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AS ORDERED REPORTED BY THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

RUSSELL B. LONG, *Chairman*

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TITLE I. NEGOTIATING AUTHORITY

General Authority.—The bill, as amended by the Committee, would authorize the Executive for a period of five years to enter into trade agreements with other countries, for the purpose of harmonizing, reducing, or eliminating tariff and nontariff barriers to, and other distortions of, international trade, subject to certain limitations and conditions. The Committee bill gives strong emphasis to the need for establishing fair and equitable conditions of trade, and includes a requirement that the President determine, at the conclusion of the negotiations, whether any major industrialized country has failed to make concessions which would provide for the commerce of the United States substantially equivalent competitive opportunities provided by the United States to such country. Any major industrialized country which fails to provide such substantially equivalent market opportunities would not benefit from the concessions made under authorities provided by this bill, and, if necessary to restore relatively equivalent competitive opportunities, concessions made under past trade agreements could be terminated.

Tariff Authority (Title I, Ch. 1).—In order to promote the purposes of the bill, detailed in section 2 and in the negotiating objectives set forth in various sections of Title I, the President would be authorized to proclaim, in accord with certain limits described below, modifications in duties whenever he determines that existing duties or other import restrictions of a foreign country or of the United States are unduly burdening and restricting the foreign trade of the United States. The President would be authorized to *decrease* duties below the rates in effect on January 1, 1975, within the following limitations:

If existing duties are:

10% ad valorem or less—no limitation;

over 10% ad valorem—50% of the rate existing on January 1, 1975.

The bill would establish certain prenegotiation procedures, including public hearings and advice by the Tariff Commission (renamed the United States International Trade Commission), to assess the probable economic effect of such potential duty reductions on industries producing like or competitive articles and on consumers, for the purpose of avoiding serious injury to the U.S. economy. In addition, private advisory groups would be established to provide the negotiators with policy and technical advice prior to, and throughout, the negotiations.

Negotiated duty reductions which exceed ten percent of the prior rate would be staged over a period of time as follows:

1. Whenever a duty is to be reduced by more than 20 percentage points, the reduction would occur in equal installments over a period of 10 years.
2. Whenever a duty is to be reduced by less than 20 percentage points, the annual reduction could not exceed 2 percent ad valorem.

The President would be authorized, as part of negotiated trade agreements, to *increase* (or impose) rates of duties not to exceed 50% above the column 2 rate existing on January 1, 1975, or 20% ad valorem above the rate existing on January 1, 1975, whichever is higher.

Nontariff Barriers (Title I, Ch. 1).—The President would be authorized to enter into trade agreements to harmonize, reduce, or eliminate nontariff barriers and distortions, including subsidies, to international trade in goods and services which he determines are unduly burdening or restricting the foreign commerce of the United States, adversely affecting the U.S. economy, preventing fair and equitable access to supplies, and preventing the development of open and nondiscriminatory trade among nations.

At least 90 days before entering into such a trade agreement under section 102 of the bill, the President would be required to notify the House and Senate and publish notice of his intention in the Federal Register. The President or his representative would also be required to consult in advance with appropriate committees of the Congress concerning the agreements and their "packaging" for submission to Congress. All agreements involving nontariff barriers and distortions, together with a draft of any necessary implementing legislation and a statement of any administrative action proposed to implement the agreement, must be submitted to the Congress for consideration. Thus the Congress and the American people would have an understanding of the ramifications of such trade agreements before they could become effective.

In order to assure that the Congress would consider such legislation, while at the same time preserving the constitutional powers vested in the Congress, the bill provides special procedures for considering implementing legislation. If, forty-five legislative days after implementing legislation has been introduced, the committee (or committees) to which the matter had been referred has not already reported the legislation, the committee (or committees) would be discharged from further consideration. A vote on final passage of the implementing legislation would be taken in each House on or before the close of the 15th day after the bill or resolution is reported by the committee or committees to which it was referred, or after they have been discharged from further consideration of the bill or resolution. No amendments would be allowed. In the case of revenue bills, which must originate in the House of Representatives, each House would be given up to 60 days in which to consider agreements (for a total of up to 120 legislative days). Under the Committee bill, both Houses must approve such implementing legislation, by majority vote of the members present and voting, before agreements negotiated under section 102 of Title I can enter into force for the United States.

Negotiating Objectives (Title I, Ch. 1).—The overall negotiating objective of the United States under the bill would be to obtain more open and equitable market access for U.S. exports of goods and services and to harmonize, reduce and eliminate barriers to international trade.

The bill would also make it a principal U.S. negotiating objective to obtain, to the maximum extent feasible, with respect to appropriate sectors of manufacturing and with respect to the agricultural sector, competitive opportunities for United States exports to developed countries equivalent to competitive opportunities afforded similar products in United States markets. U.S. negotiators would be directed to obtain, to the maximum extent feasible, equivalent competitive opportunities within sectors (e.g., bargaining U.S. import concessions within one sector of manufacturing for concessions resulting in equivalent market opportunities for U.S. exporters in that sector). The private advisory bodies would advise the negotiators on how the goal can best be accomplished. The Special Representative for Trade Negotiations would be required to account to the Congress and the public on how successful he was in achieving this negotiating objective. Private sector advisory committees, established by the Committee bill, would issue formal reports at the conclusion of agreements affecting their sectors, evaluating the equity and mutuality of the agreements within their sectors. The Congress therefore would be better able to judge whether this negotiation achieved mutual benefits for the commerce of the United States.

A further negotiating objective of the United States in the nontariff barrier negotiations would be to obtain international safeguard procedures designed to permit the use of temporary measures to ease the adjustment to change brought about by the effect of such negotiations upon the growth of international trade.

The Committee bill would establish as a principal negotiating objective the entering into of trade agreements with any foreign country or group of countries which supply the United States with articles of commerce which are essential for U.S. economic requirements, and for which the United States does not have, or cannot easily develop, the necessary productive capacity to supply its own requirements.

The Committee bill would authorize and encourage the President to enter into bilateral trade agreements where such agreements would better service U.S. economic interests than agreements undertaken on a multilateral basis. In addition, the Committee bill would direct the President to enter into a trade agreement with Canada aimed at eliminating or moving to eliminate trade barriers between the two countries on a reciprocal basis.

Reform of the General Agreement on Tariffs and Trade (*GATT*) (Title I, Ch. 2).—The bill would direct the President to seek reform of the GATT (or through negotiation of other agreements) to establish principles promoting the development of an open, nondiscriminatory and fair world economic system. Such principles would include: (1) revision of decision-making procedures of the GATT, (2) expansion of the safeguard provision (Article XIX) to cover all forms of import restraints countries use in response to injurious competition, (3) extension of the Agreement to matters not presently covered to move toward fair trade practices, (4) the adoption of international fair labor standards, (5) revision of the Agreement with respect to the treatment of border adjustments for internal taxes, (6) revision of the Agreement to recognize import surcharges as the preferred response to balance of payments deficits, (7) strengthening of the Agreement to assure access to supplies including rules and procedures governing imposition of export controls, the denial of fair and equitable access to such supplies, and effective consultation procedures, (8) the establishment of multilateral procedures and sanctions with respect to such countries which deny fair and equitable access to supplies of food, raw materials, semi-manufactured and manufactured commodities, and thereby injure the international community, (9) establishment of international procedures for regular consultation among countries regarding international trade and the resolution of commercial disputes, (10) any revisions necessary to apply principles of reciprocity and nondiscrimination including elimination of special preferences and reverse preferences, (11) any revision to establish more flexible international monetary mechanisms, (12) any revisions to define acceptable forms of subsidy to industries producing products for export and to attract foreign investment, and (13) any revisions necessary to establish agreement on the extraterritorial application of national laws relating to antitrust, taxation, and foreign trade.

The Committee bill would require that any trade agreement entered into by the President which would change domestic Federal law (or materially change administrative regulations) would not take effect unless implementing legislation was approved by both Houses of Congress.

Balance of Payments Authority (Title I, Section 122).—The bill would direct the President to proclaim, for a period of up to 180 days, such import surcharges (up to 15 percent ad valorem) or, under certain circumstances, import quotas, or a combination of the two, as may be necessary to deal with large and serious U.S. balance of payments deficits, to prevent an imminent and significant depreciation of the dollar, or to cooperate with other countries in correcting international balance of payments disequilibria. If the President fails to take action to protect the United States from continuing, large and serious balance of payments deficits, he would be required to consult with the members of the Committee on Finance and the Committee on Ways and Means.

If the President determines that the United States has experienced large, persistent, real trade surpluses, which require an increase in U.S. imports, he would be authorized to proclaim for a period of up to 150 days, a temporary reduction in the rate of duty of not more than 5 percent ad valorem on any article or an increase in quotas or a temporary suspension of other import restrictions.

Import restrictions would be applied across the board, unless the President determines that circumstances warrant restrictions on imports from individual countries. (It is the Committee's intention that wherever United States trade performance is measured to reach determinations under authorities granted by the bill, the Executive is to assay and publish the U.S. balance of trade on a c.i.f. basis. The c.i.f. basis would, with respect to imports, include the cost of insurance, and freight, and would exclude soft currency sales, long-term foreign-aid-financed shipments, and outright grants from export totals.)

Hearings and Advice Concerning Negotiations (Title I, Ch. 3).—The bill contains a number of provisions intended to increase the participation of the public, the Congress, and various governmental agencies in the trade agreements program. The role of the Tariff Commission (renamed the International Trade Commission) as a fact-finder and advisor would be expanded and the Commission would be made more independent of the Executive. In addition, the bill would establish various private advisory groups representing labor, industry, agriculture, consumers and the general public to provide policy and technical advice during the negotiations, and in certain instances, to issue official reports at the conclusion of negotiations within their respective sectors.

Congressional Oversight and Liaison (Title I, (h.'s 5 and 6).—The capability of the Congress to monitor and shape U.S. trade policy during the negotiations also would be strengthened. In addition to the procedures established for the positive approval of nontariff barrier agreements, the bill provides for Congressional overrides of certain types of Executive actions. Examples of Executive actions which could be overridden by a majority vote of the House and Senate include:

1. Decisions by the President to provide import relief other than that recommended by the International Trade Commissicn,
2. Decisions by the President to retaliate against foreign countries discriminating against U.S. commerce on a most-favored-nation basis rather than against the specific offending country,

In addition to the implementing bills proposing changes in U.S. law as a result of nontariff barrier agreements under Title I, both Houses must approve by concurrent resolution the extension of trade benefits under future trade agreements negotiated by the Executive with nonmarket countries and either House may veto the extension of benefits to nonmarket countries which have entered into, prior to the enactment of this bill, trade agreements with the Executive. To assure greater Congressional oversight of these negotiations, five members of the House and five members of the Senate would be designated official advisors to the U.S. delegation.

International Trade Commission (Title I, Ch. 7).—The Committee's bill contains several provisions to foster the independence and strengthen the Tariff Commission. Because tariffs are no longer the major impediments to trade, the Commission would be renamed the United States International Trade Commission. The Commission would be expanded from six to seven commissioners, no more than four from any one political party. To enhance the commissioners' independence from Executive domination, commissioners' terms would gradually be lengthened to 14 years, but without reappointment. The chairmanship and vice-chairmanship would be rotated among the com-
independence from Executive domination, commissioners' terms would
missioners every two years. The Commission would be empowered to enforce its own subpoenas and to represent itself in court proceedings.

TITLE II. RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

Industry Import Relief (Title II, Ch. 1).—The Committee bill would make major changes in the import relief measures provided in the Trade Expansion Act of 1962 for industries. Under present law, increased imports must be *in major part* the result of trade agreement concessions before import relief measures are undertaken; under the Committee's bill, no link to concessions would be required. Furthermore, under the proposed bill increased imports must only be *a substantial cause* of serious injury or the threat thereof ("substantial cause" is defined to mean a cause which is "important" and not less than any other cause) and no longer *the major factor* (generally assumed to mean a cause greater than all other causes combined) of

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such injury, as required by current law. If the International Trade Commission found imports were a substantial cause of serious injury (or threat thereof) to an industry, the President would be required to provide some form of import relief (duty increases, tariff-rate quotas, quantitative restrictions, or orderly marketing agreements). Under present law and under the House bill, the President could choose to do nothing to remedy the serious injury inflicted upon an industry from excessive imports. The Committee felt that whenever serious injury, or the threat thereof, was found to exist by the Commission, some form of relief was justified. The Committee also added a provision to the effect that if the Congress preferred the form of import relief proposed by the Commission to the relief provided by the Executive, a majority of those present and voting of both Houses could pass a resolution requiring the President to implement the relief recommended by the Commission.

Worker Adjustment Assistance (Title II, Ch. 2).—The Committee approved major modifications in the existing program of trade adjustment assistance for workers displaced by increased imports. These changes would make adjustment assistance more accessible to these workers. In addition to easing the eligibility tests, the level of benefits would increase and there would be additional measures aimed at helping adversely affected workers to find new employment, including job search, training and relocation allowances.

Under the worker adjustment assistance provisions approved by the Committee, workers in a firm would qualify for trade adjustment benefits if the Secretary of Labor, within sixty days after the filing of a petition, finds that an absolute increase in imports *contributed importantly* to the workers' unemployment, and to a decrease in sales or production of the firm from which they have become unemployed.

Workers certified as eligible for trade adjustment assistance would receive benefits equal to 70 percent of each worker's average weekly earnings prior to the time he or she became unemployed for a period of up to 52 weeks (the duration of benefit eligibility could be extended for older workers and workers in training). This benefit level, however, could not exceed 100 percent of the national average weekly wage in manufacturing which is currently about $180.

Under the Committee bill, States would be responsible for meeting the basic costs of benefits for which workers would be eligible under existing State unemployment insurance programs. Supplemental benefits provided over and above that level would be paid for by the Federal Government.

The program would cost the Federal Government an estimated $335 million in its first year and would expire September 30, 1980.

Firm Adjustment Assistance (Title I, Ch. 3).—Firms adversely affected by imports, which are found eligible for assistance, would be entitled to technical assistance as well as financial assistance in the form of loans and loan guarantees, as under present law. Under the Committee bill, the Secretary of Commerce would be required to reach his decision on a firm's adjustment assistance proposal no later than sixty days after receiving the firm's application. The injury test for firms would be virtually identical to that required of workers. The program of adjustment assistance for firms, like the worker adjustment assistance program, would expire September 30, 1980.

Community Adjustment Assistance (Title II, Ch. 4).—The Committee bill would establish a new program of community adjustment assistance intended to help restore the economic viability of areas adversely affected by increased imports. The Committee bill is intended to create new job opportunities in trade impacted areas. Under the bill, local governmental units would petition the Secretary of Commerce for a certification of eligibility to apply for assistance. Communities would be certified as eligible to apply for adjustment assistance if the Secretary determines that a significant number or proportion of the workers employed within the "trade impacted area" defined by the Secretary of Commerce have been or are threatened to become totally or partially separated, that sales or production of a firm or firms within the area have decreased absolutely, and that increased imports or the transfer of productive facilities to a foreign nation, have contributed importantly to the unemployment or decline in sales or production. Eligible communities could receive a variety of developmental assistance including technical assistance and direct grants for the acquisition and development of land and improvements of public works and public services.

The bill contains several provisions designed to attract new investment to trade impacted areas. The Secretary of Commerce would be authorized to make loans to qualified applicants to acquire, construct, or modernize plant facilities or for such other purposes as the Secretary determines are likely to attract new investment and to create new, long-term employment opportunities within the area. The Secretary would be authorized to make loan guarantees available to qualified applicants under a joint security agreement with the Governor and/or local official in whose jurisdiction the trade impacted area lies (provided the locality's revenue sharing entitlement in previous years has exceeded its share of the guarantee). In order for the loan guarantee to be made, the Governor and/or local official would be required to sign a commitment pledging such a portion of the state and locality's next general revenue sharing entitlement as is necessary to cover up to 50 percent of the deficiency.

In the event of a default on a loan guarantee, the Secretary of Commerce would certify the circumstances and amount of the deficiency to the Secretary of Treasury; the Secretary of Treasury would reduce the state and/or locality's entitlement for the subsequent revenue sharing allotments by 50 percent of the deficiency. The remaining half would be satisfied out of the general revenues of the Treasury. States would be permitted to enact alternative loan guarantee plans to satisfy their potential liability upon the approval of the Secretary of Commerce.

In order to encourage an increase in the participation of labor in the equity ownership of a corporation which receives special Federal assistance in the form of loan guarantees, the Committee required a qualifying firm to adopt an employee stock ownership plan. Under the proposal, a firm whose loan is guaranteed would be required to establish an employee stock ownership plan involving stock valued at least one-quarter the amount of the loan guarantee.

One hundred million dollars would be authorized for loans and direct grants during the first year; up to $1 billion in outstanding loans could be guaranteed at any one time. The community adjustment assistance program would also expire September 30, 1980.

Trade Statistics Monitoring System.—In order to facilitate the operation of the community assistance program, the Committee bill would establish a statistical monitoring system to correlate increases in imports with employment levels by economic sectors. The Committee bill would direct the Bureau of Census and the Bureau of Labor Statistics to develop a program to monitor import trends and to signal abrupt increases in imports which are likely to adversely affect employment in particular geographic regions. Such data would be published periodically and made available on a timely basis to the Adjustment Assistance Coordinating Committee. The information could serve as an early warning of serious dislocation from abrupt increases in imports.

GAO Evaluation of Trade Adjustment Assistance.—The community assistance program would be a new and, the Committee believes, much needed adjunct to our international trade policy. In order for the Congress to better fulfill its oversight responsibilities over the program, and over the worker and firm programs, the Committee bill would terminate these provisions in five years, and require a GAO evaluation study to be completed before the end of that period.

Relocation of Firms Outside the United States.—The Committee also felt that firms which make the decision to relocate in a foreign nation ought to assume certain responsibilities toward the employees displaced by foreign production. Under the Committee bill, firms which decide to close their productive facilities in a community and establish a facility producing like or similar articles in a foreign nation would be directed to:

1. Provide advance notice of at least 60 days to employees likely to be laid off;
2. Provide the same advance notice to the Secretary of Labor and the Secretary of Commerce explaining the reason for the relocation;
3. Apply for and utilize all economic adjustment assistance to which they are entitled;
4. Offer alternative employment opportunities to dislocated workers in other facilities within the U.S. wherever they exist; and
5. Assist in the relocation of these workers to other communities in which employment opportunities exist.

TITLE III. RELIEF FROM UNFAIR TRADE PRACTICES

Generally.—The Committee's bill substantially revises Executive authority under existing law to respond to foreign unfair trade practices, including authorities under the Trade Expansion Act of 1962, the Antidumping Act of 1921, and the Tariff Act of 1930. The Committee's intention generally has been to assure a swift and certain response to foreign import restrictions, export subsidies, and price discrimination (dumping) and other unfair foreign trade practices, through the revision of U.S. laws.

A. *Retaliation Against Foreign Import Restrictions; Export Subsidies and Withholding of Supplies* (Title III, Sections 301–302).—Under Section 301 of the bill, the President would be authorized to retaliate against foreign countries which impose unjustifiable or unreasonable restrictions against U.S. commerce. The Committee agreed to amend Section 301 of the House bill to make it explicit that the President has authority to retaliate against countries which maintain such restrictions against U.S. *services* as well as U.S. trade in goods. Discrimination against U.S. services would therefore include, but not be limited to, discrimination against U.S. shipping, aviation, and insurance industries. Retaliation could occur with respect to foreign services as well as foreign merchandise.

In order to make section 301 a more effective tool against foreign practices and policies adversely affecting the U.S. economy, the Committee also provided a complaint procedure whereby interested parties could petition the Special Trade Representative to conduct a review, with public hearings of such alleged practices and policies. The Special Trade Representative would be required to report to Congress on a semi-annual basis concerning the status of the reviews undertaken pursuant to this section.

The Committee bill would require that actions taken by the President under Section 301 should generally be on a selective basis, that is, only against those countries found to discriminate against U.S. commerce. The Committee retained the provision of the House bill, under which the President would have the discretion to act on a selective or a most-favored-nation (that is across-the-board) basis when retaliating against unjustifiable import restrictions. However, the Committee provided that Congress could overrule the President's determination to act against "innocent" countries and require, by concurrent resolution, that the President act only against the offending country (or countries) maintaining unreasonable or unjustifiable restrictions against U.S. commerce or withholding supplies.

The Committee's decision to give the power of retaliation in situations in which a foreign nation withheld supplies of needed commodities without justification complements other features of the bill directing the President to negotiate new, enforceable rules with respect to export restraints. In an international economic period characterized by widespread shortages and inflation, this is a vital aspect of the trade negotiations.

B. *Antidumping Duties* (Title III, Section 321).—The bill would make several significant changes in the antidumping statute to improve the U.S. response to foreign price discrimination practices.

1. *Home market prices.*—The Committee bill would direct the Secretary of the Treasury to require that certified import invoices include data reflecting the home market price and the purchase price of each article imported in the U.S. Also, the importer would be required to state whether he has knowledge of a bounty or grant (subsidy) on the article by the exporting country. Confidential information would be protected.

2. *Equal hearing rights.*—Under the House bill, foreign manufacturers and importers would have an automatic right to a hearing before the Secretary of the Treasury or the Commission in connection with less-than-fair-value or injury determinations made under the Antidumping Act. Other persons, including domestic manufacturers, could appear at such hearings only upon a showing of good cause. The Committee bill would amend the House bill to provide that U.S. manufacturers, producers, or wholesalers of the merchandise, as well as foreign manufacturers, exporters and domestic importers, would have an equal and automatic right to appear at such hearings.

3. *Preliminary injury determination.*—The Committee bill would authorize the Secretary of the Treasury, when he concluded that there was substantial doubt that a U.S. industry was being injured by "dumped" imports, to refer the initial dumping complaint to the Commission for its consideration. If the Commission determined that there was no reasonable indication of injury, it would notify the Secretary within 30 days and the dumping investigation would terminate.

4. *Time limits.*—The Committee bill, like the House bill, would require that the initial determination whether there is reason to believe that there are less-than-fair-value sales be made within 6 months from the date on which the antidumping proceeding notice is published. (This period for initial determination could be extended 9 months in complicated cases.) The Committee amended the procedure to require that the antidumping proceeding notice must be published within 30 days of the receipt of an antidumping complaint by the Secretary of the Treasury.

5. *Multinational corporation dumping.*—The Committee bill would authorize the Secretary of the Treasury to impose dumping duties when a multinational corporation operating in several foreign countries supports low-priced exports to the United States through high-priced sales by other subsidiaries located in protected markets. Specifically, when the Secretary determines that:

(1) merchandise exported to the U.S. is produced in facilities owned or controlled by a person, firm, or corporation which also owns or controls similar facilities in other countries;

(2) there are little or no sales in the home market of the exporting country; and

(3) sales of like or similar merchandise made in other countries are at prices substantially higher than the prices charged for goods produced in the exporting country and such price differentials are not justified by cost differences,

the Secretary could determine the foreign market value by looking at the higher prices (adjusted for differences in cost of production) at which similar merchandise is sold by other foreign facilities located outside the exporting country. The dumping duty could then be assessed in an amount equal to the difference between the purchase price in the U.S. (or the exporter's sale price) and the higher foreign market value of goods sold by the third country subsidiaries rather than the lower foreign market value of the goods actually exported to the United States.

6. *Judicial review.*—The bill provides for explicit statutory language authorizing judicial review for U.S. producers and manufacturers in the U.S. customs courts of negative antidumping decisions made by the Secretary of the Treasury. Importers and foreign producers are entitled to judicial review under current law.

C. *Countervailing Duties* (Title III, Section 331).—Section 303 of the Tariff Act of 1930 requires the Secretary of the Treasury to impose countervailing duties upon imported merchandise if its manufacture, production, or export has benefited directly or indirectly from a bounty or grant (subsidy). Section 331 of the bill would make major procedural as well as substantive changes in the countervailing duty law to improve the operation of the statute:

1. *Beginning of time period for investigation.*—Under the House bill, the time period for concluding countervailing duty investigations would run from the date on which the question was presented to the

Secretary of the Treasury, a date which is left to the discretion of the Secretary following the receipt of a petition. The Committee bill provides that the time period for countervailing duty investigations would begin to run from the date a petition is presented to the Secretary of the Treasury. Notice of the receipt of such petition would be published in the Federal Register.

2. *Time limits; conditional discretion and Congressional override.*—Under the House bill, the Secretary of the Treasury would have one year to conclude an investigation to determine whether or not an imported product was subject to a bounty or grant. Furthermore, the House bill would have allowed the Secretary four additional years in which to waive the imposition of countervailing duties whenever he determined that imposition of such duties would prejudice trade negotiations with countries affected. The Committee felt that this discretionary authority was without sufficient safeguards and could result in serious injury to U.S. industries. Consequently, the Committee provided that:

(a) The Secretary of the Treasury would have six months from the date of the petition in which to make a preliminary determination as to the existence of a bounty or grant.

(b) If the initial determination indicated the likely existence of a bounty or grant, the Secretary of the Treasury would have an additional six months to negotiate with the particular foreign country(ies) in an attempt to obtain the elimination of the bounty or grant.

(c) If the bounty or grant, or any portion thereof, remained in effect, the Secretary of the Treasury would then be required to issue a final countervailing duty order following the end of the second six-month period (total time period one year from date of petition). However, he may suspend the application of the order if he determined that:

(i) adequate steps had been taken to substantially reduce or eliminate the adverse effect of the bounty or grant;

(ii) there is a reasonable prospect that successful trade agreements will be entered into, under section 102, with foreign countries providing for the reduction or elimination of nontariff barriers; and

(iii) the imposition of countervailing duties would be likely to seriously jeopardize the satisfactory completion of such negotiations.

The suspension must be ended if any of the conditions described above do not continue, and may be ended at any time. The authority of the Secretary to suspend countervailing duties would expire two years from date of enactment of the bill. The initial determination, the results of any negotiation, and any final determination (including suspension of countervailing duties) would be made public.

(d) If the President decided to suspend the imposition of countervailing duties, he would immediately report his determination to Congress. At any time thereafter, either House of Congress could, under the veto procedure agreed to by the Committee, vote by simple majority to override the Secretary's decision and to require the Secretary to impose immediately the countervailing duties.

(e) Countervailing duty orders by the Secretary of the Treasury would go into effect immediately upon publication of the order in the Federal Register (no later than one year after the date a petition is submitted to the Secretary). In the case of a Congressional override, notice of countervailing duties would be published and such duties would go into effect the day after the date of the adoption of the resolution of disapproval.

(f) The determination by the Secretary of the Treasury that no bounty or grant exists would be subject to judicial review. Under existing law, only positive determinations are subject to judicial review.

3. *Exception for products subject to quotas.*—The Committee bill deletes the language in the House bill which would have provided the Secretary of the Treasury the discretion to waive the imposition of countervailing duties for products subject to quantitative restrictions. The House provision would have applied primarily to agricultural products subject to quotas under Section 22 of the Agricultural Adjustment Act of 1933.

D. *Unfair Import Practices* (Title III, Section 341).—Section 337 of the Tariff Act of 1930 authorizes the Tariff Commission to investigate alleged unfair methods of competition in the importation of articles or in the sale of imported articles in the United States. It has been most often applied to articles entering the United States in violation of claims under U.S. patents. Under present law, if the Commission finds the effect of such methods is to destroy or substantially injure an industry efficiently and economically operated in the United States, to prevent the establishment of an industry or to restrain or monopolize trade or commerce in the United States, the articles involved *may* be excluded from entry into the United States by the Secretary of the Treasury at the direction of the President.

Section 341 of the House bill would amend section 337 of the Tariff Act of 1930 to authorize the Commission, itself, to order the exclusion of articles involved in unfair methods and acts based upon United States patents.

The Committee bill, on the other hand, would authorize the Commission to order the exclusion of articles in all cases under section 337, patent and nonpatent. The Committee bill would also permit the Commission to issue cease and desist orders rather than exclusion orders whenever it deemed such action a more suitable remedy. If the cease and desist order was not adhered to, the exclusion order would go into effect. More specifically, the Committee bill incorporates the following provisions:

1. *Time limits for action.*—The Committee bill would require that International Trade (Tariff) Commission investigations of unfair trade practices under section 337 be completed within a one-year period. The Commission would be given an additional 6 months in complicated cases, provided that it publish the reasons for the extension. Any period during which the Commission's investigation is suspended because of proceedings in a Federal court or agency involving the same subject matter, would be excluded from the time periods.

2. *Investigations by the Commission.*—During its investigations under section 337, the Commission would be directed to consult with Government agencies, including where appropriate, the Departments of

Justice, Health, Education, and Welfare and the Federal Trade Commission. In making its determinations as to whether or not to act, the Commission would be required to take into consideration, in addition to the criteria currently set out in section 337(a), the effect which such action would have on the general health and welfare, on competitive conditions in the economy, on the production of like or competitive merchandise in the United States, and on consumers.

3. *Presidential intervention.*—Following the issuance of exclusion or cease and desist orders by the Commission, the President would have 60 days in which to intervene and override the Commission's decision where he determined it necessary because of overriding national interests.

4. *Patent cases.*—However, the House bill would be amended to provide that price gouging be considered by the Commission as a valid defense in section 337 patent cases, along with other legal and equitable patent defenses. Under the Committee bill, the remedies in section 337 patent cases would not apply to imports by the U.S. Government. Such actions against the Government would be brought in the U.S. Court of Claims.

5. *Bonding procedure.*—Temporary exclusion orders may be issued in certain circumstances under section 337; in such cases, provision is made for entry under bond. The Committee bill would amend section 337 to require the Secretary of the Treasury, prior to levying a bond, to acquire the advice of the Commission concerning the amount of the bond in both patent and nonpatent cases.

6. *Transitional measures.*—The Committee bill would require the Commission to complete within one year its investigations on all section 337 cases pending on the date of enactment of the trade bill.

7. *Res judicata, collateral estoppel.*—Under the Committee bill, decisions by the U.S. Court of Customs and Patent Appeals reviewing Commission decisions under section 337 should not serve as res judicata or collateral estoppel in matters where U.S. District Courts have original jurisdiction.

TITLE IV. TRADE RELATIONS WITH COUNTRIES NOT CURRENTLY RECEIVING MOST-FAVORED-NATION (NONDISCRIMINATORY) TREATMENT IN THE U.S. MARKET

Title IV of the House bill would authorize the President to extend most-favored-nation (nondiscriminatory) trade concessions to countries which do not currently receive such treatment when certain conditions were met. The only countries not now receiving nondiscriminatory treatment in the U.S. market are the Communist nations (with the exception of Poland and Yugoslavia, whose products do receive such treatment). Under Section 231(a) of the Trade Expansion Act of 1962, the President is precluded from extending nondiscriminatory or column 1 treatment to countries not currently receiving such treatment.

Title IV would impose several conditions on the delegation of authority to the President to extend nondiscriminatory treatment. Section 402 would provide that no country would be eligible to receive nondiscriminatory tariff treatment or U.S. Government credits, credit guarantees or investment guarantees if the President determines such country:

(1) denies its citizens the right or opportunity to emigrate;

(2) imposes more than a nominal tax on emigration or on the visas on other documents required for emigration, for any purpose or cause whatsoever; or

(3) imposes more than a nominal tax, levy, fine, fee or other charge on any citizen as a consequence of the desire of such citizen to emigrate to the country of his choice.

The Committee bill retains the House bill language in section 402 with the understanding that Senator Jackson will sponsor a floor amendment which would waive the requirements of section 402 for specified periods if certain conditions, described in an exchange of letters between the Secretary of State and Senator Jackson are fulfilled.

A country would become eligible for nondiscriminatory treatment under this title only after the President determined that it was not violating any of the above conditions and so reported his determination to the Congress. Any country which was found to be denying its citizens the rights to emigrate would also be prohibited from receiving any U.S. Government credits, credit guarantees, or investment guarantees, and from entering into a bilateral trade agreement under section 403. Following receipt of the initial report by the President to the Congress under section 402, either House could veto the extension of Government credits and guarantees to the country concerned by a majority veto within 90 days.

Under the Committee bill, only countries entering into bilateral agreements with the United States could receive nondiscriminatory treatment. The House bill would have granted nondiscriminatory treatment to countries which are members of the GATT. Nondiscriminatory treatment would remain in effect only so long as a trade agreement remained in force between the United States and the country concerned. The President, however, would have the authority to suspend or withdraw nondiscriminatory treatment to any country at any time.

Under section 403, nondiscriminatory treatment for any country which had entered into an agreement with the United States for the settlement of lend-lease debts would be limited to periods in which the country was not in arrears on its obligations under the agreement. The Soviet-American lend-lease settlement agreement, on the other hand, conditions the Soviet Union's fourth and all subsequent lend-lease payments upon the extension of nondiscriminatory treatment by the United States.

All future bilateral agreements entered into between the United States and a nonmarket economy nation would be subject to approval by both Houses of Congress before the President could proclaim trade concessions. The one-House veto provision in the House bill would still apply to the extension of nondiscriminatory treatment under the U.S.-Soviet commerical agreement. Furthermore following receipt of the annual December report of the President under sections 402 and 403, either House could, within 90 days, veto the continued extension of MFN treatment or granting of government credits or guarantees to any country receiving non-discriminatory treatment under Title IV. Trade benefits under any bilateral agreement would be limited to an initial period not exceeding three years. Thereafter, an agreement could be renewed for additional periods, each of not more than three years, providing that a satisfactory balance of concessions in trade and services had been maintained and that U.S. reductions in trade barriers had been reciprocated by the other party. Services would include transportation and insurance and other commercial services associated with international trade.

Bilateral agreements would be required to include provisions for: (1) suspension or termination for reasons of national security, (2) safeguards against disruption of domestic markets, (3) protection of patents if the other party is not a member of the Paris Convention for the Protection of Industrial Property, (4) settlement of commercial disputes, and (5) consultations for reviewing the operation of the agreement and relevant aspects of relations between the United States and the other party. Bilateral agreements could also include arrangements for the protection of industrial rights such as copyrights, promotion of trade, and other commercial arrangements promoting the purposes of the bill.

Market disruption.—The Committee bill contains significant improvements in the provisions of the House bill designed to avert disruption of U.S. markets by imports from nonmarket economies.

1. *Safeguard provisions in commercial agreements.*—Under the Committee bill, consultation procedures and rules would be written into all commercial agreements with nonmarket countries similar to Article 3 and Annex I of the U.S.-U.S.S.R. Trade Agreement.
2. *Petition for consultation.*—The Committee bill would permit trade associations, firms, and unions to petition the Special Representative for Trade Negotiations (STR) to initiate consultation procedures between the U.S. and the particular nonmarket economy upon a showing of likelihood of market disruption as a result of imports entering under a commercial agreement negotiated pursuant to Title IV.
3. *Relief from market disruption.*—The Committee bill would amend the market disruption provisions of the House bill to provide that market disruption may be found to exist upon a determination by the International Trade (Tariff) Commission that an article from any Communist country is being, or is likely to be, imported into the United States in such increased quantities as to be a significant cause of material injury, or the threat thereof, to a domestic industry. The Commission would have three months to conclude its investigation under section 406, as amended by the Committee. These provisions would apply to all Communist countries.
4. *Expedited relief.*—The Committee bill would authorize the President to take immediate action whenever he determines that a condition exists requiring emergency treatment. This "fast track" authority would apply to both the consultative procedures undertaken by the STR and the market disruption relief provisions in section 406, as amended by the Committee.
5. *Selective application.*—The Committee bill would limit the President's authority to impose import restrictions only to the products from nonmarket countries which are causing the market disruption.

Claims settlement with Czechoslovakia.—Under the Committee bill, Czechoslovakia would not be eligible to receive most-favored-nation treatment, U.S. Government credits or guarantees, or the release of

Czechoslovakian gold until the Government of Czechoslovakia first pays all principal amounts it owes U.S. citizens on awards rendered by the United States Foreign Claims Settlement Commission.

Cooperation in locating MIA in Southeast Asia.—Title IV of the Committee bill includes a provision which would condition the extension of MFN treatment and government credits to nonmarket economies upon a Presidential determination that such countries had undertaken to obtain the cooperation of the pertinent governments in Southeast Asia in locating U.S. personnel missing in action, in repatriating those who are alive, and in recovering the remains of those who are dead.

TITLE V. GENERALIZED SYSTEM OF PREFERENCES

General Authority.—Title V of the bill would provide the President with general authority to extend *duty-free treatment* to eligible products imported into the United States from beneficiary developing countries for a 10-year period. The essential features of the program would be as follows:

—The President would be authorized to extend duty free to specified products imported from developing countries;

—The President would designate beneficiary developing countries; 26 countries are expressly excluded;

—Eligible articles would have to be imported directly from the developing country; the value added in that country must be at least a minimum percentage (35%) of the value of the article, except in those cases where the country is a member of a free trade association in which the local content from association countries must be 50%;

—Articles subject to escape clause or national security relief would be excluded;

—Articles imported from any one country would be excluded if the imports of the article from that country exceed $25 million or 50% of total U.S. imports of that article;

—The system would be reviewed in a report to Congress after five years and would expire after ten years.

In addition, the Committee bill includes the following provisions:

1. Beneficiary Developing Countries.—The Committee bill would exclude countries within the following categories from eligibility to receive generalized preference under Title V of the bill:

a. All Communist countries.

b. Any country which has entered into a cartel-type arrangement, the effect of which is to withhold supplies of vital materials or to charge a monopolistic price which creates serious disequilibrium in the world economy. This category would be applied explicitly to all member countries of the Organization of Petroleum-Exporting Countries (OPEC). Countries which are members of such cartels as OPEC, could only qualify for preferential treatment in the U.S. market if they entered into an agreement with the United States which assure U.S. access to essential articles at reasonable prices.

c. Any country which has expropriated the property of a U.S. national without provision for prompt, adequate, and effective compensation without submitting the dispute to arbitration or carrying on good-faith negotiations.

d. Any country which has not taken adequate steps to prevent narcotics and other controlled substances from unlawfully entering the United States.

2. Reverse Preferences.—Under the House bill, countries which grant reverse preferences to developed countries are not eligible for generalized preferences under Title V. The Committee bill would amend this section to provide that countries could be eligible for generalized preferences if they eliminate such preferences by January 1, 1976, or if they take steps to assure that such preferences do not have a significant adverse effect on U.S. commerce by January 1, 1976.

3. Insular Possessions.—The Committee bill includes a provision stipulating that insular possessions of the United States must receive treatment no less favorable than that accorded any other developing country with respect to any eligible product under Title V of the bill.

4. Sensitive Products.—The Committee understands that articles which are sensitive articles, including, but not limited to, those described in a letter from Ambassador Eberle would be excluded from preference eligibility under Title V of the bill. The International Trade Commission would advise the President as to which other products would be sensitive and should be excluded from receiving duty-free treatment. The President would exclude such products as deemed appropriate after receiving the Commission's report.

5. Access to Markets and Commodity Resources.—The Committee bill would require the President to take into account the extent to which a developing country was providing the United States equitable and reasonable access to its markets and basic commodity resources in determining whether to designate such country as eligible to receive preferences under Title V.

6. Termination of Preferential Treatment.—The Committee bill would extend the time period for notification to the Congress of a Presidential decision to terminate preferential treatment for a developing country from 30 days (under the House bill) to 60 days prior to the time the determination takes effect. Furthermore, the amendment would require that the country involved also be notified within 60 days prior to the effective date of the termination of its preferential treatment.

7. Local Context (Value Added) Requirement.—Under the House bill, a developing country exporting a product to the United States would have to provide between 35 percent and 50 percent of the value of the product upon importation into the United States in order to be eligible for duty-free treatment. Under the Committee bill, less developed countries which are members of a free trade area or customs union and designated by the President could be aggregated in applying the local content requirement under Title V of the bill. Such countries would also be aggregated for purposes of the competitive need formula. However, in any case where more than one developing country has contributed to the value of a product, a flat local content requirement of 50 percent would be applied. In those cases where only one developing country had contributed to the value of a product, a flat local cost requirement of 35 percent would be applied.

8. Increases in Gross National Product.—Under the House bill, any product which is imported into the United States from any one particular developing country in an amount equal to more than $25 million in value in any one calendar year would lose its eligibility for duty-free treatment under Title V of the bill. The Committee bill includes an escalator provision which would provide for an annual percentage increase in the $25 million figure equal to the percentage increase in the U.S. gross national product for the year preceding the year in question over the U.S. gross national product in 1974.

9. Products Not Produced in the United States.—The Committee bill would exempt any product from the 50-percent-of-total-imports ceiling in Title V of the bill where there is no directly competitive article produced in the United States. Thus, even if a product from a particular developing country represents more than 50 percent of total U.S. imports of that product in any one calendar year, it would still be eligible for duty-free treatment under Title V of the bill if there were no directly competitive article produced in the United States. Under certain circumstances, the President could waive the 50 percent or $25 million ceiling.

TITLE VI. GENERAL PROVISIONS

Title VI of the bill contains general provisions covering definitions, relations to other laws, conforming changes in the tariff schedules and other matters.

Of particular significance are the following provisions of the Committee bill:

Services.—The Committee bill would amend Title VI to make it explicit that whenever the term "commerce" is used throughout the trade bill, it is to include by definition services associated with international trade. Furthermore, the term "trade" in Title I of the bill is defined to include trade in goods and services.

Narcotics.—Title V of the Committee bill would condition the extension of preferential treatment to a developing country upon a requirement that it take adequate steps to prevent narcotics and other controlled substances from unlawfully entering the United States. Consistent with this, the Committee bill would delete Section 606 of the House bill which would have required the President to embargo trade and investment with any country which the President determined had failed to take adequate steps to prevent narcotic drugs and other controlled substances from unlawfully entering the United States. In lieu of the embargo provision, a provision in Title VI of the Committee bill would require the President to report to the Congress describing where dangerous drugs are being produced abroad, refined and shipped to the United States, and of the steps these specific countries have taken with respect to controlling the production and transportation of such products.

Uniform Import Statistical Collection and Reporting.—The Committee bill would direct the appropriate administration agencies to collect and publish uniform statistics on imports, exports and production. At the present time, trade statistics and production data are collected in such a manner as to make comparisons impossible.

Trade Statistics.—The Committee bill would require that the Executive Branch submit monthly to the Senate Committee on Finance and House Committee on Ways and Means trade data which would include in all import values the cost of insurance and freight and would exclude from all export values soft currency sales and long-term foreign aid shipments.

Voluntary Steel Restraint Agreement.—The Committee bill includes a provision which would immunize persons from prosecution under state and Federal antitrust laws by reason of their participation in the voluntary arrangement regarding steel imports to the United States which expires December 31, 1974.

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

House Bill	Committee Bill
Title I. Negotiating and Other Authority	
Sections 101–163	Sections 101–175
Trade Agreements Authority	
Five-year authority to enter into trade agreements, proclaim rate changes, and negotiate nontariff barriers.	Time limitations on trade agreement authority the same as in House bill.
Limits on tariff decreases: * Rates 5 percent ad valorem or less—no limitation * Rates more than 5 percent but less than 25 percent ad valorem—60 percent reduction * Rates 25 percent ad valorem or more—75 percent reduction subject to 10 percent ad valorem "floor"	Limits on tariff decreases: * Rates 10 percent ad valorem or less—no limitation * Rates more than 10 percent ad valorem—50 percent reduction
Limits on tariff increases: * the higher of: 150 percent of 1934 rates, or 20 percentage points above 1973 rates.	Limits on tariff increases: * Essentially unchanged from House bill.

NONTARIFF BARRIERS (NTB'S)

(1) Congressional intent: —President should take all steps to reduce or eliminate trade barriers —To extent feasible, balance should be sought for major product sectors	(1) Congressional intent: —NTB scope broadened to include: * subsidies adversely affecting the U.S. economy, and * measures preventing fair and equitable access to supplies, *and* * trade barrier *harmonization*, as well as reductions or eliminations to be sought. —To maximum extent feasible, agricultural tariffs and NTB's to be negotiated in conjunction with industrial tariffs and NTB's. To extent feasible, sector-by-sector negotiations to occur on the basis of appropriate product sectors of manufacturing. —Principal objectives in the negotiation of NTB's to include agreements on international safeguards procedures and to provide availability of essential articles at reasonable prices.
(2) Where no change in U.S. law is required (as determined by President), President could negotiate and implement nontariff trade agreement Where change in U.S. law is required (as determined by President), change would become law unless vetoed by either House or Senate within 90 days.	(2) The President would be authorized and encouraged to negotiate bilateral agreements with foreign countries if such agreements would better serve U.S. economic interests than multilateral agreements. In addition, the President would be directed to negotiate an agreement with Canada aimed at the mutual elimination of trade barriers. (3) All NTB agreements to be submitted to Congress, implementing legislation by both Houses of Congress. (Congressional Approval Procedures).

House Bill	Committee Bill
Title I. Negotiating and Other Authority—Continued	
Sections 101–163	Sections 101–175
STAGING REQUIREMENTS	
Annual tariff reductions may not exceed the greater of— —3 percentage points in the tariff rate, or —$\frac{1}{15}$ of the total reduction. No staging requirement where existing tariff is reduced 10% or less.	Where reductions are greater than 20 percent ad valorem— * annual reductions shall not exceed $\frac{1}{10}$ of the total. Where reductions are not greater than 20 percent ad valorem— * annual reductions shall not exceed 2 percent ad valorem. Reductions of 10 percent or less of the existing rate—same as House bill.
GATT REVISION AND AUTHORIZATION	
(1) President shall renegotiate GATT articles dealing with: * decision-making machinery (weighted voting) * import relief * unfair trade practices	(1a) President to renegotiate GATT articles on new codes on trade principles noted in House bill, and, *in addition:* * access to supplies, including rules governing export controls, denial of supplies, and consultations on supply shortages

* international fair labor standards * border taxes * balance of payments measures	* the extension of GATT to deal with countries which deny goods and thereby injuring the international community * any revisions necessary to establish regular consultations * elimination of special reverse preferences * flexible monetary mechanisms * code on subsidies and foreign investment incentives * agreements on extraterritorial application of national laws.
	(1b) Agreements covering the above which require modification of Federal laws would be subject to congressional approval.
(2) Authorizes appropriations for existing GATT	(2) Appropriations for GATT authorized without implied approval or disapproval of the Agreement.

BALANCE OF PAYMENTS AUTHORITY

(1) When U.S. has large *deficit:* * Impose import surcharge of up to 15% and/or impose temporary quotas * 150 day limit	(1) President *directed* in deficit situations to take House-specified corrective actions for up to 180 days, unless he determines and so informs Congress, that the corrective actions would be contrary to the national interest.
(2) When U.S. has large *surplus:* * Reduce duties by not more than 5 percentage points * Reduce or suspend other import restrictions * 150 day limit	(2) Changed to deal with *balance-of-trade* surplus, (imports measured on CIF basis). * Remedies essentially unchanged from House version, except that uniform product coverage generally required

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

House Bill	Committee Bill
Title I. Negotiating and Other Authority—Continued	
Sections 101–163	Sections 101–175
ANTI-INFLATION AUTHORITY	
Authorizes President to reduce or suspend duties and/or increase level of imports subject to quotas Coverage limited to 30% of U.S. imports during any 150-day period Excludes articles subject to proclamations under sec. 22 of the Agricultural Adjustment Act, those subject to import restrictions under national security provisions, and those subject to import relief actions	Anti-inflation authority deleted.
OTHER AUTHORITIES DELEGATED TO THE PRESIDENT	
(1) Compensation for import relief measures— * Authority available after 5 years * Tariffs may be cut up to 30% * No provision for increasing tariffs once import relief measures are terminated	(1) Compensation authority essentially unchanged from House bill; *however*, compensation not authorized to countries where the United States has not obtained adequate compensation for past trade agreement violations. Compensation phased out when import relief measures terminate.
(2) Renegotiation of duties ("clean-up" authority) * 2-year authority after 5-year trade agreement authority expires	(2) Renegotiation authority essentially unchanged from House bill.

* 20% tariff reduction permitted, subject to general trade agreement limits * Coverage limited to 2% of U.S. imports	
(3) National security provisions— * Articles excluded from any action reducing duties or other import restrictions where such action would threaten national security * Articles subject to national security or import relief actions excluded from negotiations, and anti-inflation and compensation actions	(3) Basic national security provisions generally unchanged; *however*, a complaint procedure established whereby petitions for relief from imports threatening to impair the national security would be submitted to the Secretary of the Treasury who shall consult with DOD and other appropriate agencies. Secretary's determination to be made within one year.

TERMINATION AND WITHDRAWAL

(1) Trade agreements must include provision permitting termination or withdrawal within 3 years, and thereafter upon 6 months' notice	(1) Essentially unchanged
(2) President may at any time terminate tariff reductions proclaimed pursuant to negotiated trade agreement	(2) Unchanged
(3) In order to exercise rights and obligations under any trade agreement, President given specific authority to suspend application of trade agreement and proclaim duty increases	(3) Essentially unchanged
(4) Trade agreement tariff rate may remain in effect 1 year following termination of trade agreement; President submits recommendation for new tariff rates to Congress within 60 days after termination	(4) Essentially unchanged
	(5) President directed to suspend trade agreement obligations and increase duties whenever any foreign country compromises its concessions to the United States without providing adequate compensation.

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

House Bill	Committee Bill
Title I. Negotiating and Other Authority—Continued	
Sections 101–163	Sections 101–175
RECIPROCAL NONDISCRIMINATORY TREATMENT	
Generalized unconditional MFN treatment specified except as otherwise provided in TRA or other laws.	Generalized unconditional MFN treatment specified, *but:* * after 5 years the President to determine whether any major industrialized country has failed to make concessions to the United States equivalent in competitive opportunities to those provided by U.S. trade agreement concessions * If a major industrialized country has not made concessions providing for substantially equivalent competitive opportunities the President would be required to withdraw U.S. concessions made in the Trade Agreements Program with respect to that country * The reciprocal MFN treatment described above shall apply to Canada, the EEC, Japan, and any other country so designated by the President.

CONGRESSIONAL PROCEDURE WITH RESPECT TO PRESIDENTIAL ACTION

Congressional Veto Procedure Applies:
* to nontariff barrier trade agreement submitted to Congress
* to escape clause, quota, or orderly marketing relief
* to retaliation against unfair trade practices
* to extension or continuation of nondiscriminatory tariff treatment

Congressional Veto Procedure:
* President transmits proclamation or agreement to Congress
* Resolution of disapproval must be introduced and referred to Committee
* Committee has 7 calendar days to consider resolu-
* tion; member favoring disapproval can move to discharge resolution (no amendments permitted)
* Floor debate on motion to discharge, or if reported out, on resolution of disapproval (no amendments permitted)
* If either House approves resolution of disapproval, agreement or proclamation does not take effect.
* *Provided* veto procedure completed within 90 legislative days.

Congressional Approval Procedure Applies:
* to all nontariff barrier trade agreements,
* to GATT revisions requiring modification existing domestic law (if modification submitted in accordance with Sec. 151)
* to bilateral trade agreements with non-MFN countries entered into after enactment.

Congressional Approval Procedure (Sec. 151):
* Implementing bill or approval resolution submitted by President and introduced in each House (no amendments permitted)
* Committees have 45 working days to consider (automatic discharge provided)
* Bill or resolution sent to floor, vote within 15 working days (in the case of revenue bills coming from the House, the Senate is guaranteed up to 15 working days consideraton in Committee and up to 15 working days before final note on the floor).
* Rules, in effect, require vote on final passage within 60 working days, or in the case revenue bills within 90 working days, but no overall time limits are specified.
* Failing enactment or adoption the measure cannot enter into force.

Congressional Veto Procedure (Two-House Disapproval) Applies:
* to Presidential import relief where different than Commission's recommendation (60-day time limit)

Title I. Negotiating and Other Authority—Continued

House Bill	Committee Bill
Sections 101–163	Sections 101–175

CONGRESSIONAL PROCEDURE WITH RESPECT TO PRESIDENTIAL ACTION—continued

(Committee Bill)

* to Presidential retaliation on an MFN basis against unjustifiable or unreasonable restrictions (90-day time limit)

Two-House Disapproval Procedure (*Sec. 152*)*:*
* Resolution of disapproval must be introduced in either House and referred to Committee,
* If Committee does not report resolution in 30 days motions to discharge are in order (no amendments permitted)
* Floor debate limited
* Both Houses must adopt resolution by majority vote
* Procedure must be completed within time limits specified; otherwise Presidential action enters into force.

Congressional Veto Procedure (*One-House Disapproval*) *Applies:*
* to Secretary's determination not to apply countervailing duties during 5-year discretionary period (no time limit)

	* to bilateral *trade agreements* with non-MFN countries entered into before enactment. (90-day time limit) * to all annual reviews of MFN treatment and government credits and guarantees under Title IV (90-day time limit). * to U.S. Government credits and investment guarantees initially extended after date of enactment. *One-House Disapproval Procedure (Sec. 152):* Same as two-House method except that adoption by majority vote of those present and voting in *either* House, within time limits specified, is sufficient to prevent action.

UNITED STATES TARIFF COMMISSION

No similar provisions.	(1) Tariff Commission renamed the "United States International Trade Commission." (2) Membership and term of office: * Membership increased from 6 to 7 Commissioners; no more than 4 of the same political party. * Terms of office increased from 6 to 14 years with one term expiring every other year. * Commissioners serving more than 7 years after enactment of TRA may not be reappointed. * Chairman and Vice-Chairman to rotate with assignments normally determined by seniority. (3) Other changes: * Commission pay up-graded * Voting record of Commissioners to be published. * Commission to be represented in court by its own attorneys or by the Attorney General at its discretion. * Commission given independent budget.

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

House Bill	Committee Bill
Title II. Relief From Injury Caused by Import Competition	
Sections 201–264	Sections 201–283
CRITERIA FOR FINDING INJURY	
Escape clause	*Escape clause*
Industry.—Tariff Commission finding within 6 months; increased imports must be a substantial cause of serious injury (i.e. not less than any other cause)	*Industry.*—Injury determination and criteria unchanged, except that an *absolute* increase in import must occur.
Adjustment assistance	*Adjustment assistance*
Workers.—Secretary of Labor determination in 60 days that: * a significant number or proportion of workers have become totally or partially separated, * sales or production have decreased, and * increased imports contributed to decline in sales or production *and* to separation of workers	*Workers.*—Criteria unchanged *except that* * Secretary given subpena powers to help him obtain evidence necessary for his determination, * judicial review of negative divisions explicitly provided for, *and* * *absolute* increase in imports must occur.
Firms.—Secretary of Commerce determination in 60 days; same criteria as worker injury	*Firms.*—Criteria unchanged *except that* * *absolute* increase in imports must occur.

No similar provisions.

Communities.—Secretary of Commerce determination in 60 days that:

* a significant number or proportion of workers *in the trade impacted area in which the community is located* have become totally or partially separated,
* sales or production of firms *in the trade impacted area* have increased,
* *absolute* increases in imports like or competitive with those produced in *the trade impacted area, or* the transfer of firms *from the area to foreign countries* have contributed to the decline and separations, and
* the Secretary to establish boundaries of trade impacted areas.

REMEDIES FOR INJURY

Escape clause

Industry.—President may provide relief only in following order of preference: tariff increase; tariff-rate quotas; quotas; and orderly marketing agreements (the latter 2 are subject to Congressional veto procedure); or any combination of the above.

Escape clause

Industry.—President *must* provide import relief of the types specified in the House bill, but in any order of preference. Congress can impose Commission remedy if it differs from Presidential relief (Presidential actions different from Commission remedy subject to Congressional veto procedure). Orderly marketing agreements may be substituted for other forms of relief and vice versa. Commission authorized to recommend adjustment assistance for firms and workers as a type of industry relief in certain circumstances. Congressional veto procedure for quotas and orderly marketing agreements, and Presidential termination of import relief upon national interest determination *deleted.*

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

TITLE II. RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION—Continued

REMEDIES FOR INJURY—continued

HOUSE BILL	COMMITTEE BILL
Adjustment assistance	*Adjustment assistance*
Workers.—Cash benefits equal to 70 percent of workers previous weekly wage for 26 weeks, and 65 percent for next 26 weeks; not to exceed national average weekly wage * Relocation allowances for any unemployed worker; job search allowances up to $500 * Employment services: testing, counseling, training, and job placement	*Workers.*—Adjustment assistance essentially as provided in House bill, with some modest increases—70 percent of workers previous weekly wage for 52 weeks. Federal Government to pay only the incremental amount above usual State unemployment insurance benefits.
Firms.—Technical and financial assistance.	*Firms.*—Adjustment assistance essentially unchanged from House bill; Secretary given a 60-day time limit to make a determination on adjustment petitions.
Communities.—No similar provisions.	*Communities.*—Assistance in establishing Trade Impacted Area Councils. * Benefits to include all forms of assistance provided under the Public Works and Economic Development Act of 1965 other than loan guarantees

	* A special loan guarantee program in which State governors participate by pledging a portion of anticipated revenue sharing funds to cover loan liabilities. * Federal share of loan guarantees not to exceed $500 million at any one time. Authorization for direct loans placed at $100 million for FY 1975.
Miscellaneous	*Miscellaneous*
Adjustment Assistance Evaluation.—No provision.	*Adjustment Assistance Evaluation.*—Adjustment assistance programs to terminate on September 30, 1980; GAO to report on program effectiveness by January 30, 1979.
Runaway Plants.—No provision.	*Runaway Plants.*—Firms moving abroad directed to give workers 60 days advance notice, to apply for and to use adjustment assistance, and assist in job replacement.
Early Warning System.—No provision.	*Early Warning System.*—Program established to monitor import statistics to detect abrupt changes in import flows.

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

House Bill	Committee Bill
Title III. Relief From Unfair Trade Practices	
Sections 301–341	
Foreign import restrictions or export subsidies	*Foreign import restrictions or export subsidies*
(1) Authorizes President to retaliate against unjustifiable or unreasonable tariff or other import restrictions of foreign governments: * no time limitation * complex hearing procedures * Congressional veto procedure applies	(1) Retaliation authority expanded to permit response (including restrictions on foreign services) to unjustifiable or unreasonable restrictions on *U.S. services* and *in access to supplies*: * no time limitation * complaint procedure established; hearings procedure can be bypassed where expeditious action required * Congressional veto procedure applies to retaliation on MFN basis.
(2) Antidumping: * 6 month time limit (9 months in complicated cases) * Guaranteed hearing for foreign manufacturer or importer * *Provides for* procedures to cover below-cost sales and state-controlled economies.	(2) Antidumping: * Time limits imposed on Secretary of Treasury (*a*) proceeding notice within 30 days of complaint (*b*) investigation of injury at early stage (*c*) tentative price discrimination determination within 6 months (9 months in complicated cases)

	(*d*) final determination within 3 months of tentative determination * Guaranteed hearings for any interested party. * Procedures for below-cost sales and state-controlled economies retained, and procedures to cover multinational corporation dumping added. * Explicit language authorizing judicial review.
(3) Countervailing duties: * 1-year time limit * Allows for findings on duty-free articles if injury exists * Permits Secretary not to apply provision during negotiations * Provides judicial review	(3) Countervailing duties: * 6-month limit for a preliminary determination and 12-month limit for a final determination. * Countervailing duties applicable to duty-free items after injury determination. * Secretary given discretion not to apply duties for 2-year period, *but* only when certain conditions are met, including the substantial reduction or elimination of the adverse effect of the bounty or grant. One-House Congressional disapproval procedure applies. * House language permitting Secretary discretion in not applying countervailing duties to quota items deleted. * Judicial review provided.
(4) Unfair import practices: * Permits Tariff Commission to assure exclusion orders if imports violate U.S. patent laws * No time limits	(4) Unfair import practices: * 1 year time limit (18 months in complicated cases). Time period suspended when Commission proceedings are enjoined or suspended. * Commission to hear legal and equitable defense in patent-based cases. * Commission to consult with other government agencies.

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

HOUSE BILL	COMMITTEE BILL
TITLE III. RELIEF FROM UNFAIR TRADE PRACTICES—Continued	
Sections 301–341	
	* In providing remedies, Commission to consider the effect on: (a) general health and welfare, (b) competition, and (c) consumers.
	* Commission authorized to issue cease and desist orders and/or to exclude articles from entering in all unfair import cases, patent and nonpatent. President can overturn Commission remedy within 60 days.
	* U.S. Government importations excluded from patent-based actions.
TITLE IV. TRADE RELATIONS WITH COMMUNIST COUNTRIES	
Sections 401–407	Sections 401–409
(1) President authorized, under specified conditions, to grant most-favored-nation treatment to countries not currently receiving MFN treatment	(1) President still authorized to grant most-favored-nation treatment but standards are stricter
(2) Country must enter into a bilateral or multilateral trade agreement	(2) Country must enter into a separate bilateral trade agreement; GATT membership alone not sufficient

(3) MFN treatment would remain in effect only so long as trade agreement remained in force	(3) No change
(4) Bilateral agreements would include: * life span not longer than 3 years (renewable) * suspension or termination for national security reasons * safeguards against disruption of domestic markets * protection of patents * settlement of commercial disputes * consultative procedures	(4) Bilateral trade agreements would include: * life span not longer than 3 years (renewable) * a satisfactory balance-of-concessions in trade and services * suspension or termination for national security reasons * safeguards against actual or prospective imports that could cause market disruption * protection of patents and copyrights * trade promotion arrangements * consultative procedures, and * other arrangements which will promote the purposes of the Act.
(5) Freedom of emigration.—No country would be eligible to receive MFN treatment, U.S. Government credits or investment guarantees if the President determines that the country: * denies its citizens the right to emigrate, * imposes more than a nominal tax for emigration, *or* * otherwise imposes more than a nominal tax or other charge on any citizen as a result of his desire to emigrate	(5a) Freedom of emigration.—Provisions of House bill continued unchanged. (5b) Personnel Missing in Action.—Country would not be eligible to receive MFN treatment, U.S. Government credits or investment guarantees, or be a party to a title IV bilateral trade agreement if the President determines that the country is not cooperating with the U.S. to: * achieve an accounting of U.S. personnel missing in Southeast Asia * repatriate living personnel * return the remains of those dead.
(6) Market disruption provision.—President could impose import relief measures if the Tariff Commission determined imports from Communist countries were causing market disruption and material injury. Market dis-	(6) Market disruption provision.—President could impose import relief measures if: * International Trade Commission made a determination of market disruption;

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

Title IV. Trade Relations With Communist Countries—Continued

House Bill	Committee Bill
Sections 401–407	Sections 401–409
ruption would be deemed to exist whenever imports were: * substantial, * increasing rapidly, absolutely and relative to domestic consumption, and * being offered at prices substantially below those of comparable domestic articles	* the President takes emergency action pending a Commission determination. In addition, STR could be petitioned to implement the safeguard provisions of Title IV bilateral trade agreements. Market disruption procedures would apply to any Communist country including those already receiving MFN, i.e., Poland and Yugoslavia. Market disruption would be deemed to exist whenever imports were: * being, or likely to be, entered in increased quantities so as to be a significant cause of, or threat of, material injury.
(7) Proclamations and trade agreements under these provisions are subject to one House Congressional veto procedure	(7) New bilaterals subject to Congressional approval procedures; those concluded before enactment subject to Congressional veto procedure, as are all bilateral renewals. (8) Czechoslovakia not eligible for MFN treatment, U.S. Government credits or investment guarantees, or monetary gold return until it first settles all principal amounts owned to U.S. citizens or nationals. (9) U.S. Government credits and investment guarantees with title IV countries made subject to Congressional veto procedure (one-House approval), initially after date of enactment and on an annual basis thereafter.

Title V. Generalized Tariff Preferences

Sections 501–505

(1) Authorizes President to extend duty-free treatment to products imported from developing countries	(1) No substantial changes.
(2) Beneficiary developing countries designated by President; 26 countries specifically excluded:	(2) Same 26 developed countries specifically excluded, *and, in addition:* * No Communist countries communism * No members of OPEC * No members of international cartels which disrupt price and supplies, except countries excluded under this or the preceding category may receive preferences if they sign trade agreements assuring the U.S. reasonable access to essential raw materials * No countries which grant reverse preferences which have a significant adverse effect on U.S. commerce * No countries which have nationalized or otherwise expropriated property without prompt and adequate compensation * No countries which do not try to prevent narcotics and other controlled substances from unlawfully entering the U.S.
(3) To be eligible, articles must be imported directly from the developing country; the value added in that country must be at least a minimum percentage of the value of the article (to be set at from 35% to 50%)	(3) Value added must be at least 35 percent from a beneficiary developing country, or 50 percent from customs unions or free trade areas designated by the President as one country for the purposes of Title V.
(4) Excludes articles subject to escape clause relief,	(4) Articles subject to national security actions also excluded.

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

House Bill	Committee Bill
Title V. Generalized Tariff Preferences—Continued	
Sections 501–505	
(5) Excludes an article imported from any one country if the imports of the article from that country exceed $25 million or 50% of total U.S. imports of that article	(5) $25 million value limitation escalates in subsequent years in proportion to changes in the U.S. gross national product over the base year 1974. 50 percent ceiling not applicable to articles where the U.S. produces no similar products.
(6) Provision limited to 10-year duration; complete report to Congress after 5 years	(6) No change.
	(7) National interest waiver of 50 percent and $25 million ceilings to apply only to countries meeting certain criteria.
Title VI. General Provisions	
Sections 601–606	Sections 601–611
(1) Standard general provisions and definitions.	(1) Standard general provisions and definitions.
(2) International Drug Control.—President directed to embargo trade and investment with countries that do not try to prevent illegal entry of narcotics into the U.S.	(2a) Embargo deleted, but President required to report on foreign drug traffic control.
	(2b) Prevention of unlawful drug traffic made a criterion for generalized system of tariff preferences in Title V.
	(3) Immunity from treble damages and other Federal and State antitrust penalties for those persons who participated in the voluntary steel export limitations to the U.S.

(4) Secretaries of Treasury and Commerce and International Trade Commission directed to collect and compile comparable statistics on imports, exports, and domestic production.

(5) Review of 1971 import surcharge protests extended to five years.