, par. 1622 of Title 19], which is set forth as Annex II to this Agreement), cords, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manila (abaca) or other hard fiber.	6,000,000 lbs.

"2. Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol falling within one of the classes specified in the items included in the Schedule to this Paragraph, which, during the following portions of the period from January 1, 1956, to December 31, 1973, both dates inclusive, are entered, or withdrawn from warehouse, in the United States for consumption, shall be free of ordinary customs duty, in quantities determined by applying the following percentages to the amounts specified in such Schedule as to each such class of articles:

"(a) During each of the calendar years 1956 to 1958, inclusive, ninety-five per centum.

"(b) During each of the calendar years 1959 to 1961, inclusive, ninety per centum.

"(c) During each of the calendar years 1962 to 1964, inclusive, eighty per centum.

"(d) During each of the calendar years 1965 to 1967, inclusive, sixty per centum.

"(e) During each of the calendar years 1968 to 1970, inclusive, forty per centum.

"(f) During each of the calendar years 1971 to 1973, inclusive, twenty per centum.

"(g) On and after January 1, 1974, nil.

The following Schedule to Paragraph 2 shall constitute an integral part thereof:

"SCHEDULE OF TARIFF QUOTAS

"Item	*Class of Articles*	*Amounts*
A	Cigars (exclusive of cigarettes, cheroots of all kinds, and paper cigars and cigarettes, including wrappers).	200,000,000 cigars
B	Scrap tobacco, and stemmed and unstemmed filler tobacco described in Paragraph 602 of the Tariff Act of 1930 of the United States, as amended [former section 1001, par. 602 of Title 19], which is set forth as Annex III to this Agreement.	6,500,000 lbs.
C	Coconut oil	200,000 long tons
D	Buttons of pearl or shell	850,000 gross

The quantities shown in the Schedule to this Paragraph represent base quantities for the purposes of computing the tariff-free quota and are not absolute quotas. Any such Philippine article so entered, or withdrawn from warehouse, in excess of the duty-free quota provided in this Paragraph shall be subject to one hundred per centum of the United States duty as defined in Subparagraph (g) of Paragraph 1 of the Protocol.

"ARTICLE III

"1. Except as otherwise provided in Article II or in Paragraph 2 of this Article, neither country shall impose restrictions or prohibitions on the importation of any article of the other country, or on the exportation of any article to the territories of the other country, unless the importation of the like article of, or the exportation of the like article to, all third countries is similarly restricted or prohibited. If either country imposes quantitative restrictions on the importation or exportation of any article in which the other country has an important interest and if it makes allotments to any third country, it shall afford such other country a share proportionate to the amount of the article, by quantity or value supplied by or to it during a previous representative period, due consideration being given to any special factors affecting the trade in such article.

"2. (a) Notwithstanding the provisions of Paragraph 1 of this Article, with respect to quotas on United States articles as defined in Subparagraph (e) of Paragraph 1 of the Protocol or with respect to quotas on Philippine articles as defined in Subparagraph (f) of Paragraph 1 of the Protocol other than the articles for which quotas are provided in Paragraph 2 of Article II) a quota may be established only if—

"(1) The President of the country desiring to impose the quota, after investigation, finds and proclaims that, as the result of preferential treatment accorded pursuant to this Agreement any article of the other country is being imported in such increased quantities and under such

conditions as to cause or threaten serious injury to domestic producers of like or directly competitive articles; or

"(2) The President of the country desiring to impose the quota finds that such action is necessary to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or, in the event its monetary reserves are very low, to achieve a reasonable rate of increase in its reserves.

"(b) Any quota imposed for any twelve-month period under (a) (1) above for the purpose of protecting domestic industry shall not be less than the amount determined by the President of the importing country as the total amount of the articles of such class which, during the twelve months preceding entry into effect of the quota, was entered, or withdrawn from warehouse, for consumption, after deduction of the amount by which he finds domestic production can be increased during the twelve-month period of the quota; or if the quota is established for any period other than a twelve-month period, it shall not be less than a proportionate amount.

"(c) Each Party agrees not to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities, the exclusion of which would seriously impair regular channels of trade, or restrictions which would prevent the importation of commercial samples, or prevent compliance with patent, trademark, copyright, or similar procedures.

"(d) Any quota established pursuant to this Paragraph shall not continue in effect longer than necessary to achieve the purposes for its imposition, at which time the President of the country imposing the quota, following investigation, shall find and proclaim that the conditions which gave rise to the establishment of such quota no longer exist.

"3. Either country taking action pursuant to the provisions of this Article shall give notice to the other country as far in advance as may be practicable, and shall afford it an opportunity to consult in respect of the proposed action. It is understood that this right of consultation does not imply that the consent of the other country to the establishment of the quota is needed in order for the quota to be put into effect.

"ARTICLE IV

"1. With respect to articles which are products of the United States coming into the Philippines, or with respect to articles manufactured in the Philippines wholly or in part from such articles, no internal tax shall be—

"(a) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the Philippines, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

"(b) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles.

Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the Philippines, or (2) with respect to materials used in the production of a like article which is the product of the Philippines, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the United States is not in excess of that permitted by Paragraph 1 (b) of Article IV such collection and payment shall not be regarded as in violation of the first sentence of this Paragraph.

"2. With respect to articles which are products of the Philippines coming into the United States, or with respect to articles manufactured in the United States wholly or in part from such articles, no internal tax shall be—

"(a) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the United States, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

"(b) Collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles.

Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the United States, or (2) with respect to materials used in the production of a like article which is the product of the United States, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the Philippines is not in excess of that permitted by Paragraph 2 (b) of Article IV such collection and payment shall not be regarded as in violation of the first sentence of this Paragraph. This Paragraph shall not apply to the taxes imposed under Sections 4591, 4812, or 4831 of the Internal Revenue Code of the United States which are set forth in part as Annexes IV, V, and VI of this Agreement.

"3. No processing tax or other internal tax shall be imposed or collected in the United States or in the Philippines with respect to articles coming into such country for the official use of the Government of the Philippines or of the United States, respectively, or any department or agency thereof.

"4. No processing tax or other internal tax shall be imposed or collected in the United States with respect to Manila (abaca) fiber not dressed or manufactured in any manner.

"5. The United States will not reduce the preference of two cents per pound provided in Section 4513 of the Internal Revenue Code of the United States [repealed] (relating to processing taxes on coconut oil, etc.), which is set forth as Annex VII to this Agreement, with respect to articles 'wholly the production of the Philippine Islands' or articles 'produced wholly from materials the growth or production of the Philippine Islands'; except that it may suspend the provisions of Section 4511(b) of the Internal Revenue Code of the United States [repealed] during any period as to which the President of the United States, after consultation with the President of the Philippines, finds that adequate supplies of neither copra nor coconut oil, the product of the Philippines, are readily available for processing in the United States.

"ARTICLE V

"The Republic of the Philippines will take the necessary legislative and executive actions, prior to or at the time of the entry into force of the revisions of this Agreement authorized by the Congress of the United States and the Congress of the Philippines in 1955, to enact and implement legislation similar to that already enacted by the Congress of the United States as Public Law 419, 83d Congress, Chapter 323, 2d Session [section 1184a of Title 8], to facilitate the entry of Philippine traders.

"ARTICLE VI

"1. The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum and other mineral oils, all forces and sources of potential energy, and other natural resources of either Party, and the operation of public utilities, shall, if open to any person, be open to citizens of the other Party and to all forms of business enterprise owned or controlled, directly or indirectly, by citizens of such other Party in the same manner as to and under the same conditions imposed upon citizens or corporations or associations owned or controlled by citizens of the Party granting the right.

"2. The rights provided for in Paragraph 1 may be exercised, in the case of citizens of the Philippines with respect to natural resources in the United States which are subject to Federal control or regulations, only through the medium of a corporation organized under the laws of the United States or one of the States thereof and likewise, in the case of citizens of the United States with respect to natural resources in the public domain in the Philippines, only through the medium of a corporation organized under the laws of the Philippines and at least 60% of the capital stock of which is owned or controlled by citizens of the United States. This provision, however, does not affect the right of citizens of the United States to acquire or own private agricultural lands in the Philippines or citizens of the Philippines to acquire or own land in the United States which is subject to the jurisdiction of the United States and not within the jurisdiction of any State and which is not within the public

domain. The Philippines reserves the right to dispose of its public lands in small quantities on especially favorable terms exclusively to actual settlers or other users who are its own citizens. The United States reserves the right to dispose of its public lands in small quantities on especially favorable terms exclusively to actual settlers or other users who are its own citizens or aliens who have declared their intention to become citizens. Each Party reserves the right to limit the extent to which aliens may engage in fishing or engage in enterprises which furnish communications services and air or water transport. The United States also reserves the right to limit the extent to which aliens may own land in its outlying territories and possessions, but the Philippines will extend to American nationals who are residents of any of those outlying territories and possessions only the same rights, with respect to ownership of lands, which are granted therein to citizens of the Philippines. The rights provided for in this Paragraph shall not, however, be exercised by either Party so as to derogate from the rights previously acquired by citizens or corporations or associations owned or controlled by citizens of the other Party.

"3. The United States of America reserves the rights of the several States of the United States to limit the extent to which citizens or corporations or associations owned or controlled by citizens of the Philippines may engage in the activities specified in this Article. The Republic of the Philippines reserves the power to deny any of the rights specified in this Article to citizens of the United States who are citizens of States, or to corporations or associations at least 60% of whose capital stock or capital is owned or controlled by citizens of States, which deny like rights to citizens of the Philippines, or to corporations or associations which are owned or controlled by citizens of the Philippines. The exercise of this reservation on the part of the Philippines shall not affect previously acquired rights, provided that in the event that any State of the United States of America should in the future impose restrictions which would deny to citizens or corporations or associations owned or controlled by citizens of the Philippines the right to continue to engage in activities in which they were engaged therein at the time of the imposition of such restrictions, the Republic of the Philippines shall be free to apply like limitations to the citizens or corporations or associations owned or controlled by citizens of such States.

"ARTICLE VII

"1. The Republic of the Philippines and the United States of America each agrees not to discriminate in any manner, with respect to their engaging in business activities, against the citizens or any form of business enterprise owned or controlled by citizens of the other and that new limitations imposed by either Party upon the extent to which aliens are accorded national treatment with respect to carrying on business activities within its territories, shall not be applied as against enterprises owned or controlled by citizens of the other Party which are engaged in such activities therein at the time such new limitations are adopted, nor shall such new limitations be applied to American citizens or corporations or associations owned or controlled by American citizens whose States do not impose like limitations on citizens or corporations or associations owned or controlled by citizens of the Republic of the Philippines.

"2. The United States of America reserves the rights of the several States of the United States to limit the extent to which citizens or corporations or associations owned or controlled by citizens of the Philippines may engage in any business activities. The Republic of the Philippines reserves the power to deny any rights to engage in business activities to citizens of the United States who are citizens of States, or to corporations or associations at least 60% of the capital stock or capital of which is owned or controlled by citizens of States, which deny like rights to citizens of the Philippines or to corporations or associations owned or controlled by citizens of the Philippines. The exercise of this reservation on the part of the Philippines shall not affect previously acquired rights, provided that in the event that any State of the United States of America should in the future impose restrictions which would deny to citizens or corporations or associations owned or controlled by citizens of the Philippines the right to continue to engage in business activities in which they were engaged therein at the time of the imposition of such restrictions, the Republic of the Philippines shall be free to apply like limitations to the citizens or corporations or associations owned or controlled by citizens of such States.

"ARTICLE VIII

"Nothing in this Agreement shall be construed:

"(1) to require either Party to furnish any information the disclosure of which it considers contrary to its essential security interests; or

"(2) to prevent either Party from taking any action which it considers necessary for the protection of its essential security interests—

"(a) relating to fissionable materials or the materials from which they are derived;

"(b) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

"(c) taken in time of war or other emergency in international relations; or

"(3) to prevent either Party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

"ARTICLE IX

"1. Upon the taking effect of this Agreement, and upon the taking effect of the revisions thereof authorized by the Congress of the United States and the Congress of the Philippines in 1955, the provisions placing obligations on the United States: (a) if in effect as laws of the United States at the time of such taking effect, shall continue in effect as laws of the United States during the effectiveness of the Agreement; or (b) if not so in effect, shall take effect and continue in effect as laws of the United States during the effectiveness of the Agreement. The Philippines will continue in effect as laws of the Philippines, during the effectiveness of this Agreement, the provisions thereof placing obligations on the Philippines.

"2. The United States and the Philippines will promptly enact, and shall keep in effect during the effectiveness of this Agreement, such legislation as may be necessary to supplement the laws of the United States and the Philippines, respectively, referred to in Paragraph 1 of this Article, and to implement the provisions of such laws and the provisions of this Agreement placing obligations on the United States and the Philippines, respectively.

"ARTICLE X

"The United States and the Philippines agree to consult with each other with respect to any questions as to the interpretation or the application of this Agreement, concerning which either Government may make representations to the other. Not later than July 1, 1971, the United States and the Philippines agree to consult with each other as to joint problems which may arise as a result or in anticipation of the termination of this Agreement.

"ARTICLE XI

"1. This Agreement shall have no effect after July 3, 1974. It may be terminated by either the United States or the Philippines at any time, upon not less than five years' written notice. If the President of the United States or the President of the Philippines determines and proclaims that the other country has adopted or applied measures or practices which would operate to nullify or impair any right or obligation provided for in this Agreement, then the Agreement may be terminated upon not less than six months' written notice.

"2. The revisions of this Agreement authorized by the Congress of the United States and the Congress of the Philippines in 1955 shall enter into force on January 1, 1956.

"PROTOCOL TO ACCOMPANY THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF THE PHILIPPINES CONCERNING TRADE AND RELATED MATTERS DURING A TRANSITIONAL PERIOD FOLLOWING THE INSTITUTION OF PHILIPPINE INDEPENDENCE, SIGNED AT MANILA ON JULY 4, 1946, AS REVISED

"The undersigned duly empowered Plenipotentiaries have agreed to the following Protocol to the Agreement between the United States of America and the Republic of the Philippines concerning trade and related matters during a transitional period following the institution of Philippine Independence, signed at Manila on July 4, 1946, as revised, which shall constitute an integral part of the Agreement:

"1. For the purpose of the Agreement—

"(a) The term 'person' includes partnerships, corporations, and associations.

"(b) The term 'United States' means the United States of America and, when used in a geographical sense, means the States, the District of Columbia, the Territories of Alaska and Hawaii, and Puerto Rico.

"(c) The term 'Philippines' means the Republic of the Philippines and, when used in a geographical sense, means the territories of the Republic of the Philippines, whether a particular act in question took place, or a particular situation in question existed, within such territories before or after the institution of the Republic of the Philippines. As used herein the territories of the Republic of the Philippines comprise all the territories specified in Section 1 of Article I of the Constitution of the Philippines which is set forth as Annex X to this Agreement.

"(d) The term 'ordinary customs duty' means a customs duty based on the article as such (whether or not such duty is also based in any manner on the use, value, or method of production of the article, or on the amount of like articles imported, or on any other factor); but does not include—

"(1) A customs duty based on an act or omission of any person with respect to the importation of the article, or of the country from which the article is exported, or from which it comes; or

"(2) A countervailing duty imposed to offset a subsidy, bounty, or grant; or

"(3) An anti-dumping duty imposed to offset the selling of merchandise for exportation at a price less than the prevailing price in the country of export; or

"(4) Any tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of the country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws; or

"(5) The tax imposed by Section 4581 of the Internal Revenue Code of the United States which is set forth as Annex VIII to this Agreement, with respect to an article, merchandise, or combination, ten per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts specified in Section 4511 of such Code [repealed] which is set forth as Annex VII to this Agreement; or the tax imposed by Section 4501(b) of such Code which is set forth as Annex IX to this Agreement.

"(e) The term 'United States article' means an article which is the product of the United States, unless, in the case of an article produced with the use of materials imported into the United States from any foreign country (except the Philippines) the aggregate value of such imported materials at the time of importation into the United States was more than twenty per centum of the value of the article imported into the Philippines, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the Philippines in effect at the time of importation of such article. As used in this Subparagraph the term 'value', when used in reference to a material imported into the United States, includes the value of the material ascertained under the customs laws of the United States in effect at the time of importation into the United States, and, if not included in such value, the cost of bringing the material to the United States, but does not include the cost of landing it at the port of importation, or customs duties collected in the United States. For the purposes of this Subparagraph any imported material, used in the production of an article in the United States, shall be considered as having been used in the production of an article subsequently produced in the United States, which is the product of a chain of production in the United States in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article. It is understood that 'United States articles' do not lose their status as such, for the purpose of Philippine tariff preferences, by reason of being imported into the Philippines from a country other than the United States or from an insular possession of the United States or by way of or via such a country or insular possession.

"(f) The term 'Philippine article' means an article which is the product of the Philippines, unless, in the case of an article produced with the use of materials imported into the Philippines from any foreign country (except the United States) the aggregate value of such imported materials at the time of importation into the Philippines was more than twenty per centum of the value of the article imported into the United States, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the United States in effect at the time of importation of such article. As used in this Subparagraph the term 'value', when used in reference to a material imported into the Philippines, includes the value of the material ascertained under the customs laws of the Philippines in effect at the time of importation into the Philippines, and, if not included in such value, the cost of bringing the material to the Philippines, but does not include the cost of landing it at the port of importation, or customs duties collected in the Philippines. For the purposes of this Subparagraph any imported material, used in the production of an article in the Philippines, shall be considered as having been used in the production of an article subsequently produced in the Philippines, which is the product of a chain of production in the Philippines in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article. It is understood that 'Philippine articles' do not lose their status as such, for the purpose of United States tariff preferences, by reason of being imported into the United States from a country other than the Philippines or from an insular possession of the United States or by way of or via such a country or insular possession.

"(g) The term 'United States duty' means the rate or rates of ordinary customs duty which (at the time and

§ 1376. Trade agreements with the Republic of the Philippines.

Until July 4, 1974, no trade agreement shall be entered into with the Republic of the Philippines under section 1351 of Title 19, which is inconsistent with this subchapter or with the revised agreement, unless, prior to such time, the revised agreement has been terminated. (Aug. 1, 1955, ch. 438, title III, § 305, 69 Stat. 426.)

REFERENCES IN TEXT

The revised agreement, referred to in the text, is set out as a note under section 1372 of this title.

EFFECTIVE DATE

Section effective Jan. 1, 1956, see note under section 1373 of this title.

§ 1377. Rights of third countries.

The benefits granted by this subchapter, and by the revised agreement, to the Republic of the Philippines, Philippine articles or products, and Philippine citizens, shall not, by reason of any provision of any treaty or agreement existing on August 1, 1955 with any third country, be extended to such country or its products, citizens, or subjects. (Aug. 1, 1955, ch. 438, title III, § 306, 69 Stat. 426.)

REFERENCES IN TEXT

The revised agreement, referred to in the text, is set out as a note under section 1372 of this title.

EFFECTIVE DATE

Section effective Jan. 1, 1956, see note under section 1373 of this title.

§ 1378. Administration of revised agreement.

The provisions of articles I, II, III, and IV of the revised agreement which are in effect in the United States which relate to customs or internal revenue matters shall be administered as parts of the customs and internal revenue laws of the United States. (Aug. 1, 1955, ch. 438, title III, § 307, 69 Stat. 426.)

REFERENCES IN TEXT

Articles I, II, III, and IV of the revised agreement, referred to in the text, are set out as a note under section 1372 of this title.

EFFECTIVE DATE

Section effective Jan. 1, 1956, see note under section 1373 of this title.

§ 1379. Effective date of revised agreement.

If the agreement authorized by section 1372 of this title has been entered into before January 1, 1956, the President of the United States shall so proclaim, and the revised agreement shall be effective in the United States in accordance with its terms. (Aug. 1, 1955, ch. 438, title III, § 301 (a), 69 Stat. 426.)

REFERENCES IN TEXT

The revised agreement, referred to in the text, is set out as a note under section 1372 of this title.

AUTOMOTIVE PRODUCTS TRADE ACT OF 1965

An Act

To provide for the implementation of the Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Automotive Products Trade Act of 1965.

TITLE I—SHORT TITLE AND PURPOSES

SHORT TITLE

SECTION 101. This Act may be cited as the "Automotive Products Trade Act of 1965".

PURPOSES

SEC. 102. The purposes of this Act are—

(1) to provide for the implementation of the Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada signed on January 16, 1965 (hereinafter referred to as the "Agreement"), in order to strengthen the economic relations and expand trade in automotive products between the United States and Canada; and

(2) to authorize the implementation of such other international agreements providing for the mutual reduction or elimination of duties applicable to automotive products as the Government of the United States may hereafter enter into.

TITLE II—BASIC AUTHORITIES

IMPLEMENTATION OF THE AGREEMENT

SEC. 201. (a) The President is authorized to proclaim the modifications of the Tariff Schedules of the United States provided for in title IV of this Act.

Post, p. 1021.

(b) At any time after the issuance of the proclamation authorized by subsection (a), the President is authorized to proclaim further modifications of the Tariff Schedules of the United States to provide for the duty-free treatment of any Canadian article which is original motor-vehicle equipment (as defined by such Schedules as modified pursuant to subsection (a)) if he determines that the importation of such article is actually or potentially of commercial significance and that such duty-free treatment is required to carry out the Agreement.

IMPLEMENTATION OF OTHER AGREEMENTS

SEC. 202. (a) Whenever, after determining that such an agreement will afford mutual trade benefits, the President enters into an agreement with the government of a country providing for the mutual elimination of the duties applicable to products of their respective countries which are motor vehicles and fabricated components intended for use as original equipment in the manufacture of such vehicles, the President (in accordance with subsection (d)) is authorized to proclaim such modifications of the Tariff Schedules of the United States as he determines to be required to carry out such agreement.

79 STAT. 1016.
79 STAT. 1017.

(b) Whenever, after having entered into an agreement with the government of a country providing for the mutual elimination of the duties applicable to products described in subsection (a), the President, after determining that such further agreement will afford mutual trade benefits, enters into a further agreement with such government providing for the mutual reduction or elimination of the duties applicable to automotive products other than motor vehicles and fabricated components intended for use as original equipment in the manufacture of such vehicles, the President (in accordance with subsection (d)) is authorized to proclaim such modifications of the Tariff Schedules of the United States as he determines to be required to carry out such further agreement.

77A Stat. 3.
19 USC 1202.

(c) Before the President enters into the negotiation of an agreement referred to in subsection (a) or (b), he shall—

(1) seek the advice of the Tariff Commission as to the probable economic effect of the reduction or elimination of duties on industries producing articles like or directly competitive with those which may be covered by such agreement;

Publication in Federal Register.

(2) give reasonable public notice of his intention to negotiate such agreement (which notice shall be published in the Federal Register) in order that any interested person may have an opportunity to present his views to such agency as the President shall designate, under such rules and regulations as the President may prescribe; and

(3) seek information and advice with respect to such agreement from the Departments of Commerce, Labor, State, and the Treasury, and from such other sources as he may deem appropriate.

Agreements, transmission to Congress.

(d)(1) The President shall transmit to each House of the Congress a copy of each agreement referred to in subsection (a) or (b). The delivery to both Houses shall be on the same day and shall be made to each House while it is in session.

Proclamation.

(2) The President is authorized to issue any proclamation to carry out any such agreement—

(A) only after the expiration of the 60-day period following the date of delivery,

(B) only if, between the date of delivery and the expiration of such 60-day period, the Congress has not adopted a concurrent resolution stating in substance that the Senate and House of Representatives disapprove of the agreement, and

(C) in the case of any agreement referred to in subsection (b) with any country, only if there is in effect a proclamation implementing an agreement with such country applicable to products described in subsection (a).

(3) For purposes of paragraph (2), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

Termination date.

(e) This section shall cease to be in effect on the day after the date of the enactment of this Act.

79 STAT. 1017.

79 STAT. 1018.

EFFECTIVE DATE OF PROCLAMATIONS

SEC. 203. (a) Subject to subsection (b), the President is authorized, notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C., sec. 1514) or any other provision of law, to give retroactive effect to any proclamation issued pursuant to section 201 of this Act as of the earliest date after January 17, 1965, which he determines to be practicable.

46 Stat. 734.

(b) In the case of liquidated customs entries, the retroactive effect pursuant to subsection (a) of any proclamation shall apply only upon request therefor filed with the customs officer concerned on or before the 90th day after the date of such proclamation and subject to such other conditions as the President may specify.

TERMINATION OF PROCLAMATIONS

SEC. 204. The President is authorized at any time to terminate, in whole or in part, any proclamation issued pursuant to section 201 or 202 of this Act.

SPECIAL REPORTS TO CONGRESS

SEC. 205. (a) No later than August 31, 1968, the President shall submit to the Senate and the House of Representatives a special report on the comprehensive review called for by Article IV(c) of the Agreement. In such report he shall advise the Congress of the progress made toward the achievement of the objectives of Article I of the Agreement.

(b) Whenever the President finds that any manufacturer has entered into any undertaking, by reason of governmental action, to increase the Canadian value added of automobiles, buses, specified commercial vehicles, or original equipment parts produced by such manufacturer in Canada after August 31, 1968, he shall report such finding to the Senate and the House of Representatives. The President shall also report whether such undertaking is additional to undertakings agreed to in letters of undertaking submitted by such manufacturer before the date of the enactment of this Act.

(c) The reports provided for in subsections (a) and (b) of this section shall include recommendations for such further steps, including legislative action, if any, as may be necessary for the achievement of the purposes of the Agreement and this Act.

TITLE III—TARIFF ADJUSTMENT AND OTHER ADJUSTMENT ASSISTANCE

GENERAL AUTHORITY

SEC. 301. Subject to section 302 of this Act, a petition may be filed for tariff adjustment or for a determination of eligibility to apply for adjustment assistance under title III of the Trade Expansion Act of 1962 (19 U.S.C., sec. 1901–1991) as though the reduction or elimination of a duty proclaimed by the President pursuant to section 201 or 202 of this Act were a concession granted under a trade agreement referred to in section 301 of the Trade Expansion Act of 1962.

76 Stat. 883.

SPECIAL AUTHORITY DURING TRANSITIONAL PERIOD UNDER THE AGREEMENT

SEC. 302. (a) After the 90th day after the date of the enactment of this Act and before July 1, 1968, a petition under section 301 of this Act for a determination of eligibility to apply for adjustment assistance may be filed with the President by—

Adjustment assistance, eligibility petition.

(1) a firm which produces an automotive product, or its representative; or

79 STAT. 1018.

(2) a group of workers in a firm which produces an automotive product, or their certified or recognized union or other duly authorized representative.

79 STAT. 1019.

(b) After a petition is filed by a firm or group of workers under subsection (a), the President shall determine whether—

Presidential determination.

(1) dislocation of the firm or group of workers has occurred or threatens to occur;

(2) production in the United States of the automotive product concerned produced by the firm, or an appropriate subdivision thereof, and of the automotive product like or directly competitive therewith, has decreased appreciably; and

(3)(A) imports into the United States from Canada of the Canadian automotive product like or directly competitive with that produced by the firm, or an appropriate subdivision thereof, have increased appreciably; or

(B) exports from the United States to Canada of the United States automotive product concerned produced by the firm, or an appropriate subdivision thereof, and of the United States automotive product like or directly competitive therewith, have decreased appreciably, and the decrease in such exports is greater than the decrease, if any, in production in Canada of the Canadian automotive product like or directly competitive with the United States automotive product being exported.

(c) If the President makes an affirmative determination under paragraphs (1), (2), and (3) of subsection (b), with respect to a firm or group of workers, he shall promptly certify that as a result of its dislocation the firm or group of workers is eligible to apply for adjustment assistance, unless the President determines that the operation of the Agreement has not been the primary factor in causing or threatening to cause dislocation of the firm or group of workers.

(d) If the President makes an affirmative determination under paragraph (1) but a negative determination under paragraph (2) or (3) of subsection (b), with respect to a firm or group of workers, the President shall determine whether the operation of the Agreement has nevertheless been the primary factor in causing or threatening to cause dislocation of the firm or group of workers. If the President makes such an affirmative determination, he shall promptly certify that as a result of its dislocation the firm or group of workers is eligible to apply for adjustment assistance.

Investigation and report by Tariff Commission.

(e)(1) In order to provide the President with a factual record on the basis of which he may make the determinations referred to in subsections (b), (c), and (d) with respect to a firm or a group of workers, the President shall promptly transmit to the Tariff Commission a copy of each petition filed under subsection (a) and, not later than 5 days after the date on which the petition is filed, shall request the Tariff Commission to conduct an investigation related to questions of fact relevant to such determinations and to make a report of the facts disclosed by such investigation. In his request, the President may specify the particular kinds of data which he deems appropriate.

Publication in Federal Register.

Upon receipt of the President's request, the Tariff Commission shall promptly institute the investigation and promptly publish notice thereof in the Federal Register.

Public hearings.

(2) In the course of each investigation conducted under paragraph (1), the Tariff Commission shall, after reasonable notice, hold a public hearing, if such hearing is requested (not later than 10 days after the date of the publication of its notice under paragraph (1)) by the petitioner or any other person showing a proper interest in the subject matter of the investigation, and shall afford interested persons an opportunity to be present, to produce evidence, and to be heard at such hearing.

79 STAT. 1019.

79 STAT. 1020.

Report to President.

(3) Not later than 50 days after the date on which it receives the request of the President under paragraph (1), the Tariff Commission shall transmit to the President a report of the facts disclosed by its

investigation, together with the transcript of the hearing and any briefs which may have been submitted in connection with such investigation.

(f)(1) The President shall make each final determination under subsection (b), (c), or (d) with respect to a firm or group of workers only after he has sought advice from the Departments of Commerce, Labor, and the Treasury, the Small Business Administration, and such other agencies as he may deem appropriate.

(2) The President shall make each such final determination not later than 15 days after the date on which he receives the Tariff Commission's report, unless, within such period, the President requests additional factual information from the Tariff Commission. In this event, the Tariff Commission shall, not later than 25 days after the date on which it receives the President's request, furnish such additional factual information in a supplemental report, and the President shall make his final determination not later than 10 days after the date on which he receives such supplemental report.

Final determination; supplemental report.

(3) The President shall promptly publish in the Federal Register a summary of each final determination under this section.

Publication in Federal Register.

(g) Any certification with respect to a group of workers made by the President under this section shall—

(1) specify the date on which the dislocation began or threatens to begin; and

(2) be terminated by the President whenever he determines that the operation of the Agreement is no longer the primary factor in causing separations from the firm or subdivision thereof, in which case such determination shall apply only with respect to separations occurring after the termination date specified by the President.

(h) Any certification with respect to a firm or a group of workers or any termination of such certification, including the specification of a date in such certification or termination, made by the President under this section shall constitute a certification or termination, including the specification of a date therein, under section 302 of the Trade Expansion Act of 1962 (19 U.S.C., sec. 1902) for purposes of chapter 2 or 3 of title III of that Act.

76 Stat. 885. 19 USC 1911-1978.

(i) If a firm which has been certified under this section applies for tax assistance as provided by section 317 of the Trade Expansion Act of 1962, the reference in subsection (a)(2) of such section 317 to a trade or business which was seriously injured by increased imports which the Tariff Commission has determined to result from concessions granted under trade agreements shall be treated as referring to a trade or business which was seriously injured by the operation of the Agreement.

Tax assistance. 19 USC 1917 and note.

(j) Notwithstanding any provision of chapter 3 of title III of the Trade Expansion Act of 1962 or of this title, applications based on any certification made by the President under this section for—

(1) trade readjustment allowances for weeks of unemployment beginning after January 17, 1965, and before the 90th day after the date of the enactment of this Act, and

(2) relocation allowances for relocations occurring after January 17, 1965, and before such 90th day,

shall be determined in accordance with regulations prescribed by the Secretary of Labor.

79 STAT. 1020.

(k) The President is authorized to exercise any of his functions under this section through such agency or other instrumentality of the United States Government as he may direct and in conformity with such rules or regulations as he may prescribe.

79 STAT. 1021.

Definitions.

(l) For purposes of this section—

(1) The term "automotive product" means a motor vehicle or a fabricated component to be used as original equipment in the manufacture of motor vehicles.

(2) The term "dislocation" means—

(A) in the case of a firm, injury to the firm, which may be evidenced by such conditions as idling of productive facilities, inability to operate at a level of reasonable profit, or unemployment or underemployment, and which is of a serious nature; and

(B) in the case of a group of workers, unemployment or underemployment of a significant number or proportion of the workers of a firm or an appropriate subdivision thereof.

(3) The term "firm" includes an individual proprietorship, partnership, joint venture, association, corporation (including a development corporation), business trust, cooperative, trustees in bankruptcy, and receivers under decree of any court. A firm, together with any predecessor, successor, or affiliated firm controlled or substantially beneficially owned by substantially the same persons, may be considered a single firm where necessary to prevent unjustifiable benefits.

(4) The term "operation of the Agreement" includes governmental or private actions in the United States or Canada directly related to the conclusion or implementation of the Agreement.

ADJUSTMENT ASSISTANCE RELATED TO OTHER AGREEMENTS

SEC. 303. At the time the President transmits to the Congress a copy of any agreement pursuant to section 202(d)(1), he shall recommend to the Congress such legislative provisions concerning adjustment assistance to firms and workers as he determines to be appropriate in light of the anticipated economic impact of the reduction or elimination of duties provided for by such agreement.

AUTHORIZATION OF APPROPRIATIONS

SEC. 304. There are hereby authorized to be appropriated such sums as may be necessary from time to time to carry out the provisions of this title, which sums are authorized to be appropriated to remain available until expended.

TITLE IV—MODIFICATIONS OF TARIFF SCHEDULES OF THE UNITED STATES

ENTRY INTO FORCE AND STATUS OF MODIFICATIONS

77A Stat. 3.
19 USC 1202.

SEC. 401. (a) The modifications of the Tariff Schedules of the United States provided for in this title shall not enter into force except as proclaimed by the President pursuant to section 201(a) of this Act.

(b) The rates of duty in column numbered 1 of the Tariff Schedules of the United States which are modified pursuant to section 201(a) of this Act shall be treated—

(1) as not having the status of statutory provisions enacted by the Congress, but

(2) as having been proclaimed by the President as being required to carry out a foreign trade agreement to which the United States is a party.

REFERENCES TO TARIFF SCHEDULES

SEC. 402. Whenever in this title a modification is expressed in terms of a modification of an item or other provision, the reference shall be considered to be made to an item or other provision of the Tariff Schedules of the United States (19 U.S.C., sec. 1202). Each page reference "(p.)" in this title refers to the page on which the item or provision referred to appears both in part II of the Federal Register for August 17, 1963, and in volume 77A of the United States Statutes at Large.

DEFINITION OF CANADIAN ARTICLE

SEC. 403. In general headnote 3 (pp. 11 and 12) redesignate paragraphs (d), (e), and (f) as paragraphs (e), (f), and (g), respectively, and insert a new paragraph (d) as follows:

"(d) Products of Canada.

"(i) Products of Canada imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. The rates of duty for a Canadian article, as defined in subdivision (d)(ii) of this headnote, apply only as shown in the said column numbered 1.

"(ii) The term 'Canadian article', as used in the schedules, means an article which is the product of Canada, but does not include any article produced with the use of materials imported into Canada which are products of any foreign country (except materials produced within the customs territory of the United States), if the aggregate value of such imported materials when landed at the Canadian port of entry (that is, the actual purchase price, or, if not purchased, the export value, of such materials, plus, if not included therein, the cost of transporting such materials to Canada but exclusive of any landing cost and Canadian duty) was—

"(A) with regard to any motor vehicle or automobile truck tractor entered on or before December 31, 1967, more than 60 percent of the appraised value of the article imported into the customs territory of the United States; and

"(B) with regard to any other article (including any motor vehicle or automobile truck tractor entered after December 31, 1967), more than 50 percent of the appraised value of the article imported into the customs territory of the United States."

DEFINITION OF ORIGINAL MOTOR-VEHICLE EQUIPMENT

SEC. 404. In the headnotes for subpart B, part 6, schedule 6 add after headnote 1 (p. 325) the following new headnote:

"2. Motor Vehicles and Original Equipment Therefor of Canadian Origin.—(a) The term 'original motor-vehicle equipment', as used in the schedules with reference to a Canadian article (as defined by general headnote 3(d)), means such a Canadian article which has been obtained from a supplier in Canada under or pursuant to a written order, contract, or letter of intent of a bona fide motor-vehicle manufacturer in the United States, and which is a fabricated component intended for use as original equipment in the manufacture in the United States of a motor vehicle, but the term does not include trailers or articles to be used in their manufacture.

"Motor vehicle."

77A Stat. 325.
19 USC 1202.

"(b) The term 'motor vehicle', as used in this headnote, means a motor vehicle of a kind described in item 692.05 or 692.10 of this subpart (excluding an electric trolley bus and a three-wheeled vehicle) or an automobile truck tractor.

"Bona fide motor-vehicle manufacturer."

"(c) The term 'bona fide motor-vehicle manufacturer', as used in this headnote, means a person who, upon application to the Secretary of Commerce, is determined by the Secretary to have produced no fewer than 15 complete motor vehicles in the United States during the previous 12 months, and to have installed capacity in the United States to produce 10 or more complete motor vehicles per 40-hour week.

Publication in Federal Register.

The Secretary of Commerce shall maintain, and publish from time to time in the Federal Register, a list of the names and addresses of bona fide motor-vehicle manufacturers.

"(d) If any Canadian article accorded the status of original motor-vehicle equipment is not so used in the manufacture in the United States of motor vehicles, such Canadian article or its value (to be recovered from the importer or other person who diverted the article from its intended use as original motor-vehicle equipment) shall be subject to forfeiture, unless at the time of the diversion of the Canadian article the United States Customs Service is notified in writing, and, pursuant to arrangements made with the Service—

"(i) the Canadian article is, under customs supervision, destroyed or exported, or

"(ii) duty is paid to the United States Government in an amount equal to the duty which would have been payable at the time of entry if the Canadian article had not been entered as original motor-vehicle equipment."

IDENTIFICATION OF AUTOMOTIVE PRODUCTS

SEC. 405. (a) Redesignate item 692.25 (p. 326) as 692.27; in headnote 1(b) of subpart B, part 6, schedule 6 (p. 325) substitute "item 692.27" in lieu of "item 692.25"; and insert in proper numerical sequence new items as follows:

"	692.06	If Canadian article, but not including any electric trolley bus, three-wheeled vehicle, or trailer accompanying an automobile truck tractor (see general headnote 3(d))...	Free		"
"	692.11	If Canadian article, but not including any three-wheeled vehicle (see general headnote 3(d)).....	Free		"
"	692.21	Chassis, if Canadian article, except chassis for an electric trolley bus, or a three-wheeled vehicle; bodies (including cabs), if Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart).....	Free		"
"	692.23	Chassis, if Canadian article, except chassis designed primarily for a vehicle described in item 692.15 or a three-wheeled vehicle; bodies (including cabs), if Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart).....	Free		"
"	692.25	If Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart).....	Free		"
"	692.28	Automobile truck tractors, if Canadian article; other articles, if Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart)...	Free		"

(b) Insert in proper numerical sequence new items as follows:

"	361.90	Any article described in the foregoing items 360.20 to 360.70, inclusive, 360.80, 361.30, or 361.85, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free		"
"	516.98	Any article described in the foregoing items 516.71 to 516.76, inclusive, or 516.94, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free		"
"	646.79	Any article described in the foregoing item 646.20 and items 646.40 to 646.78, inclusive (except 646.45 and 646.47), if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free		"
"	652.39	Any article described in the foregoing items 652.12 to 652.38, inclusive, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free		"
"	658.10	Any article described in the foregoing items 657.09 to 658.00, inclusive, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free		"
"	682.65	Any article described in the foregoing items 682.10 to 682.60, inclusive (except 682.50), if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free		"
"	685.55	Any article described in the foregoing items 685.20 to 685.50, inclusive, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free		"
"	721.20	Any article in the foregoing items covering clocks, clock movements, clock cases and dials and parts thereof, plates (720.67), assemblies and subassemblies for clock movements, and other parts for clock movements, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free		"

(c) Insert in proper numerical sequence new items 355.27, 389.80, 728.30, 745.80, and 774.70, each having an article description and rate as follows:

"		Any article described in the foregoing provisions of this subpart, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free		"

77A Stat. 278. Ante, p. 940, 941, 943.

(d) Redesignate item 613.16 as 613.18, item 652.85 as 652.84, item 652.87 as 652.88, item 680.34 as 680.33, item 680.58 as 680.60, item 680.59 as 680.70, item 680.60 as 680.90, and item 711.91 as 711.93; and insert in proper numerical sequence new items as follows:

207.01	652.89	683.11
220.46	660.43	683.16
357.91	660.45	683.61
357.96	660.47	683.66
358.03	660.51	684.41
517.82	660.53	684.63
535.15	660.55	684.71
540.72	660.86	685.71
544.18	660.93	685.81
544.32	660.95	685.91
544.42	661.11	686.11
544.52	661.13	686.23
544.55	661.16	686.61
545.62	661.21	686.81
545.64	661.36	687.51
547.16	661.93	687.61
610.81	661.96	688.13
613.16	662.36	688.41
613.19	662.51	711.85
618.48	664.11	711.91
620.47	678.51	711.99
642.21	680.21	712.51
642.86	680.23	727.07
642.88	680.28	772.66
646.93	680.31	772.81
647.02	680.34	772.86
647.06	680.36	773.26
652.10	680.58	773.31
652.76	680.91	791.81
652.85	682.71	791.91
652.87	682.91	

each such item having the article description "If Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6) . . . ." subordinate to the immediately preceding article description, and having "Free" in rate of duty column numbered 1.

TITLE V—GENERAL PROVISIONS

AUTHORITIES

SEC. 501. The head of any agency performing functions authorized by this Act may—

(1) authorize the head of any other agency to perform any of such functions; and

(2) prescribe such rules and regulations as may be necessary to perform such functions.

ANNUAL REPORT

SEC. 502. The President shall submit to the Congress an annual report on the implementation of this Act. Such report shall include information regarding new negotiations, reductions or eliminations of duties, reciprocal concessions obtained, and other information relating to activities under this Act. Such report shall also include information providing an evaluation of the Agreement and this Act in relation to the total national interest, and specifically shall include, to the extent practicable, information with respect to—

(1) the production of motor vehicles and motor vehicle parts in the United States and Canada,

(2) the retail prices of motor vehicles and motor vehicle parts in the United States and Canada,

(3) employment in the motor vehicle industry and motor vehicle parts industry in the United States and Canada, and

(4) United States and Canadian trade in motor vehicles and motor vehicle parts, particularly trade between the United States and Canada.

APPLICABILITY OF ANTIDUMPING AND ANTITRUST LAWS

SEC. 503. Nothing contained in this Act shall be construed to affect or modify the provisions of the Anti-Dumping Act, 1921 (19 U.S.C. 160–173), or of any of the antitrust laws as designated in section 1 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12).

42 Stat. 11; 72 Stat. 583.

38 Stat. 730.

TITLE VI—MISCELLANEOUS PROVISIONS

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

SEC. 601. Section 601(e) of the Revenue Act of 1941 (55 Stat. 726) (relating to the Joint Committee on Reduction of Nonessential Federal Expenditures) is amended to read as follows:

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

Appropriation.

Approved October 21, 1965.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 537 (Comm. on Ways & Means) and No. 1115 (Comm. of Conference).
SENATE REPORT No. 782 (Comm. on Finance).
CONGRESSIONAL RECORD, Vol. 111 (1965):
Aug. 31: Considered and passed House.
Sept. 28, 29: Considered in Senate.
Sept. 30: Considered and passed Senate, amended.
Oct. 5: Senate agreed to conference report.
Oct. 8: House agreed to conference report.

INTERNATIONAL ANTIDUMPING CODE

AGREEMENT ON IMPLEMENTATION OF ARTICLE VI OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The parties to this Agreement,

Considering that Ministers on 21 May 1963 agreed that a significant liberalization of world trade was desirable and that the comprehensive trade negotiations, the 1964 Trade Negotiations, should deal not only with tariffs but also with non-tariff barriers;

Recognizing that anti-dumping practices should not constitute an unjustifiable impediment to international trade and that anti-dumping duties may be applied against dumping only if such dumping causes or threatens material injury to an established industry or materially retards the establishment of an industry;

Considering that it is desirable to provide for equitable and open procedures as the basis for a full examination of dumping cases; and

Desiring to interpret the provisions of Article VI of the General Agreement and to elaborate rules for their application in order to provide greater uniformity and certainty in their implementation;

Hereby agree as follows:

PART I - ANTI-DUMPING CODE

Article 1

The imposition of an anti-dumping duty is a measure to be taken only under the circumstances provided for in Article VI of the General Agreement. The following provisions govern the application of this Article, in so far as action is taken under anti-dumping legislation or regulations.

A. DETERMINATION OF DUMPING

Article 2

(a) For the purpose of this Code a product is to be considered as being dumped, i.e. introduced into the commerce of another country at less than its normal value, if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country.

(b) Throughout this Code the term "like product" ("produit similaire") shall be interpreted to mean a product which is identical, i.e. alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration.

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(c) In the case where products are not imported directly from the country of origin but are exported to the country of importation from an intermediate country, the price at which the products are sold from the country of export to the country of importation shall normally be compared with the comparable price in the country of export. However, comparison may be made with the price in the country of origin, if, for example, the products are merely trans-shipped through the country of export, or such products are not produced in the country of export, or there is no comparable price for them in the country of export.

(d) When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation, such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to any third country which may be the highest such export price but should be a representative price, or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and any other costs and for profits. As a general rule, the addition for profit shall not exceed the profit normally realized on sales of products of the same general category in the domestic market of the country of origin.

(e) In cases where there is no export price or where it appears to the authorities[1] concerned that the export price is unreliable because of association or a compensatory arrangement between the exporter and the importer or a third party, the export price may be constructed on the basis of the price at which the imported products are first resold to an independent buyer, or if the products are not resold to an independent buyer, or not resold in the condition as imported, on such reasonable basis as the authorities may determine.

(f) In order to effect a fair comparison between the export price and the domestic price in the exporting country (or the country of origin) or, if applicable, the price established pursuant to the provisions of Article VI:1(b) of the General Agreement, the two prices shall be compared at the same level of trade, normally at the ex factory level, and in respect of sales made at as nearly as possible the same time. Due allowance shall be made in each case, on its merits, for the differences in conditions and terms of sale, for the differences in taxation, and for the other differences affecting price comparability. In the cases referred to in Article 2(e) allowance for costs, including duties and taxes, incurred between importation and resale, and for profits accruing, should also be made.

(g) This Article is without prejudice to the second Supplementary Provision to paragraph 1 of Article VI in Annex I of the General Agreement.

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[1] When in this Code the term "authorities" is used, it shall be interpreted as meaning authorities at an appropriate, senior level.

B. DETERMINATION OF MATERIAL INJURY, THREAT OF MATERIAL INJURY AND MATERIAL RETARDATION

Article 3

Determination of Injury[1]

(a) A determination of injury shall be made only when the authorities concerned are satisfied that the dumped imports are demonstrably the principal cause of material injury or of threat of material injury to a domestic industry or the principal cause of material retardation of the establishment of such an industry. In reaching their decision the authorities shall weigh, on one hand, the effect of the dumping and, on the other hand, all other factors taken together which may be adversely affecting the industry. The determination shall in all cases be based on positive findings and not on mere allegations or hypothetical possibilities. In the case of retarding the establishment of a new industry in the country of importation, convincing evidence of the forthcoming establishment of an industry must be shown, for example that the plans for a new industry have reached a fairly advanced stage, a factory is being constructed or machinery has been ordered.

(b) The valuation of injury - that is the evaluation of the effects of the dumped imports on the industry in question - shall be based on examination of all factors having a bearing on the state of the industry in question, such as: development and prospects with regard to turnover, market share, profits, prices (including the extent to which the delivered, duty-paid price is lower or higher than the comparable price for the like product prevailing in the course of normal commercial transactions in the importing country), export performance, employment, volume of dumped and other imports, utilization of capacity of domestic industry, and productivity; and restrictive trade practices. No one or several of these factors can necessarily give decisive guidance.

(c) In order to establish whether dumped imports have caused injury, all other factors which, individually or in combination, may be adversely affecting the industry shall be examined, for example: the volume and prices of undumped imports of the product in question, competition between the domestic producers themselves, contraction in demand due to substitution of other products or to changes in consumer tastes.

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[1] When in this Code the term "injury" is used, it shall, unless otherwise specified, be interpreted as covering cause of material injury to a domestic industry, threat of material injury to a domestic industry or material retardation of the establishment of such an industry.

(d) The effect of the dumped imports shall be assessed in relation to the domestic production of the like product when available data permit the separate identification of production in terms of such criteria as: the production process, the producers' realizations, profits. When the domestic production of the like product has no separate identity in these terms the effect of the dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes the like product, for which the necessary information can be provided.

(e) A determination of threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances which would create a situation in which the dumping would cause material injury must be clearly foreseen and imminent.[1]

(f) With respect to cases where material injury is threatened by dumped imports, the application of anti-dumping measures shall be studied and decided with special care.

Article 4

Definition of Industry

(a) In determining injury the term "domestic industry" shall be interpreted as referring to the domestic producers as a whole of the like products or to those of them whose collective output of the products constitutes a major proportion of the total domestic production of those products except that

(i) when producers are importers of the allegedly dumped product the industry may be interpreted as referring to the rest of the producers;

(ii) in exceptional circumstances a country may, for the production in question, be divided into two or more competitive markets and the producers within each market regarded as a separate industry, if, because of transport costs, all the producers within such a market sell all or almost all of their production of the product in question in that market, and none, or almost none, of the product in question produced elsewhere in the country is sold in that market or if there exist special regional marketing conditions (for example, traditional patterns of distribution or consumer tastes) which result in an equal degree of isolation of the producers in such a market

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[1] One example, though not an exclusive one, is that there is convincing reason to believe that there will be, in the immediate future, substantially increased importations of the product at dumped prices.

from the rest of the industry, provided, however, that injury may be found in such circumstances only if there is injury to all or almost all of the total production of the product in the market as defined.

(b) Where two or more countries have reached such a level of integration that they have the characteristics of a single, unified market, the industry in the entire area of integration shall be taken to be the industry referred to in Article 4(a).

(c) The provisions of Article 3(d) shall be applicable to this Article.

C. INVESTIGATION AND ADMINISTRATION PROCEDURES

Article 5

Initiation and Subsequent Investigation

(a) Investigations shall normally be initiated upon a request on behalf of the industry[1] affected, supported by evidence both of dumping and of injury resulting therefrom for this industry. If in special circumstances the authorities concerned decide to initiate an investigation without having received such a request, they shall proceed only if they have evidence both on dumping and on injury resulting therefrom.

(b) Upon initiation of an investigation and thereafter, the evidence of both dumping and injury should be considered simultaneously. In any event the evidence of both dumping and injury shall be considered simultaneously in the decision whether or not to initiate an investigation, and thereafter, during the course of the investigation, starting on a date not later than the earliest date on which provisional measures may be applied, except in the cases provided for in Article 10(d) in which the authorities accept the request of the exporter and the importer.

(c) An application shall be rejected and an investigation shall be terminated promptly as soon as the authorities concerned are satisfied that there is not sufficient evidence of either dumping or of injury to justify proceeding with the case. There should be immediate termination in cases where the margin of dumping or the volume of dumped imports, actual or potential, or the injury is negligible.

(d) An anti-dumping proceeding shall not hinder the procedures of customs clearance.

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[1] As defined in Article 4.

Article 6

Evidence

(a) The foreign suppliers and all other interested parties shall be given ample opportunity to present in writing all evidence that they consider useful in respect to the anti-dumping investigation in question. They shall also have the right, on justification, to present evidence orally.

(b) The authorities concerned shall provide opportunities for the complainant and the importers and exporters known to be concerned and the governments of the exporting countries, to see all information that is relevant to the presentation of their cases, that is not confidential as defined in paragraph (c) below, and that is used by the authorities in an anti-dumping investigation, and to prepare presentations on the basis of this information.

(c) All information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom he acquired the information) or which is provided on a confidential basis by parties to an anti-dumping investigation shall be treated as strictly confidential by the authorities concerned who shall not reveal it, without specific permission of the party submitting such information.

(d) However, if the authorities concerned find that a request for confidentiality is not warranted and if the supplier is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, the authorities would be free to disregard such information unless it can be demonstrated to their satisfaction from appropriate sources that the information is correct.

(e) In order to verify information provided or to obtain further details the authorities may carry out investigations in other countries as required, provided they obtain the agreement of the firms concerned and provided they notify the representatives of the government of the country in question and unless the latter object to the investigation.

(f) Once the competent authorities are satisfied that there is sufficient evidence to justify initiating an anti-dumping investigation pursuant to Article 5 representatives of the exporting country and the exporters and importers known to be concerned shall be notified and a public notice may be published.

(g) Throughout the anti-dumping investigation all parties shall have a full opportunity for the defence of their interests. To this end, the authorities concerned shall, on request, provide opportunities for all directly interested parties to meet those parties with adverse interests, so

that opposing views may be presented and rebuttal arguments offered. Provision of such opportunities must take account of the need to preserve confidentiality and of the convenience to the parties. There shall be no obligation on any party to attend a meeting and failure to do so shall not be prejudicial to that party's case.

(h) The authorities concerned shall notify representatives of the exporting country and the directly interested parties of their decisions regarding imposition or non-imposition of anti-dumping duties, indicating the reasons for such decisions and the criteria applied, and shall, unless there are special reasons against doing so, make public the decisions.

(i) The provisions of this Article shall not preclude the authorities from reaching preliminary determinations, affirmative or negative, or from applying provisional measures expeditiously. In cases in which any interested party withholds the necessary information, a final finding, affirmative or negative, may be made on the basis of the facts available.

Article 7

Price Undertakings

(a) Anti-dumping proceedings may be terminated without imposition of anti-dumping duties or provisional measures upon receipt of a voluntary undertaking by the exporters to revise their prices so that the margin of dumping is eliminated or to cease to export to the area in question at dumped prices if the authorities concerned consider this practicable, e.g. if the number of exporters or potential exporters of the product in question is not too great and/or if the trading practices are suitable.

(b) If the exporters concerned undertake during the examination of a case, to revise prices or to cease to export the product in question, and the authorities concerned accept the undertaking, the investigation of injury shall nevertheless be completed if the exporters so desire or the authorities concerned so decide. If a determination of no injury is made, the undertaking given by the exporters shall automatically lapse unless the exporters state that it shall not lapse. The fact that exporters do not offer to give such undertakings during the period of investigation, or do not accept an invitation made by the investigating authorities to do so, shall in no way be prejudicial to the consideration of the case. However, the authorities are of course free to determine that a threat of injury is more likely to be realized if the dumped imports continue.

D. ANTI-DUMPING DUTIES AND PROVISIONAL MEASURES

Article 8

Imposition and Collection of Anti-Dumping Duties

(a) The decision whether or not to impose an anti-dumping duty in cases where all requirements for the imposition have been fulfilled and the decision whether the amount of the anti-dumping duty to be imposed shall be the full margin of dumping or less, are decisions to be made by the authorities of the importing country or customs territory. It is desirable that the imposition be permissive in all countries or customs territories parties to this Agreement, and that the duty be less than the margin, if such lesser duty would be adequate to remove the injury to the domestic industry.

(b) When an anti-dumping duty is imposed in respect of any product, such anti-dumping duty shall be levied, in the appropriate amounts in each case, on a non-discriminatory basis on imports of such product from all sources found to be dumped and causing injury. The authorities shall name the supplier or suppliers of the product concerned. If, however, several suppliers from the same country are involved, and it is impracticable to name all these suppliers, the authorities may name the supplying country concerned. If several suppliers from more than one country are involved, the authorities may name either all the suppliers involved, or, if this is impracticable, all the supplying countries involved.

(c) The amount of the anti-dumping duty must not exceed the margin of dumping as established under Article 2. Therefore, if subsequent to the application of the anti-dumping duty it is found that the duty so collected exceeds the actual dumping margin, the amount in excess of the margin shall be reimbursed as quickly as possible.

(d) Within a basic price system the following rules shall apply provided that their application is consistent with the other provisions of this Code:

If several suppliers from one or more countries are involved, anti-dumping duties may be imposed on imports of the product in question found to have been dumped and to be causing injury from the country or countries concerned, the duty being equivalent to the amount by which the export price is less than the basic price established for this purpose, not exceeding the lowest normal price in the supplying country or countries where normal conditions of competition are prevailing. It is understood that for products which are sold below this already established basic price a new anti-dumping investigation shall be carried out in each particular case, when so demanded by the interested parties and the demand is supported by relevant evidence. In cases where no dumping is found, anti-dumping duties collected shall be reimbursed as quickly as possible. Furthermore, if it can be found that the duty so collected exceeds the actual dumping margin, the amount in excess of the margin shall be reimbursed as quickly as possible.

(e) When the industry has been interpreted as referring to the producers in a certain area, i.e. a market as defined in Article 4(a)(ii), anti-dumping duties shall only be definitively collected on the products in question consigned for final consumption to that area, except in cases where the exporter shall, prior to the imposition of anti-dumping duties, be given an opportunity to cease dumping in the area concerned. In such cases, if an adequate assurance to this effect is promptly given, anti-dumping duties shall not be imposed, provided, however, that if the assurance is not given or is not fulfilled, the duties may be imposed without limitation to an area.

Article 9

Duration of Anti-Dumping Duties

(a) An anti-dumping duty shall remain in force only as long as it is necessary in order to counteract dumping which is causing injury.

(b) The authorities concerned shall review the need for the continued imposition of the duty, where warranted, on their own initiative or if interested suppliers or importers of the product so request and submit information substantiating the need for review.

Article 10

Provisional Measures

(a) Provisional measures may be taken only when a preliminary decision has been taken that there is dumping and when there is sufficient evidence of injury.

(b) Provisional measures may take the form of a provisional duty or, preferably, a security - by deposit or bond - equal to the amount of the anti-dumping duty provisionally estimated, being not greater than the provisionally estimated margin of dumping. Withholding of appraisement is an appropriate provisional measure provided that the normal duty and the estimated amount of the anti-dumping duty be indicated and as long as the withholding of appraisement is subject to the same conditions as other provisional measures.

(c) The authorities concerned shall inform representatives of the exporting country and the directly interested parties of their decisions regarding imposition of provisional measures indicating the reasons for such decisions and the criteria applied, and shall, unless there are special reasons against doing so, make public such decisions.

(d) The imposition of provisional measures shall be limited to as short a period as possible. More specifically, provisional measures shall not be imposed for a period longer than three months or, on decision of the authorities concerned upon request by the exporter and the importer, six months.

(e) The relevant provisions of Article 8 shall be followed in the application of provisional measures.

Article 11

Retroactivity

Anti-dumping duties and provisional measures shall only be applied to products which enter for consumption after the time when the decision taken under Articles 8(a) and 10(a), respectively, enters into force, except that in cases:

(i) Where a determination of material injury (but not or a threat of material injury, or of a material retardation of the establishment of an industry) is made or where the provisional measures consist of provisional duties and the dumped imports carried out during the period of their application would, in the absence of these provisional measures, have caused material injury, anti-dumping duties may be levied retroactively for the period for which provisional measures, if any, have been applied.

If the anti-dumping duty fixed in the final decision is higher than the provisionally paid duty, the difference shall not be collected. If the duty fixed in the final decision is lower than the provisionally paid duty or the amount estimated for the purpose of the security, the difference shall be reimbursed or the duty recalculated, as the case may be.

(ii) Where appraisement is suspended for the product in question for reasons which arose before the initiation of the dumping case and which are unrelated to the question of dumping, retroactive assessment of anti-dumping duties may extend back to a period not more than 120 days before the submission of the complaint.

(iii) Where for the dumped product in question the authorities determine

(a) either that there is a history of dumping which caused material injury or that the importer was, or should have been, aware that the exporter practices dumping and that such dumping would cause material injury, and

(b) that the material injury is caused by sporadic dumping (massive dumped imports of a product in a relatively short period) to such an extent that, in order to preclude it recurring, it appears necessary to assess an anti-dumping duty retroactively on those imports.

the duty may be assessed on products which were entered for consumption not more than 90 days prior to the date of application of provisional measures.

E. ANTI-DUMPING ACTION ON BEHALF OF A THIRD COUNTRY

Article 12

(a) An application for anti-dumping action on behalf of a third country shall be made by the authorities of the third country requesting action.

(b) Such an application shall be supported by price information to show that the imports are being dumped and by detailed information to show that the alleged dumping is causing injury to the domestic industry concerned in the third country. The government of the third country shall afford all assistance to the authorities of the importing country to obtain any further information which the latter may require.

(c) The authorities of the importing country in considering such an application shall consider the effects of the alleged dumping on the industry concerned as a whole in the third country; that is to say the injury shall not be assessed in relation only to the effect of the alleged dumping on the industry's exports to the importing country or even on the industry's total exports.

(d) The decision whether or not to proceed with a case shall rest with the importing country. If the importing country decides that it is prepared to take action, the initiation of the approach to the CONTRACTING PARTIES seeking their approval for such action shall rest with the importing country.

PART II - FINAL PROVISIONS

Article 13

This Agreement shall be open for acceptance, by signature or otherwise, by contracting parties to the General Agreement and by the European Economic Community. The Agreement shall enter into force on 1 July 1968 for each party which has accepted it by that date. For each party accepting the Agreement after that date, it shall enter into force upon acceptance.

Article 14

Each party to this Agreement shall take all necessary steps, of a general or particular character, to ensure, not later than the date of the entry into force of the Agreement for it, the conformity of its laws, regulations and administrative procedures with the provisions of the Anti-Dumping Code.

Article 15

Each party to this Agreement shall inform the CONTRACTING PARTIES to the General Agreement of any changes in its anti-dumping laws and regulations and in the administration of such laws and regulations.

Article 16

Each party to this Agreement shall report to the CONTRACTING PARTIES annually on the administration of its anti-dumping laws and regulations, giving summaries of the cases in which anti-dumping duties have been assessed definitively.

Article 17

The parties to this Agreement shall request the CONTRACTING PARTIES to establish a Committee on Anti-Dumping Practices composed of representatives of the parties to this Agreement. The Committee shall normally meet once each year for the purpose of affording parties to this Agreement the opportunity of consulting on matters relating to the administration of anti-dumping systems in any participating country or customs territory as it might affect the operation of the Anti-Dumping Code or the furtherance of its objectives. Such consultations shall be without prejudice to Articles XXII and XXIII of the General Agreement.

This Agreement shall be deposited with the Director-General to the CONTRACTING PARTIES who shall promptly furnish a certified copy thereof and a notification of each acceptance thereof to each contracting party to the General Agreement and to the European Economic Community.

This Agreement shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

DONE at Geneva this thirtieth day of June, one thousand nine hundred and sixty-seven, in a single copy, in the English and French languages, both texts being authentic.

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