

**Thirtieth Annual Report
of
The United States
Tariff Commission
1946**

UNITED STATES TARIFF COMMISSION

Office: Seventh and E Streets, N.W., Washington, D.C.

COMMISSIONERS

OSCAR B. RYDER, *Chairman*

LYNN R. EDMINSTER, *Vice Chairman*

EDGAR B. BROSSARD

E. DANA DURAND

GEORGE MCGILL

JOHN P. GREGG

SIDNEY MORGAN, *Secretary*

LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION
Washington, January 3, 1947

Sir:

I have the honor to transmit to you the Thirtieth Annual Report of the United States Tariff Commission in compliance with the provisions of section 332 of the Tariff Act of 1930.

Respectfully,

OSCAR B. HYDER, Chairman

THE PRESIDENT OF THE SENATE.
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

CONTENTS

	<u>Page</u>
Introduction -----	1
Work of the Tariff Commission -----	1
Direct response to congressional requests -----	2
Senate Finance and House Ways and Means Committees --	2
War Changes in Industry Series -----	2
Effect of the war on the general foreign-trade	
position of the United States -----	3
Changes in international-trade policies of	
foreign countries -----	3
Senate Special Committee to Investigate Production,	
Transportation and Marketing of Wool -----	3
Senate Committee on Agriculture and Forestry and	
House Committee on Agriculture -----	3
Subcommittee of the House agricultural committee set	
up to work out a postwar cotton program -----	4
Congressional committees during consideration of the	
Philippine Trade Act of 1946 -----	4
Senate Committee on Territories and Insular Affairs -	
Reports on pending legislation -----	4
Requests from individual members of Congress -----	4
Preparation for trade-agreement negotiations -----	5
Work on interdepartmental committees -----	5
Other work:	
Work for the Economic and Social Council of the	
United Nations -----	5
Review of customs administrative laws -----	6
Synthetic organic chemicals -----	6
Accounting assistance to the Department of	
Agriculture -----	6
Assistance of cost accountants to the Office	
of Price Administration -----	7
Summaries of commodity information -----	7
Report regarding processing tax on coconut oil -----	7
Short harsh cotton -----	8
United States Import Duties, June 1946 -----	8
Effect of termination of war emergency on certain	
rates of duty -----	9
Revision of rules of Practice and Procedure -----	10
Analysis of customs invoices --New York Office -----	11
Personnel and administration:	
Membership of the Commission -----	12
Personnel -----	12
Finances and appropriations, fiscal year 1946 -----	14
Appendix I. Summaries of reports issued in 1946:	
War changes in industry series -----	17
Iron and steel (Report No. 15) -----	17
Potatoes (Report No. 16) -----	19
Petroleum (Report No. 17) -----	22
Edible tree nuts (Report No. 18) -----	26
Dyes (Report No. 19) -----	30
Watches (Report No. 20) -----	33

	<u>Page</u>
Appendix I. Summaries of reports issued in 1946—Con.	
Imports of coal-tar products -----	36
Synthetic organic chemicals, United States production and sales -----	37
Final report, 1941-43 -----	37
Final report, 1944 -----	38
Preliminary report, 1945 -----	39
Production of synthetic organic chemicals, by months, 1946 -----	40
The Economy of Puerto Rico -----	41
Latin American import and export trade in cotton, wool, rayon, flax, and their manufactures, 1934-38 -----	41
Trade problems of the Latin American Republics -----	42
Agricultural, pastoral, and forest industries in Brazil -----	43
Economic controls and commercial policy:	
Cuba -----	44
Dominican Republic -----	45
Haiti -----	46
Mexico -----	47
Panama -----	48
Mining and manufacturing industries in Mexico -----	49
Recent developments in the foreign trade of Colombia-----	50
Appendix II. Import duty changes at end of unlimited national emergency and other emergencies -----	51
Appendix III. Important interdepartmental committees on which the Tariff Commission is represented -----	57

UNITED STATES TARIFF COMMISSION
Washington

THIRTIETH ANNUAL REPORT

INTRODUCTION

The calendar year 1946 is distinguished as the year of conversion from the war effort to normal constructive activities for Government agencies, as well as for industry and commerce. Two phases of the Tariff Commission's work command first attention in this period of change-over: (1) Detailed reports for the Committees of Congress on economic developments and the post-war competitive position; (2) preparations for the trade-agreement negotiations which are planned to take place early in 1947. In response to requests from officials and businessmen, the summarized data for each of approximately 1,300 commodities under consideration is being made available to the public in advance of the January hearings.

At the same time the Commission has kept up with the large amount of technical and professional work required by its representation on and participation in the work of interdepartmental committees set up within the Government to study and report on the complex problems of international trade policy now facing the United States. Because of the Commission's 30 years' experience and a staff trained to follow year-by-year economic and technical developments with respect to commodities and changes in the trade positions and commercial policies of foreign countries, this service to the Executive Departments is well justified, even though it takes considerable time.

Unremitting research and analysis continues on all important commodities covered by the tariff and on all phases of foreign commercial policy likely to affect American trade in order that the Commission may be ready to respond to the calls of Congress and the Executive Departments for the facts in a given situation.

WORK OF THE TARIFF COMMISSION

The work of the Commission for 1946 is discussed below under the following headings:

1. Direct response to Congressional requests
2. Preparation for trade agreement negotiations
3. Work on interdepartmental committees
4. Other work

Direct Response to Congressional Requests

More than one-fourth of the activities of the Commission during the past year have been in direct response to requests emanating from Committees of Congress and from individual Senators and Representatives.

Senate Finance and House Ways and Means Committees

There is pending before the Commission a series of requests from the Senate Finance and House Ways and Means Committees. In response to these requests, the Commission is preparing the following reports:

War Changes in Industry Series.—In the War Changes in Industry Series are reports on United States industries which have been substantially affected by the war in such manner as to alter their competitive positions in relation to the industries of foreign countries. The Commission in the past year completed 6 reports in this series, bringing the number of the reports in the series up to 20. The reports completed during the past year are listed below:

Iron and Steel	Edible Tree Nuts
Potatoes	Dyes
Petroleum	Watches

Currently the following 18 additional reports in the "War Changes in Industry Series" are in active progress:

China Clay	Nitrogen
Countable Cotton Cloth	Grapes and Wines
Woolens and Worsteds	Copper
Softwood Lumber	Plastics Products
Starches	Zinc
Mica	Lead
Oils and Fats for Food and Soaps	Pulpwood, Wood Pulp, and Newsprint
Flaxseed, Linseed, and Other Drying Oils and Materials Therefor	Cattle and Beef
Potash	Rayon, Nylon, Other Synthetic Fiber, and Raw Silk

Work on these reports will continue into the fiscal year 1948. Changing conditions in international competition will doubtless make it necessary for the Commission to revise or supplement a number of the earlier reports in the series in order to keep the Congress and the public informed of significant developments.

Effect of the war on the general foreign-trade position of the United States.—A study on the effect of the war on the general foreign-trade position of the United States has been in progress for some time and should be ready for publication late in 1947.

Changes in international-trade policies of foreign countries.—Reports on the changes since 1929 in the international-trade policies of foreign countries, particularly as they have affected, or may affect, the trade of the United States, that have been issued include a series of reports on Latin American countries covering agricultural, mining, and manufacturing industries; economic controls and commercial policies; and recent developments in foreign trade. About 40 reports in this series have already been issued, and 10 additional reports are in process and will be completed shortly. The Commission has also completed a series of studies on the prewar commercial policies and trade of certain European countries and a similar work is in progress on British Empire countries.

Senate Special Committee to Investigate
Production, Transportation and Marketing
of Wool

The Commission, as part of its work for the Ways and Means and Senate Finance Committees, has prepared several reports dealing with the raw-wool situation in this country and abroad. Recently the Congress has had under consideration legislation to implement a policy with respect to the domestic wool industry. In the preparation of this legislation, the Special Senate Committee to Investigate Production, Transportation, and Marketing of Wool has been most active. Representatives of the Tariff Commission cooperated with this Committee during its extended hearings. The Commission has in progress a study with respect to wool costs being made at the request of this Special Committee.

Senate Committee on Agriculture and Forestry and
House Committee on Agriculture

The Commission also furnished assistance to the Senate Committee on Agriculture and Forestry when it was considering the report of its Subcommittee, and to the House Committee on Agriculture when wool legislation was before it.

Subcommittee of the House agricultural committee
set up to work out a postwar cotton program

Much assistance has been given by members of the staff to the House committee studying the postwar agricultural and economic problems of the Cotton Belt. This assistance has extended over most of the year but is now nearing completion. The committee is about to issue its report incorporating work done by the Commission. The staff participated in the preparation of project studies on synthetic fibers, foreign market outlets for cotton, and cotton goods production and distribution techniques.

Congressional committees during consideration of the
Philippine Trade Act of 1946

One of the important pieces of legislation enacted by the Congress during the past year was the Philippine Trade Act of 1946. This legislation, designed to aid the Philippines in the reconstruction of an economy practically destroyed by the war, was the subject of extended consideration by the Ways and Means Committee of the House and the Finance Committee of the Senate. The Commission's General Counsel and other members of the staff were assigned to assist these Committees and a great deal of information was supplied in clarifying the problems under discussion. The special duties assigned to the Tariff Commission respecting future imports under this act are of a continuing nature.

Senate Committee on Territories
and Insular Affairs

During the past year the Senate Committee on Territories and Insular Affairs has had before it legislation dealing with problems affecting Puerto Rico. At the request of that Committee and as a contribution to the solution of these problems, the Tariff Commission has issued a report on the economy of Puerto Rico.

Reports on pending legislation

The Commission has prepared and transmitted to Congress a number of analyses and reports requested by the Senate Finance Committee, and by the Ways and Means Committee of the House, and occasionally by other Committees, on bills which have been introduced affecting tariffs and international trade. Preparation of analyses of such bills during the current year required considerable work on the part of key members of the Commission's staff.

Requests from individual Members of Congress

The Commission constantly receives from individual Members of Congress requests for information on commodities or trade problems needed in the consideration of pending legislation, or of correspondence. Such requests often can be handled through correspondence and do not involve an undue amount of work. In some instances, however, the problems presented are of sufficient

importance to warrant the preparation of a memorandum entailing not only considerable time of several members of the staff but also review by the Commission. In total the volume of this work is substantial.

Preparation for Trade-Agreement Negotiations

In recent months the staff has spent most of its time preparing materials and working arrangements essential to the 1947 program of trade-agreement negotiations. The Administration has announced its intention of making a series of agreements with some 18 foreign countries, and these negotiations are planned to begin in the spring of 1947. The Commission has given every assistance possible in preparing for these negotiations. Members of the Commission and of the staff furnished much information to the committees which made up the lists of articles on which concessions will be considered by the United States in the course of these negotiations. For every article or group of articles included in these lists (1,300 or more) the Commission is preparing a digest of the pertinent technical, statistical, and trade information in its files. These digests in their draft form are being made available to the public in advance of the hearings which start January 13, 1947. These digests will be supplemented by further studies made in the Tariff Commission.

Work on Interdepartmental Committees

A substantial part of the work of the Tariff Commission is represented by its contribution to the activities of interdepartmental committees. The Commission is represented by members of the Commission on such committees as the Executive Committee on Economic Foreign Policy, the Trade Agreements Committee, and the Interdepartmental Committee on Scientific and Cultural Cooperation. It is also represented by members of its staff on numerous other interdepartmental committees concerned with special problems relating to foreign trade and other economic policies and programs. Participation in the work of these committees, involving as it often does members of the Commission and senior members of the staff, represents a substantial part of the demands upon the Commission. A list of these committees is given in appendix III.

Other Work

Work for the Economic and Social Council of the United Nations

The Tariff Commission is cooperating actively in the work of the Economic and Social Council of the United Nations. For this work a senior member of the Commission's staff has been

appointed as a member of the American group advisory to Honorable John G. Winant, the Special Representative of the United States on the Council.

Review of customs administrative laws

The Commission has in preparation a report on the operation of the customs administrative laws. This is one of the duties assigned to the Commission in its organic act and one for which there is urgent need because of the great changes that have taken place since the enactment of the existing laws. This particular review was undertaken more than a year ago, but pressure of other work and lack of personnel available for the job have delayed it. Provision will be asked in the request for the appropriation for 1948 for the means to permit its completion. The project should be completed as early as possible to provide an urgently needed basis for modernizing legislation to facilitate customs administration. Both manufacturers and importers have demonstrated their interest in this work by giving examples of changes that would be helpful.

Synthetic organic chemicals

The Commission has in progress a compilation of the 1946 data for the annual census of synthetic organic chemicals and the raw materials from which they are made. Through the statistics which the Commission publishes on the production and sales of these products, the industry follows developments throughout the trade, and the detail incorporated in the reports makes them especially valuable to industry and to those in the Government concerned with the administration of laws relating to these products. It proved of essential value during the war to many wartime agencies, and its peacetime uses also are substantial.

The Commission issues also a monthly statement on the production of a limited list of synthetic organic chemicals. This statement continues the work undertaken by the War Production Board which proved so valuable to industry and Government that the Bureau of the Budget has approved its continuance on a smaller peacetime scale.

Accounting Assistance to the Department of Agriculture

During the first half of the year the Commission continued to supply the Department of Agriculture with the services of certain accountants who had specialized in food accounting. These assignments terminated an extensive wartime program on cost and other accounting studies carried out for the War Food Administration.

A large part of the work in 1946 consisted of assistance in preparing summaries of wartime accounting investigations and making two accounting studies on sugar, one on the Puerto Rican branch of the industry and the other on the Louisiana branch.

The summaries of wartime accounting investigations were partly the basis for a public report on the milk-products industry. ^{1/}

At times during the 6-month period, important accounting was done also for canned fruits and vegetables, meats and meat products, and canned fish, particularly salmon.

These services of the Commission's staff were in cooperation with the Cost Analysis Division of the Compliance Branch of the Production and Marketing Administration. They terminated early in July, except for miscellaneous consultative services to the Department.

Assistance of Cost Accountants to the Office of Price Administration

During the first three quarters of the year 1946, the Commission continued to supply the Office of Price Administration with the services of several accountants who were particularly familiar with the cost problems of the cotton-textile industry. These services terminated an extensive program of wartime assistance in the course of which the Commission not only had supplied the Office of Price Administration with the services of accountants but had conducted cost and other accounting investigations for that agency.

The wartime program as a whole included accounting studies of numerous industries with particular attention to production costs of textiles, especially cotton textiles. The terminal assignments in 1946 concerned cotton textiles only. This work of the Commission's accounting specialists related to cotton garments, cotton duck, cotton military twills, combed cotton yarn, and other major cotton textile items.

Summaries of commodity information

Digests now being prepared for trade-agreement negotiations are similar in many respects to the summaries of commodity information. Nevertheless, the Commission continues so far as possible to keep up-to-date summaries on items not likely to be the subject of negotiation and relies upon its summaries as the basic material upon which it can draw in answer to specific requests.

Report regarding processing tax on coconut oil

In May the Commission submitted to the Bureau of the Budget a report analyzing the current supply situation with respect to coconut oil and copra. This report indicated that adequate supplies of Philippine copra and coconut oil were not readily available for processing in the United States and suggested that the President might wish to take action under section 505 (b) of the Philippine Trade Act of 1946. This section authorizes the President, whenever he finds, after consultation

^{1/} U. S. Department of Agriculture, Production and Marketing Administration, Milk Products: Costs, Prices, and Profits of War Food Purchases, September 1946 [processed].

with the President of the Republic of the Philippines, that adequate supplies of neither copra nor coconut oil, the product of the Philippines, are readily available for processing in the United States, to proclaim such fact. Upon the issuance of such proclamation the additional processing tax of 2 cents per pound imposed by section 2470 of the Internal Revenue Code on the processing of coconut oil derived from copra of other than Philippine origin is suspended. On June 27, 1946, the President signed the proclamation suspending the tax as submitted by the Tariff Commission (Proclamation No. 26).

The Commission plans to report again to the President when the supply situation has changed so that adequate supplies of Philippine copra and coconut oil are readily available for processing in the United States.

Short harsh cotton

As the result of the report of the Tariff Commission dated August 25, 1939, the President proclaimed quotas on imports of cotton. The quota limitations were not made applicable to harsh or rough cotton having a staple less than three-fourths of 1 inch in length and chiefly used in the manufacture of blankets and blanketing. Such cotton was excepted from the quota limitation because it was not produced in the United States and was needed for making certain specialized products in domestic factories. In 1945 and 1946 imports of this particular grade of cotton increased considerably, so as to raise a doubt as to whether it continued to be chiefly used in the manufacture of blankets and blanketing. The Commission accordingly, in September 1946, at the request of the President reopened the investigation and ordered a public hearing which was held on October 14 and 15. The object of reopening the investigation was to determine if conditions had so changed as to warrant a further report to the President on whether this particular grade of cotton should be made fully subject to quota restrictions or entirely removed therefrom or permitted entry only when imported for specified uses, or if it should be made subject to other treatment.

United States Import Duties, June 1946

One of the publications of the Commission that has been most in demand has been its compendium of changes in import duties since 1930, of which six editions have been printed during the past decade, with numerous supplements to keep the data up to date. Since the enactment of the Tariff Act of 1930, the latest general Congressional tariff revision, changes have been made in the import duties on more than 1,300 commodities or classes of commodities. Most of these changes have been pursuant to trade agreements entered into under the Trade Agreements Act of 1934, as extended and amended; many others have been made by other Executive action under the cost-of-production equalization provisions (section 336) of the Tariff Act and through direct Congressional enactment. The compendium is widely used

by the customs administrative authorities as a ready reference to current rates of import duties, and there is considerable public demand for it. In addition, Congressional committees have found it a convenient aid while considering extensions of the Trade Agreements Act.

For a long time the Commission has felt that the changes in import duties should be presented in a publication together with the dutiable and free lists of the Tariff Act of 1930, so that there would be available a single document containing all the information necessary to ascertain current import duties on all commodities. However, budgetary considerations have prevented the accomplishment of this objective by the Tariff Commission alone. It was not until there was an opportunity to issue such a publication jointly with the Department of State that this objective was reached. After the latest extension of the Trade Agreements Act of June 1946, the State Department requested the Tariff Commission, as a member of the interdepartmental trade agreements organization, to prepare a document which would contain all current import duties, for use in connection with future negotiations under the Trade Agreements Act. It was agreed that the Commission would prepare the material and that the State Department would issue the document and bear the printing costs. The material was completed and was issued by the Department of State as its Publication 2540 in October 1946. This document, entitled "United States Import Duties, June 1946," contains the dutiable and the free lists of the Tariff Act of 1930, a list of changes in import duties since 1930 (including a list of import-excite taxes imposed under the provisions of the Internal Revenue Code), and explanatory notes and other information designed to help users of the document to ascertain current duty rates.

Effect of termination of war emergency on certain rates of duty

In order to meet special emergency and wartime needs, import duties on a number of commodities were removed by act of Congress or reduced by Executive action under the authority of the Trade Agreements Act for the duration of the war emergency, with provision for restoration in whole or in part of the pre-emergency tariff status of the commodities after the termination of the specified emergency. Emergency duty exemptions were also made by act of Congress in connection with imports of articles for personal use of members of the armed forces of the United Nations on duty in the United States, imported articles for enemy prisoners of war, and gifts sent by members of the United States armed forces on duty abroad to persons in the United States. These duty exemptions, however, did not involve articles of international trade but were for the benefit of certain groups in special circumstances. Exemption from duty was extended to a substantial proportion of articles of commerce by the action of the President authorizing the free entry of emergency purchases of war materials by various agencies of the Government. Under this authority considerable quantities of strategic materials and other commodities necessary for the support of the national economy were imported by the authorized agencies.

However, most of the purchase programs under this authority have been terminated.

A list of articles whose tariff status will be changed upon or shortly after the official termination of the unlimited national emergency proclaimed May 27, 1941, together with a list of articles whose tariff status may be changed upon the termination of other specified emergencies, has been made available to the Chairmen of the House Committee on the Judiciary and the Senate Committee, as well as to the general public. For detailed list of the items and changes that will take place see appendix II.

Revision of Rules of Practice and Procedure

In September the Commission issued a complete restatement of its Rules of Practice and Procedure. The occasion for this action was the Administrative Procedure Act of 1946, and new material was inserted in the Rules in the nature of public information as to the organization and functions of the Commission. The previously existing rules of the Commission were retained in substance, and no changes in basic procedure were adopted.

One important addition to the Rules is the part adopted in pursuance of section 504 of the Philippine Trade Act of 1946. This section authorizes the President to impose import quotas on Philippine articles other than those for which quotas are specifically provided in the act (sugar, cordage, rice, cigars, scrap tobacco, stemmed and unstemmed filler tobacco, coconut oil, and pearl or shell buttons). Quotas may not be imposed under section 504 until after an investigation by the Tariff Commission of the effect of competition between imports of Philippine articles and like domestic articles. Public hearings are required in such investigations so that interested parties are afforded reasonable opportunity to be present, to produce evidence, and to be heard. The Commission reports the results of investigations under this section to the President. Thus far the only action taken by the Commission under section 504 has been the adoption and promulgation of Rules of Procedure for investigations. Such Rules are now Part 205 of Chapter II of Title 19 of the Code of Federal Regulations.

The complete statement of the Commission's Rules was published in the Federal Register of September 11, 1946, volume 11, No. 177, and corrections in the Federal Register of September 26, 1946 volume 11, No. 188. The Rules are available in pamphlet form upon application either at the Washington office of the Tariff Commission or at its New York office, Room 513, Customhouse.

Analysis of customs invoices--New York office

The Commission maintains an office in New York engaged primarily in the analysis of customs invoices to provide greater detail on imports of particular classes than can be shown by the Department of Commerce in the conventional statistics of imports. This office in New York functions in cooperation with the Washington staff through an invoice analysis unit in Washington.

The scale of activity in analysis of customs invoices was reduced roughly two-sevenths at the middle of the year. During the first half of the year analysis was made of the imports under somewhat more than 700 statistical classes. During the second half of the year attention was confined to a few less than 500 such classes. Throughout the year, major attention was given to analysis of imports in the sundries schedule. Secondary emphasis was given to imports of chemical and metal products. Certain analyses were also made in respect to agricultural, ceramics, and textile products, and a few in respect to lumber and paper. Of the 481 classes covered in the latter part of the year, 353 were analyzed month by month, and 128 intermittently. These analyses, although made by the New York staff, relate to imports at various ports. Owing to postwar developments, increasing attention is being paid to imports at the Port of New York.

In connection with the analysis of customs invoices of various classifications of products, the Commission's staff rendered special service during the year to several agencies. Continuing analyses were made for the Office of Price Administration in respect to sirups and honey, and for the Department of Agriculture in respect to certain nuts and certain fish. Analyses were made for the Civilian Production Administration in respect to imports of wool, and for the War Department in respect to imports of pigskins. Analytical information was supplied to the Department of Commerce with some frequency in reference to imports of gums and resins, essential oils, and certain medicinals.

PERSONNEL AND ADMINISTRATION

Membership of the Commission

Oscar B. Ryder, Democrat, of Virginia, Chairman of the Commission since July 1, 1942, was again designated by the President as Chairman, effective July 1, 1946.

Lynn R. Edminster, Democrat, of Illinois, Vice Chairman of the Commission since August 4, 1942, was again designated by the President as Vice Chairman, effective August 4, 1946.

E. Dana Durand, Republican, of Minnesota, was reappointed by the President on May 6, 1946, to succeed himself as a member of the Commission for the term ending June 16, 1952.

John P. Gregg, Republican, of Oregon, was appointed by the President on May 13, 1946, to succeed George Z. Barnes for the term ending June 16, 1947.

The other members of the Commission are Edgar B. Brossard, Republican, of Utah, whose term expires in 1950 and George McGill, Democrat, of Kansas, whose term expires in 1948.

Personnel

On June 30, 1946, the Commission's staff numbered 242. This number was made up of 5 Commissioners and 237 other employees--143 men and 99 women. On December 1, 1946, 10 men were in active military service. Of those of the staff in the military service during World War II, 31 men, including the Secretary of the Commission, and 3 women have been honorably discharged and have returned to the Commission. Two former employees were killed in action against the enemy during the recent war: Lt. Greig S. Ward, in South Pacific air operations on July 20, 1943, and Ensign Alvin S. Kaplan in North Atlantic naval operations on May 22, 1944.

The following table shows the distribution of the staff as of June 30, 1945, June 30, 1946, and December 31, 1946:

Number of persons on the staff of the United States Tariff
Commission, by title, departmental and field services,
on June 30, 1945, June 30, 1946, and December 31, 1946

Title	June 30, 1945	June 30, 1946	Dec. 31, 1946
Commissioners -----	6	5	6
Secretary -----	-	1	1
Chief Economist -----	1	1	1
Director of Investigation -----	1	1	1
Chief, Technical Service -----	1	1	1
Adviser -----	1	1	1
General Counsel -----	1	1	1
Executive Officer -----	1	1	1
Chiefs of Divisions -----	10	10	10
Acting Chief of Division -----	1	1	-
Chief, New York Office -----	1	1	1
Assistant General Counsel -----	1	1	1
Assistant Chiefs of Divisions -----	2	2	2
Chiefs of Sections -----	7	7	7
Librarian -----	1	1	1
Graphic Presentation Designer -----	1	1	1
Accountants -----	38	9	6
Marine and Foreign Transportation Spec:	1	1	1
Commodity Specialists -----	53	52	51
Economists -----	31	22	19
Commercial Policy Analysts -----	4	5	3
Transportation Analyst -----	-	1	1
Assistant Librarian -----	1	1	1
Clerks and Stenographers -----	109	96	88
Secretaries to Commissioners -----	6	5	6
Junior Administrative Assistant -----	1	1	1
Operators, Office Devices -----	8	5	7
Telephone Operators -----	3	3	3
Messengers -----	9	4	5
Skilled Laborer -----	1	1	-
Total -----	301	242	228

Finances and Appropriations, Fiscal Year 1946

The appropriated funds available to the Tariff Commission during the fiscal year 1946 were, for salaries and expenses, \$996,610; for printing and binding, \$10,000.

In addition, working funds from other appropriations, amounting to \$35,665, were transferred to the Commission for services rendered to war agencies. At the end of the fiscal year unobligated balances of all funds available totaled \$1,144.

There follows a summary of the net expenditures and obligations for all purposes during the fiscal year 1946:

<u>Item</u>	<u>Expended from appropriated funds</u>	<u>Expended from working funds</u>
Salaries:		
Commissioners -----	\$51,076	-
Employees:		
Departmental -----	860,081	\$28,917
Field -----	36,929	297
Overtime pay -----	11,332	1,981
Travel expense -----	10,174	4,113
Books of reference and publications -----	3,073	-
Communication service -----	4,274	113
Contractual services -----	5,174	-
Office equipment, supplies, etc.	13,597	-
Printing and binding -----	10,000	-
	-----	-----
Total -----	1,005,710	35,421

APPENDIX I



**SUMMARIES OF REPORTS
ISSUED IN 1946**

War Changes in Industry Series

This series of reports, being made at the request of the Senate Finance and House Ways and Means Committees, deals with the effect of the war on important domestic industries. The six reports completed during the year are summarized below:

Iron and Steel (Report No. 15)

When the war ended, the United States had a total annual crude-steel capacity of nearly 96 million short tons, or slightly more than one-half of the world's capacity. With this capacity it had been able to meet both its vast war requirements for steel (including a large part of the requirements of other United Nations) and the essential civilian demand. Production of steel ingots and steel for castings, which totaled 53 million tons in 1939, rose to nearly 90 million tons in 1944.

The steel industry could make this impressive increase in output for several reasons. Capacity was more fully used; the average was 97 percent in 1941-44, compared with 65 percent in 1939. There were many technological improvements. And not the least important factor was the wartime expansion, financed by both Government and private funds, which added more than 15 million tons to the Nation's already large annual steel capacity.

One postwar problem demanding prompt solution is the disposal of Government-owned facilities, in which the Government has invested more than a billion dollars. Government policy as to disposal will be of great importance to the industry, particularly in the far West, where expansion was greater than in any other section.

However, unlike the industries producing synthetic rubber, aluminum, magnesium, ordnance, ammunition, airplanes, and ships, which during the war expanded their productive capacity to levels far in excess of peacetime demand, the iron and steel industry made increases of hardly more than one-sixth in crude-steel capacity, and only about one-fifth in pig-iron capacity. It is expected that the backlog of demand for iron and steel will keep most of the capacity in operation for several years. Therefore, the problem of disposal of war-built capacity is less serious in this industry than in many other industries, and the loss on the Government's wartime investment is likely to be correspondingly less.

Before the war United States exports of iron and steel, though relatively small compared with production, were much larger than imports. The domestic industry, located mainly in the North Central States, had an advantage over foreign producers in transportation to the great inland markets. Tariff duties on the average were equivalent to about 20 percent ad valorem just before the war, but they were less important than the transportation costs in restricting imports.

Three circumstances tend to favor large exports of iron and steel during the next few years: (1) The large backlog of demand created by the war in many countries, which is augmented by the need for rehabilitating war-devastated areas; (2) the accumulation in several of the non-European countries of large reserve funds during the war; and (3) the probable almost complete absence of competition from the major continental producing countries whose capacity is reduced by destruction of steel plants and reduction in supply of coal. These same conditions are likely to make the competition from imports in the United States market less in the immediate postwar years than it was before the war.

In the more distant future, after the war-created demand in foreign countries is satisfied, the volume of United States exports may be smaller than in the immediate postwar years. Whether the iron and steel industries of continental Europe will then compete more or less efficiently with the United States industry than they did before the war will depend on the extent of rehabilitation of those industries and the relative technological progress in iron and steel in the United States and in those countries. The volume of United States exports will depend also on the ability of iron-and-steel-importing countries to export their own products, an ability which, in turn, will depend on the degree of prosperity in countries to which they sell and the height of the duties and other trade barriers.

At existing rates of duty, the countries of continental Europe in the long-term postwar period will probably be as efficient competitors in the United States market as they were before the war. If duties on tonnage steel should be materially reduced, the competitive position of foreign producers would be somewhat strengthened, but it is improbable that imports would be able to compete at points more than a short distance from the ports of entry.

As they have in the past, relative wage rates and productivity of labor will in the future greatly affect competition between domestic and foreign producers both in the United States market and in foreign markets. Before the war the disparity between wages in the United States and in European countries was substantially offset in many branches of the industry by the greater productivity of labor in this country. Long-run trends in relative wages and productivity can scarcely be forecast.

The competitive position of the United States iron and steel industry both in domestic and foreign markets will be affected also by (1) comparative labor costs and labor efficiency; (2) the supply and cost of iron ore and other raw materials; (3) price policies and the use made of the basing-point system; (4) integration of ownership; and (5) the geographical and industrial concentration of productive capacity and demand.

Potatoes (Report No. 16)

The potato crop is the largest vegetable crop in the United States. Although acreage declined somewhat during the period between the two wars, production was well maintained as a result of improved methods and the shift from low-yielding to high-yielding areas. Production averaged 363 million bushels annually during the decade 1932-41. In recent prewar years per capita production averaged about $2\frac{1}{2}$ bushels annually; 80 percent of this quantity was consumed as human food, and 10 percent used for seed (of which one-third was certified seed). The rest was fed to livestock, utilized for starch and other industrial purposes, or wasted.

In the United States, potatoes are grown primarily for consumption within the country, and the domestic crop supplies nearly all the requirements. In the decade preceding the war, exports, consisting almost wholly of table stock, did not exceed 3 million bushels in any year; and imports, chiefly certified seed, did not exceed 1.3 million bushels, except in 1930 and 1931. Late potatoes were exported to nearby tropical countries and early potatoes to Canada; imports came chiefly from Canada.

The importation of table stock is limited mainly to a movement from Canada into regions of the Northeastern States adjacent to the border and probably has had little effect on prices throughout the country as a whole. There are regularly small imports of winter-grown potatoes, mainly from Cuba. Imports of certified seed potatoes, all from Canada, are usually equivalent to about 5 percent of the domestic output of seed potatoes.

The reduction in the rate of duty on table-stock potatoes by the trade agreement with Canada, effective January 1, 1939, had little effect on imports. Imports averaged 1.7 million bushels annually in 1931-34 when the rate of duty was 75 cents per 100 pounds, and only about 200,000 bushels annually in 1939-43, when the rate of duty was 37.5 cents. Up to 1 million bushels of table stock could have entered annually at the reduced rate under the tariff quotas set by the trade agreement with Canada, but in no year before 1944 did imports approach the quota limit. In 1944, owing to war conditions, 3.4 million bushels entered.

Imports of certified seed, however, which had declined under a tariff rate of 75 cents per 100 pounds during 1931-35, increased materially, after each of the two reductions in duty (effective January 1, 1936, and January 1, 1939, respectively). In no quota year before 1945 did they exceed the tariff quotas (750,000 bushels under the 1936 trade agreement with Canada and 1.5 million bushels under the 1939 agreement).

Rationing of many other foods during the war brought about a moderate increase in civilian demand for potatoes which were not rationed. In addition, large quantities of dehydrated potatoes were either shipped to the United States armed forces overseas or supplied under lend-lease to other United Nations. To stimulate production, the Government took several wartime measures for supporting the price of potatoes. Congress passed legislation (Steagall amendment) making potatoes one of a number of agricultural commodities for which relatively high prices were assured not only during the war but for some time afterward. Prices received by farmers more than doubled during the war, averaging 58 cents per bushel annually in 1936-39 and \$1.34 in 1942-45.

The average annual acreage in potatoes increased from 2.8 million acres in 1936-42 to about 3 million acres in 1943-45. Since yields were favorable during the latter period, exceptionally large crops were harvested, averaging 425 million bushels, as against 360 million bushels in 1938-42. The peak crop was 465 million bushels (1943).

This wartime expansion in acreage, together with assured support of prices, is likely to raise a problem in the immediate postwar period. It is probable that the demand for potatoes during the first 2 or 3 years after the war will be decidedly smaller than during the war. Only a small quantity is likely to be dehydrated. As other foods become more abundant, per capita consumption may resume the downward trend it followed before the war. Moreover, it seems likely that the general buying power of the people in the immediate postwar years will be high, and, in past periods of high income, people have tended to pass up potatoes in favor of more expensive foods.

Production during the immediate postwar years will depend largely on the manner in which the Department of Agriculture carries out the existing provisions of law for price support. If prices are high and production is not restricted, the acreage planted will probably continue large; then, with good yields, there will probably be a heavy surplus which the Government will have to take off the market in one way or another. If, on the other hand, the price-support policy includes restriction on the acreage planted, the quantity, if any, which the Government will have to take off the market will be correspondingly smaller, unless imports are abnormally large.

Similarly, imports during the immediate postwar years will depend largely on how the provisions of the Steagall amendment are carried out. If the desired return is assured the farmer without correspondingly high prices in central markets, imports may be little if any larger than before the war; when they normally constituted less than one-half of 1 percent of the consumption and consisted chiefly of seed potatoes. Otherwise imports will probably be much larger. Steps taken in this country to discourage unduly large plantings of potatoes, of course, could not restrict plantings in Canada.

Imports in excess of the relatively small quotas prescribed by the trade agreement with Canada would be subject to the full duty of 75 cents per 100 pounds (45 cents per bushel) as against much lower rates on imports within the quotas. If domestic market prices, however, should reach a level corresponding to farm prices equal to 90 percent of parity, the higher duty would probably not restrict extra-quota imports. On the average in prewar years (1935-39), prices were equal to only about 82 percent of parity.

In the long-term postwar period, that is, during the first half of the 1950's, potato growers seem likely to face, perhaps in exaggerated form, substantially the same problem of periodic overproduction and price slumps as they faced before the war. The downward trend in per capita consumption of potatoes in the United States is likely to continue, and may indeed be more pronounced if the level of national income is high. Consequently, despite increase in population, the total annual demand for potatoes may actually be less than during the 5 years 1935-39.

Under these conditions, imports, except in occasional years of short crops in the United States and large crops in Canada, are likely to continue, as before the war, to represent only a very small proportion of consumption. Moreover, they are likely to consist mainly of seed potatoes. In years of normal potato crops in the United States there is little reason to believe that the volume of imports would be greatly affected by further reduction of the duty or by increase in the size of the quotas for imports at reduced rates. Before the abnormal years, 1943 and 1944, imports failed to reach the quotas.

Only if potato growers reduce acreage and production are they likely to maintain income even at average prewar levels in the absence of Government support. Prospects for additional outlets are not promising. Exports are not likely to expand: most of the countries which consume large quantities of potatoes produce adequate supplies for their requirements, and most European countries impose quarantine restrictions. Regular diversion of a substantial quantity of potatoes to industrial uses (for starch, glucose, and alcohol) has not proved economically feasible. Government purchases for distribution to people in the lower income brackets might be an important aid to potato growers if national income is low. If national income is high, however, the number of families needing such aid will presumably be small, and potential benefit to growers correspondingly limited.

Petroleum (Report No. 17)

For many years before the war, production of crude petroleum in the United States was large, and the chief problem of the industry was to restrict rather than to increase output. Imports, chiefly crude and fuel oil, were relatively small, and exports of both crude oil and refined products were relatively large. After 1940 the requirements of the armed forces, particularly for aviation gasoline and heavy fuel oil, became enormous, and, although civilian consumption was severely restricted, total consumption increased markedly. Heavy pressure was thus put on facilities for production, transportation, and refining.

The increased production of crude oil came largely from existing fields, as a result of relaxation of prewar restrictions on output. Refinery capacity was generally adequate to handle the increased volume, but the tremendous military demand for aviation gasoline necessitated extensive construction of new equipment in existing plants. Transportation facilities were under a constantly severe strain throughout the war: submarines sank tankers and interfered with their movements, and larger quantities had to be carried over greater distances than in peacetime.

Wartime investment in petroleum refining and transportation totaled nearly 3.3 billion dollars, of which the Government invested about 2.3 billion and private industry the rest. New tankers cost about 1.8 billion dollars, pipe lines and barges nearly 0.4 billion, and refineries and natural gasoline plants about 1.1 billion.

United States production of crude petroleum and natural gasoline rose from 1,317 million barrels in 1939 to 1,778 million in 1944, the last full year of war. During the first 8 months of 1945 it reached an annual rate of 1,871 million barrels. The volume of crude processed at domestic refineries increased proportionately.

Since the beginning of the industry the United States has produced about 60 percent of the world output of crude petroleum. In recent years the principal source of United States production has been in the Midcontinent-Gulf region, composed of the States of Kansas, Oklahoma, Arkansas, Mississippi, Louisiana, Texas, and New Mexico. The most marked rise in production from 1939 to 1945 occurred in the Gulf areas of Louisiana and Texas and in California. Part of the wartime increase was uneconomic from the standpoint of ultimate recovery of oil. There is a maximum efficient rate of production for each field which will result in the largest possible ultimate output. During the war restrictions on output were deliberately eased, and in some fields actual production exceeded the maximum efficient rate, involving some sacrifice of ultimate productive capacity.

Only by continual discovery of new fields is it possible to maintain petroleum production at a constant or increasing level. In almost every newly discovered field, output rises rather rapidly to its peak and thereafter declines. However, drilling for oil involves much risk. About 25 percent of all the wells drilled are dry holes, or failures, but of the wells drilled in previously unexplored territory (the so-called wild-cat wells), about 85 percent are dry holes. Furthermore, the cost of exploration, both absolutely and in proportion to the results achieved, is higher now than it was 10 or even 5 years ago.

It is impossible to estimate, even roughly, the total reserves of crude petroleum remaining in the United States. Some geologists and oil experts are optimistic as to the future; others are pessimistic. Published estimates, made annually by a standing committee of the American Petroleum Institute, relate only to so-called proved reserves—that is, the quantity of oil believed to be recoverable from known fields under existing economic conditions and methods of operation. At the end of 1945, proved reserves in the United States were estimated at 20.8 billion barrels.

Although new discoveries have generally exceeded current production for many years, the increases in proved reserves have been much less marked in the last few years than before. Between 1935 and 1939 the annual net increase averaged 1.3 billion barrels, whereas during the 6 years, 1940-45, the net average annual increase was only 0.4 billion barrels.

Ability of the United States to supply its petroleum requirements in the future, as in the past, will depend not only on the number and size of the new oil fields discovered, but on the magnitude of domestic consumption of petroleum products. If national income remains high, consumption within a few years may well be larger than it was during the war, and may exceed domestic supply. In that event, the United States may want to increase imports.

The most important products derived from petroleum, in order of quantity, are gasoline, residual or heavy fuel oil, distillate or light fuel oil, kerosene, and lubricating oil. During the war the requirements for fuel oil for vessels were immense. Although military requirements for gasoline were also enormous, the severe restriction of civilian consumption made it possible to reduce appreciably the proportion of gasoline produced and to increase that of fuel oil. However, refineries were called on to furnish large quantities of aviation gasoline, which had previously been produced only on a small scale. The output of aviation gasoline increased from 15 million barrels in 1940 to 196 million in 1944, and to an annual rate of 210 million barrels during the first 8 months of 1945. This achievement required extensive development of new

refining processes and construction of new equipment, most of which was installed at existing plants.

Before the war the petroleum industry was unique in the extent to which it operated its own means of transportation. Oil companies owned and operated pipe lines, tankers, and trucks; they also owned many of the tank cars operating on the railroads.

The war materially changed this situation. In order to replace tankers destroyed by submarines, and to provide for the much longer hauls to meet military requirements, great numbers of new tankers were built. These were financed almost entirely by the Federal Government, at a cost of more than 1,750 million dollars. Since the carrying capacity of the tanker fleet that survived the war is greater than the anticipated peacetime needs, it may be expected that the Government will find itself the owner of a considerable number of surplus tankers.

Wartime losses and diversion of tankers severely restricted the supply of petroleum to the Atlantic coast area. In 1940, tankers delivered nearly 1,391,000 barrels a day, mostly from Gulf ports, to Atlantic ports. During 1943, the average daily volume dropped to 175,000 barrels, and recovered to only 464,000 barrels in January-May 1945, when submarines had been practically conquered. Tank cars in solid trains first substituted for tankers. Later, in 1942-43, the Government built two great new pipe lines from Texas to Philadelphia and New York, at a cost of nearly 150 million dollars. Other pipe lines and river barges contributed to the movement of oil to the Atlantic coast for essential consumption there and for shipment to the armed forces. Disposition of the Government's two big pipe lines is one of the controversial postwar subjects.

Before 1932 both crude petroleum and its refined products entered the United States free of duty. In that year the revenue act imposed "import taxes" (in effect, duties) on crude oil and its liquid derivatives. The rate on crude, unfinished oils, fuel oils, and kerosene was 21 cents a barrel, and on gasoline \$1.05 a barrel. Oils for treatment in bond and exportation of the resulting products, as well as fuel oil and other products for vessels engaged in the foreign trade, remained free of duty; during subsequent years these free entries constituted a considerable part of the total imports.

In the trade agreement with Venezuela, effective December 16, 1939, the tax on imports of crude petroleum, topped crude, and fuel oils was reduced from 21 to 10½ cents a barrel. However, the reduced rate applied only to a quota equal for each year to 5 percent of the quantity of crude processed in domestic refineries during the preceding year. In an agreement with Mexico, effective January 30, 1943, the quantity limitation on imports at the reduced rate was discontinued, and the reduced rate was made applicable to kerosene. The tax on gasoline continued at \$1.05 a barrel, and, except during the war emergency, practically no gasoline has been imported.

Since 1923 exports of petroleum have exceeded imports in every year except 1941. During the period 1936-40, exports averaged 154 million barrels and imports 63 million. Domestic producers not only supplied the entire domestic market, but in addition supplied 91 million barrels a year, net, to foreign markets in competition with petroleum from foreign sources.

The effect on imports resulting from the reduction in duty at the end of 1939 can scarcely be traced clearly. On the one hand, the varying degrees of submarine activity affected imports from year to year. On the other hand, demand in the United States under war conditions was very great, and even the full duty would have had little restrictive influence on imports. During 1944, the last full year of war, exports of petroleum reached 200 million barrels, a record figure, and imports totaled 101 million barrels. Of the latter, no less than 48 million barrels entered free of duty for the account of the Government.

Outside the United States, where the number of concerns producing and refining crude petroleum is fairly large, and outside the Soviet Union and Mexico, where the entire industry is a Government monopoly, a very large proportion of the production and refining businesses is controlled by seven big integrated companies. Five of these are controlled by American capital (Gulf Oil Corp., Socony-Vacuum Oil Co., Standard Oil Co. of California, Standard Oil Co. (N. J.), and Texas Co.); one (the Dutch-Shell group) by Netherlands and British capital; and one (Anglo-Iranian Oil Co.) by the British Government and private British investors. These seven companies controlled 78 percent of the crude petroleum produced during 1939 in all foreign countries outside the Soviet Union and Mexico.

These companies often work in partnership in their foreign operations. In a given area two American companies, or one or more American concerns and one or both of the two foreign concerns, may be joint holders of a concession. Together, the five American concerns have interests in crude production in most of the important oil-producing countries. The outstanding exception is Iran, where the Anglo-Iranian Oil Co. is the sole producer.

World output of crude oil in 1939 was about 2,086 million barrels, of which the United States produced about 60 percent, and the Soviet Union and Venezuela 10 percent each. Other leading sources, in descending order of importance, were Iran, Netherlands Indies, Rumania, Mexico, Iraq, Colombia, Trinidad, and Argentina. The relative importance of Iran and Iraq, as well as other Persian Gulf areas (Kuwait, Saudi Arabia, and Qatar) will probably become greater than before the war.

War conditions limited output in many foreign countries, but, largely because of the increase in the United States, total world production in 1944 was about 2,641 million barrels, or 27 percent more than in 1939.

Estimates of the ultimate quantity of crude oil likely to be produced are even more difficult for foreign countries than for the United States. Future discoveries will probably add more to the estimated known reserves of many other countries, particularly the Soviet Union and the countries surrounding the Persian Gulf, than to those of the United States. There seems little possibility that this country will continue indefinitely to maintain as high a proportion of world output as hitherto.

Total world reserves, "known" or "indicated," have recently been estimated at about 64 billion barrels, of which about 32 percent was in the United States, 14 percent in Kuwait (not yet producing), and about 10 percent each in Venezuela, Iran, Soviet Union, Saudi Arabia and Bahrein Island, and Iraq. The total, as well as the individual quantities, however, cannot be taken as very significant.

Wide differences in geographic distribution of production of crude petroleum and consumption of petroleum products make these commodities important in international trade. Several of the major producing countries consume little petroleum, and several of the major consuming countries produce little, if any, crude oil. The United States and the Soviet Union are the only great industrial countries which are able to supply their own requirements.

In 1938, 10 leading countries together exported 626 million barrels of crude or refined oils. The leading exporter was Venezuela-Netherlands West Indies (combined because most Venezuelan crude oil is refined in the nearby Netherlands islands). The United States was a close second. Other major exporting countries were Iran, Netherlands (East) Indies, Rumania, and Iraq. It is expected that other Persian Gulf countries will become major exporters, and that the relative importance of the United States as an exporter of petroleum will gradually diminish, except in the case of lubricating oils.

The United Kingdom was the largest importing country in 1938, with France in second place, followed by the United States, Canada, Germany, and Japan. The 10 leading importing countries together accounted for 377 million barrels.

Edible Tree Nuts (Report No. 13)

The report on edible tree nuts considers walnuts (English), almonds, pecans, and filberts—kinds which are produced commercially in the United States—and cashews, brazil nuts, pistachios, and pignolias—kinds which are not produced commercially in this country. The report does not cover peanuts except briefly in so far as they compete with tree nuts.

Edible tree nuts of one kind or another are produced in almost every country of the world, but the leading centers of commercial production are in the Mediterranean countries and in

the United States, Brazil, India, and China. Italy, followed closely by Spain, leads in the production of almonds, and the United States ranks third. The United States, France, Italy, and China are the largest producers of walnuts; the Balkan countries are also important producers. Most of the filberts are grown in Turkey and Italy, although there is considerable production in Spain and in the United States. Some tree nuts are produced almost solely in one country, as for example, pecans in the United States and brazil nuts in Brazil. Cashews come chiefly from India and Mozambique.

Most of the commercial walnut, almond, and filbert orchards in the United States are in the Pacific coast region; pecans are grown in a considerable number of the Southeastern and South Central States. In foreign countries nuts of the kinds produced in the United States are, as here, produced largely in commercial orchards. Cashews and brazil nuts, however, are chiefly of wild growth.

During the 1920's and 1930's United States production of edible tree nuts more than doubled. In 1939 there was about 450,000 acres in commercial bearing nut orchards in this country, not counting seedling pecan trees. Nearly half of that acreage was in English walnuts, 32 percent in improved varieties of pecans, 19 percent in almonds, and 2 percent in filberts. In the crop years 1938 and 1939 United States commercial production of tree nuts averaged nearly 250 million pounds (unshelled basis, equivalent to 98 million pounds of shelled nuts). Of this quantity, 118 million pounds was walnuts, 85 million pounds was pecans (including seedlings), 35 million pounds was almonds, and about 6 million pounds was filberts. The farm value of the domestic crops of tree nuts in those 2 years averaged 25 million dollars.

While domestic production of tree nuts increased materially during the 1920's and 1930's, imports fell off. During 1922-25 imports provided about two-thirds of all tree nuts consumed in the United States; in 1938 they provided only about two-fifths. This decline would have been even greater but for the increased use of cashews and the relatively steady use of brazil nuts. The total annual foreign value of imported tree nuts fell from 20.6 million dollars in 1922-25 to 9.4 million in 1938-41. Not only were smaller quantities imported, but there was also a shift from higher priced to lower priced imports, especially cashews.

In the crop years 1938-41 United States imports of tree nuts averaged 62 million pounds (shelled basis) annually. Of this quantity, 29 million was cashews, 23 million was brazil nuts, 4 million was walnuts, and the rest was chiefly almonds, filberts, and pistachios. In the crop year 1942 total imports declined to a low of 8.4 million pounds owing to shortage of shipping and other factors brought about by the war, but by 1944-45 imports had recovered to the extent of 55 million

pounds (shelled basis), 53 percent of which were of the kinds produced in the United States.

The Tariff Act of 1930 increased the duties on tree nuts. Specific rates on shelled nuts of kinds produced in the United States were raised from 12 to 15 cents per pound for walnuts, from 14 to 16½ cents for almonds, and from 5 to 10 cents for filberts (this latter rate was reduced by trade agreement in 1939 to 8 cents per pound). Meantime the business depression of the thirties reduced demand for nuts, and prices fell sharply; as a consequence, the ad valorem equivalent of the specific duties on nuts rose sharply. In 1938-40 the ad valorem equivalent of the rates of duty were 114 percent on shelled walnuts, 60 percent on shelled almonds, and 53 percent on shelled filberts.

Under the act of 1930 the duties on nuts of kinds not produced in the United States, principally brazil nuts and cashew nuts, were also increased—from 1 to 2 cents a pound on cashew nuts, shelled or unshelled (only the shelled are imported), from 1 to 1½ cents on unshelled brazil nuts, and from 1 to 4½ cents on the shelled brazil nuts. Nevertheless these rates remained much lower than those on nuts of kinds produced in the United States and were much less restrictive of imports. The rates on brazil nuts, moreover, were reduced by 50 percent by the trade agreement with Brazil in 1936. Taking into account this reduction in the duty on brazil nuts, the average ad valorem equivalent of the rates on imports of nuts of kinds not produced in the United States, during the 3 years 1938-40, was 16 percent, in contrast to an average of 86 percent on the imports of the four kinds produced in this country—walnuts, almonds, pecans, and filberts.

Exports of edible tree nuts were relatively small until 1933. In that year domestic surpluses of walnuts and pecans coincided with a short European walnut crop, and exports of these two nuts, together, amounted to about 10 million pounds, unshelled basis. In the crop years 1937 and 1938 exports of tree nuts averaged 17 million pounds (actual weight, mostly unshelled), valued at 2 million dollars, and represented about 7 percent of total quantity produced. These exports, largely subsidized, consisted principally of unshelled walnuts and unshelled pecans. The outstanding markets for United States exports of edible tree nuts in the prewar period were countries where there is little or no production—the United Kingdom, Canada, and, to a less extent, certain Latin American countries.

In the crop years 1938 and 1939 the United States consumed an average of 156 million pounds of tree nuts, in terms of shelled nuts. About 100 million pounds actually reached consumers in the shelled form; cashews were the most important, representing 28 percent of the total quantity consumed, followed closely by pecans and walnuts. These three kinds together accounted for more than 75 percent of the total consumption of

shelled tree nuts; the rest consisted of almonds, brazil nuts, and filberts. The quantity of tree nuts reaching consumers in unshelled form during these 2 years averaged 128 million pounds (gross weight). Walnuts constituted 49 percent of this quantity, brazil nuts 19 percent, pecans 16 percent, almonds 9 percent, and filberts 5 percent.

About two-thirds of the tree nuts consumed in the United States before the war was marketed as shelled nuts. Probably more than three-fourths of these nuts went into the baking, confectionery, salting, and ice cream industries; relatively limited quantities were sold to individual consumers, through the stores, in an unsalted condition. Cashews, because of their pleasing neutral flavor and low prices, probably accounted for 75 percent of the tree nuts used for salting.

On the basis of the trend of domestic production of tree nuts during the past two decades and the annual rate of tree plantings, annual production in the postwar period, say in the middle 1950's, reach 150 million pounds, shelled basis, an increase of about 50 percent over the average prewar level.

What markets the nuts produced in foreign countries, especially the almonds, walnuts, and filberts of the Mediterranean countries, may find outside the United States are particularly important in the outlook for United States postwar imports. Formerly these countries marketed a large part of their output in Europe. It seems probable that for several years the buying power of Europe will be smaller than before the war. In 1943-44 and 1944-45 Spain and Portugal shipped unusually large quantities of almonds and filberts to the United States although they had access by rail to continental European markets. These countries may readily continue to be large suppliers of imports, and France and Italy also may soon have abnormally large supplies of these nuts, as well as walnuts, for shipment to the United States. In the year 1944-45 United States imports of almonds and filberts were already much larger than during the immediate prewar years, and the return of Italy and France to the market may further increase imports. Imports of walnuts (mainly from China) may relatively soon recover their prewar volume, and possibly exceed it. Similar considerations bear on the demand of countries outside of the United States for cashews and brazil nuts.

All these considerations point to larger United States imports of tree nuts during the next several years than they were during the immediate prewar years, even if rates of duty remain unchanged. This forecast assumes that national income will remain high. A reduction in duty, of course, would tend to increase imports still further, particularly for the kinds produced in the United States--walnuts, almonds, and filberts. -

Dyes (Report No. 19)

The development of synthetic dyes from so-called coal-tar crudes, such as benzene, toluene, and naphthalene, has been the keystone of the modern organic-chemical industry, not only in the United States but throughout the world. Almost all the major industrial countries have the necessary raw materials, but they have different degrees of technical skill and experience. Knowledge acquired in the making of dyes by synthetic processes has contributed greatly to the development of other organic chemicals essential to health, comfort, and national preparedness.

Ordinarily, the textile industry takes about 80 percent of the synthetic dyes consumed in this country, the paper industry about 7 percent, and the leather industry about 2 percent. The rest usually goes into a wide variety of miscellaneous uses. In addition to these peacetime uses, dyes were adapted to numerous requirements during the war.

The coal-tar dye industry in the United States is a development from the First World War. Before that time the domestic industry was composed of seven small plants (chiefly finishing plants using imported intermediates) which produced about 10 percent of the dyes consumed within the country. United States production in 1914 was 6.6 million pounds, valued at 2.5 million dollars. Imports, which totaled 46 million pounds in that year, came chiefly from Germany. The outbreak of the war in 1914 sharply reduced foreign imports, and United States firms rapidly expanded domestic production. In 1918 there were 78 producing firms with an output of 58.5 million pounds of dye, valued at 62 million dollars. Of about 100 manufacturing establishments in 1920, 82, which accounted for almost the entire output, reported a production of 88.3 million pounds of dye, valued at 62 million dollars. This large expansion was due largely to the considerable assistance given the infant industry by the United States Government through tariff protection and seizure of enemy patents.

In the interim between the two wars, United States production continued to increase; it amounted to 111 million pounds in 1929 and 122 million pounds in 1937. The value of sales for the corresponding years was 46 million and 65 million dollars, respectively. During the war, domestic production was considerably greater than in the immediate prewar years, notwithstanding the restrictions on consumption for civilian use. In 1941, before these restrictions went into effect, production reached the record total of 169 million pounds, but it declined to 152 million pounds in 1944. The value of sales in 1944 amounted to 111 million dollars.

At present, the domestic dye industry comprises 47 primary producers operating 51 plants. Three producers—E. I. duPont de Nemours & Co., Inc., Allied Chemical & Dye Corp., and

American Cyanamid & Chemical Corp.—produced about 60 percent of the entire United States output of dyes in 1942. The former German-owned General Aniline Film Corp. (now under control of the Alien Property Custodian) and the Swiss-controlled Cincinnati Chemical Works produced more than half the remainder, leaving less than 20 percent as the output of the numerous smaller concerns.

Both capital investment in the dye industry and the value of the industry's physical assets are obscured by the interrelation between the production of dyes and the production of other chemicals. In 1943, 13 firms, which together account for more than 80 percent of the dyes produced in this country, had an estimated total investment in the production of dyes of 140 million dollars, and their tangible property was valued at about 70 million dollars.

The number of employees currently engaged in the domestic manufacture of dyes proper is estimated to be about 8,000. But many times this number are engaged in the manufacture of intermediates and related products part of which go into the finished dyes.

Under the Tariff Act of 1930 the duty on coal-tar dyes and colors in paragraph 28(a) was fixed at 45 percent ad valorem and 7 cents per pound, and the duty on synthetic indigo and sulfur black in paragraph 28(b), at 20 percent ad valorem and 3 cents per pound. The trade agreement with Switzerland, which became effective in February 1936, provided that dyes listed in paragraph 28(a) should be subject to an ad valorem rate of 40 percent and no specific rate, except that the minimum charge on any importation should not be less than $3\frac{1}{2}$ cents per pound plus $22\frac{1}{2}$ percent ad valorem, these minimum rates being one-half of those prescribed in the Tariff Act of 1930.

Imports of most commodities into the United States, if subject to ad valorem duties, are dutiable on the basis of foreign value, i. e., the market value of the imported merchandise in the country of exportation. Since 1922, however, ad valorem rates for coal-tar dyes, as well as intermediates, have been based on the "American selling price" of a similar article manufactured or produced in the United States if the imported product was declared "competitive," and on "United States value" of the imported product if it was declared "noncompetitive."

The practice of valuing imports of competitive dyes on the basis of the "American selling price" has resulted in a constant shift of individual dye imports from the noncompetitive to the competitive classification and in the progressive limitation of imports to newly invented and high-priced specialties. During the 4 years preceding the war (1935-39) about 20 percent of the total quantity of dyes imported were classed as competitive and 80 percent as noncompetitive.

The ratio of United States dye imports to apparent consumption steadily declined from 9.3 percent in 1929 to 0.5 percent in 1944. For the 5 years 1925-29, average annual imports were nearly 6 million pounds; in 1929 the peak figure of 7.3 million pounds was reached. During 1930-35 they averaged about 4.6 million pounds annually, and decreased to 3.5 million pounds annually during 1936-38, notwithstanding rising economic activity in the United States and a reduction of duty by about one-sixth by the Swiss Trade Agreement. During the war, imports for consumption consisted largely of withdrawals from customs warehouses and, in the period 1942-45, were about one-fifth as great, in quantity, as in the period 1936-38.

World trade in dyes before World War II was dominated by one of the most important private international industrial agreements--The International Dyestuffs Cartel. The organization of this cartel was begun about 1925 by the German I. G. Farbenindustrie and was to function until December 31, 1968. It ultimately included the dye producers of Germany, Switzerland, the United Kingdom, France, Italy, Czechoslovakia, Spain, and Poland. The cartel stabilized prices of coal-tar dyes by regulating production and distribution; apportioning the principal markets of the world; and allocating export quotas. Its patent pools served as bargaining devices in obtaining for cartel members detailed information on manufacturing processes of nonparticipants. United States dye producers were not formal partners in the cartel, but their foreign operations were apparently fitted into the general scheme by numerous patent-licensing and marketing agreements with cartel members.

Export trade in dyes during the interwar period was largely confined to the principal industrial countries--Germany, Switzerland, the United Kingdom, France, the United States, and Japan. In 1938, exports of the principal countries totaled 129.6 million pounds, valued at 83.6 million dollars. Germany and Switzerland were the largest exporters of dyes, supplying respectively 62.4 percent and 22.7 percent of the value and 46.8 percent and 11.3 percent of the quantity of world exports. The largest importers of dyes were China, Hong Kong (mostly from reshipment to China), and India in 1938 they accounted for 40 percent of the total quantity.

Total United States exports to all countries decreased from 34.1 million pounds in 1929 to 8.6 million pounds in 1938. In the same period the ratio of exports to total sales of domestic dyes likewise declined, from 32.2 percent to 9.8 percent. Before the war, the greater part of United States exports consisted of low-priced bulk colors destined for China. The decline in exports was due largely to (1) increased activity of the International Dyestuffs Cartel; (2) rapid growth of the Japanese dye industry, and (3) Japanese control of large portions of Chinese territory. The recovery in exports which took place after 1938 can be ascribed chiefly to war conditions. During the war, United States exports made the most significant gains in the markets of Latin America, India, and Canada.

Postwar prospects for the United States dye industry in the immediate postwar period seem highly favorable. The industry faces no serious reconversion difficulties, and the demand for dyes is likely to continue very strong at least for some time to come. If, in the long-term postwar period, national income should be materially higher than before the war, the demand is likely to be much greater than in the immediate prewar years, and even at a level of national income no greater than before the war, it will probably exceed the prewar demand.

The competitive position of the domestic industry will be stronger, both at home and abroad, than before the war. If the present tariff arrangements continue, imports into the United States will probably continue to be small relative to domestic output and to consist predominantly of very high-priced noncompetitive dyes. United States exports will probably be as large as before the war or larger. The absolute magnitude will depend largely on the buying power of foreign markets and on the competition that develops between the United States and foreign dye industries.

Watches (Report No. 20)

The report on watches presents the factual material needed as a basis for determining future import policy with reference to watches and watch movements.

The main body of the report describes the four classes of watches sold in the United States: (1) jeweled watches of quality made wholly or almost wholly of domestic materials; (2) clock-type watches (with or without jewels) made wholly or almost wholly of domestic materials; (3) watches consisting of imported movements installed in domestic cases; and (4) imported watches. It compares the organization of the domestic and Swiss watch industries, and points out differences between the marketing methods employed by distributors of watches containing domestic movements and those containing Swiss movements. The structure of the United States tariff on watches and watch movements is described, and the effect of that tariff on imports is analyzed. Because duties on watch movements are assessed on a basis of size, jewel count, and adjustments, the significance of these factors is pointed out in the chapter of the report which describes (with the use of illustrations) the structure and operation of the principal classes of watches sold in the United States. The war contribution of various branches of the domestic watch industry is described in a separate chapter. The final chapter of the main body considers the principal factors bearing on the United States demand for watches.

The introductory chapter of the report, in addition to summarizing the main body, discusses several matters not considered there. Among them are the prospective market for wholly domestic watches and watches containing imported movements; and the policy considerations which should be taken into account in regulating import trade in watches and watch movements.

The report observes that the existing tariff structure on watches is unnecessarily complex and partly outmoded by technological developments; that some of the rates are anomalous; that the rates applicable to watches do not correspond with those applicable to clocks; and that certain tariff provisions, particularly those requiring that movements be stamped to show adjustments, are largely without effect. The report analyzes the present schedule of duties and suggests ways of rationalizing and simplifying them, but points out that new legislation would be required to implement the suggestions.

The report compares the share of total United States consumption of watches (exclusive of domestic clock-type pocket watches) which was supplied in the period 1931-41 by (1) domestic jeweled watches of quality (i.e., watches produced in the United States by Bulova, Elgin, Hamilton, and Waltham); (2) domestic clock-type wrist watches (produced by General Time Instruments, Ingraham, U. S. Time, and New Haven); and (3) watches containing imported movements (whether imported as complete watches or installed in domestic cases in the United States). Total sales of these three classes in the period 1931-41 ranged from a low of 2.7 million watches in 1932 to a high of 10.7 million in 1941. The share supplied by domestic jeweled watches of quality averaged about 23 percent of total sales in the 5-year period 1931-35. In the 6-year period commencing with 1936--the year in which reductions in duties on watches went into effect under the trade agreement with Switzerland--the share averaged about 25 percent. The corresponding shares in these two periods were, respectively, 57 percent and 35 percent for domestic clock-type wrist watches, and 20 percent and 41 percent for watches with imported movements.

From about the middle of 1942 until after VJ-day, few domestic watches were produced for the civilian market. Except for sales of domestic watches from stocks on hand, virtually all watches for civilians sold in the United States during the war contained imported movements. Most of these were installed in domestic cases. In 1943 and 1944, however, about 30 percent of the imported movements entered as complete watches; before the war, this proportion was only about 5 to 10 percent.

Wholly domestic watches have been appearing on the market in increasing numbers in recent months; and reversion of domestic watch manufacturers to peacetime production is now nearing completion. Barring unforeseen difficulties, the monthly output of domestic production of both jeweled watches of quality and clock-type watches will probably equal the 1941 monthly average output by the beginning of the second quarter of 1947.

Past experience does not provide a very satisfactory basis for estimating the proportions of total domestic sales which will hereafter be supplied by wholly domestic watches and by watches with imported movements. However, on the basis of present tariff rates or even substantially lower ones, domestic clock-type pocket watches may be expected to continue to supply virtually the entire domestic demand for very cheap pocket watches.

In the next year or so, the volume of sales of wholly domestic watches of other types will depend chiefly on the ability of domestic producers to manufacture them. In the long run the proportion of total sales which will be supplied by wholly domestic watches (exclusive of clock-type pocket watches) as compared with imported watches cannot be forecast. Apart from the effects of the tariff or of other restrictions on imports, the proportion will be governed largely by two factors: (1) The comparative ingenuity of domestic manufacturers and importer-assemblers in creating new types and styles of watches and promoting their sale through advertising and other means; and (2) comparative costs of production of wholly domestic watches and watches containing imported movements, which, for the most part, will continue to be cased in the United States.

If the present schedule of United States duties were increased, improvement would doubtless result in the competitive position of wholly domestic watches, especially the highest priced clock-type wrist watches and the lowest priced jeweled watches of quality. The increases in duties would have to be substantial, however, to enhance greatly the competitive position of the medium and higher priced domestic jeweled watches of quality. The competitive position of watches containing imported movements, particularly those of cheap and intermediate grades, would, of course, be worsened by raising duties. Increased duties would presumably result in increased prices or lower qualities of certain classes of watches, particularly those which before the war retailed in the intermediate price class, say, from about \$6.95 to \$29.75.

Limitation of imports by means of quotas would have much the same economic effects as increased duties, but would be more difficult to administer. Moreover, any action intended to reduce imports drastically might operate to increase smuggling.

The part played by the domestic watch industry in the last war indicates the need for maintaining a domestic industry capable of making time instruments and other precision devices. But there is no way of determining at what peacetime level such facilities should be maintained in order to make it possible for productive capacity to be expanded quickly to meet requirements in time of war. New uses of domestic watchmaking facilities may arise, but certain developments during and since the last war suggest the possibility of reduced military dependence on the industry in the future.

Any important change in the present import policy of the United States with respect to watches would presumably necessitate revision or termination of the present trade agreement with Switzerland. In determining future import policy, all aspects of the competition in the United States between wholly domestic watches and those with imported movements should be re-examined. Consideration should also be given to the question, how large a domestic watch industry is required for the national security and the nature and extent of any governmental action needed to insure that magnitude. Finally, consideration should be given to the general commercial policy of the United States.

Imports of Coal-Tar Products

The Commission issued an analysis of United States imports for consumption entered in 1945 under paragraphs 27 and 28 of the Tariff Act of 1930; this analysis is a continuation of similar reports which were previously released jointly by the Department of Commerce and the Tariff Commission.

Imports of all coal-tar intermediates entered under paragraph 27 in 1945 consisted of 20 items (7 competitive and 13 non-competitive) having an aggregate weight of 703,304 pounds, valued at \$214,704, compared with a much greater total of 9,034,482 pounds, valued at \$1,395,163, imported in 1944. The average unit value (foreign value) of imported intermediates in 1945 was 31 cents per pound, which is twice the unit value reported for the previous year. The principal intermediates imported were anthraquinone, ethylbenzene, and orthocresol and other cresols. Anthraquinone was imported from England free of duty by the United States Government to relieve a critical shortage brought about by the large demand for military anthraquinone vat dyes and smoke colors. Imports of ethylbenzene, which amounted to only 1.5 percent of the quantity imported in 1944, entered free of duty from Canada for the account of the Rubber Reserve Company and were used in the synthetic-rubber program. Imports of orthocresol and other cresols originated almost entirely in England and were imported through regular commercial channels.

Imports of finished coal-tar products entered under paragraph 28 in 1945 consisted of dyes, medicinals and pharmaceuticals, flavor and perfume materials, and miscellaneous coal-tar products. These comprised 341 items with an aggregate weight of 27,565,752 pounds, having a foreign invoice value of \$4,877,103. In the previous year, imports amounted to 5,454,906 pounds, valued at \$2,593,037. The increase in imports was chiefly due to imports of the high explosive trinitrotoluene from Canada.

In 1945, as in previous years, dyes constituted by far the most important individual group of finished coal-tar products. The value of these imports was \$1,626,750, or 33 percent of the total foreign invoice value of imports entered under this paragraph. In terms of value, about 90 percent of the dye imports in 1945 were noncompetitive, and 65 percent consisted of acid and direct dyes. Switzerland furnished almost 88 percent of the total imported and the United Kingdom, 12 percent. Negligible quantities came from Canada.

Medicinals and pharmaceuticals, and perfume and flavor materials accounted for only about 1 percent of the total value of imports entered under paragraph 28 in 1945. The value of flavor and perfume materials was \$31,278 compared with \$31,187 in 1944. The value of imports of medicinals and pharmaceuticals dropped to only \$10,512, compared with a total value in 1944 of \$68,729, which, in turn, was less than one-tenth of the total value in 1943.

Imports of all other finished coal-tar products, consisting almost entirely of the high explosive trinitrotoluene were valued at \$3,208,563 in 1945 and accounted for 66 percent of the foreign value of all imports of finished coal-tar products. In 1944, the value of imports similarly classified amounted to \$978,907.

Synthetic Organic Chemicals, United States Production and Sales

For 30 years the Tariff Commission has issued reports on the annual production and sales of synthetic organic chemicals and the raw materials from which they are made. The first Census of Dyes and Coal-Tar Chemicals, published in 1917, included 350 items produced by 190 companies. Today more than 500 producing companies report data on more than 4,500 items.

Final report, 1941-43

For the years 1941-43, the Tariff Commission issued only preliminary reports on production and sales of synthetic organic chemicals, omitting certain important items because of the possible value of such information to the enemy. At the first opportunity the Commission compiled a summary of the data for the early war years. This report, the twenty-fifth in this series which was published this year, includes statistics on production and sales for all synthetic organic chemicals during 1941-43 for which information could be published without disclosing the operations of individual companies. It includes a Directory of Manufacturers giving the producers of over 4,500 chemicals, and gives information on research workers and expenditures. The chemicals are classified as primary products such as tars and tar crudes, intermediates, and finished products such as medicinals, dyes, and plastics material.

Production of all groups of chemicals increased during these 3 years over previous years, but production of certain products considered less essential to the national welfare than others, decreased in 1943 from 1941 or 1942.

As a group, synthetic elastomers showed the most spectacular increase in production, jumping from 28 million pounds in 1941 to 573 million pounds in 1943, to substitute for natural rubber, supply of which had been cut off.

Another important development in the chemical industry during the war was the production from petroleum of chemical raw materials such as toluene and cresylic acid previously produced only from coal tar.

Record production reported for all groups of chemicals during the 3-year period are as follows: Tars, 931 million gallons in 1942-43; petroleum raw materials, 1.5 billion pounds in 1943; intermediates, 1.6 billion pounds in 1943; dyes, 169 million pounds in 1941; color lakes and toners, 26 million pounds in 1941; medicinals, 56 million pounds in 1943; flavor and perfume materials, 15.4 million pounds in 1942; plastics materials, 654 million pounds in 1943; rubber-processing chemicals, 81 million pounds in 1943; synthetic elastomers, 573 million pounds in 1943; miscellaneous chemicals, 8.9 billion pounds in 1943.

Sales of organic chemicals also increased during this period as follows: intermediates, 1 billion pounds, valued at 135 million dollars, in 1943; dyes, 176 million pounds, valued at 113 million dollars, in 1941; color lakes and toners, 24 million pounds, valued at 19 million dollars, in 1941; medicinals, 52 million pounds, valued at 140 million dollars, in 1943; perfume and flavor materials, 13.8 million pounds, valued at 18 million dollars, in 1942; rubber-processing chemicals, 77 million pounds, valued at 31 million dollars, in 1943; synthetic elastomers, 553 million pounds, valued at 156 million dollars, in 1943; miscellaneous chemicals, 4.9 billion pounds, valued at 660 million pounds, in 1943.

In 1943 production of all finished cyclic products totaled 1.4 billion pounds and sales were 1.3 billion pounds, valued at 485 million dollars. These figures show how much the industry has grown since 1917, when an output of only 55 million pounds of finished cyclic products, valued at 69 million dollars, was reported.

Final report, 1944

The Commission issued the final report on 1944 production and sales of synthetic organic chemicals in the United States; the preliminary report had been issued in 1945. The report includes raw materials for the organic chemicals such as crudes from coal tar and petroleum as well as intermediates and finished products such as dyes, lakes and toners, medicinals, flavor and perfume materials, plastic materials, rubber-processing chemicals, plasticizers, surface-active agents, and miscellaneous chemicals.

The combined production of synthetic organic chemicals and their raw materials (a total involving much duplication) was 37 billion pounds in 1944 compared with 32 billion in 1943. In 1944, sales amounted to about 25 billion pounds, valued at 2.4 billion dollars, an increase of 20 percent in quantity and 47 percent in value over the sales in 1943. The quantities sold in both 1944 and 1943 were about 65 percent of the production, the remainder being consumed principally at the producing plants in further manufacturing.

The output of all tars in 1944 was 968 million gallons, or about 4 percent larger than in 1943. The quantity of tar dis-

tilled, however, decreased from 682 million gallons in 1943 to 633 million in 1944, a decrease due chiefly to the increase in consumption of tar for other purposes such as fuel.

The most striking increases in production were in synthetic rubbers and their raw materials. Production of synthetic elastomers amounted to 1.8 billion pounds in 1944, more than a 200-percent increase over 1943; production of butadiene, a raw material for the GR-S type of rubber, was 1.2 billion pounds in 1944 compared to 360 million pounds in 1943.

In addition to furnishing final figures for production and sales of all synthetic organic chemicals for which data are publishable, the report identifies the manufacturers of all chemicals reported. Information is also given concerning research workers and expenditures.

Preliminary report, 1945

A preliminary report on production and sales in the United States in 1945 of synthetic organic chemicals and the raw materials from which they are derived was issued by the Commission. This report, the twenty-ninth in the series, furnishes statistics on crude organic chemicals derived from coal tar, petroleum, and natural gas; on intermediates; and on finished chemicals and chemical products. The finished chemicals and chemical products are grouped according to their principal use as follows: Dyes, lakes and toners, medicinals, flavor and perfume materials, plastics materials, rubber-processing chemicals, elastomers (synthetic rubbers), surface-active agents, plasticizers, and miscellaneous chemicals. Information on more than 5,000 different chemicals and chemical products supplied by approximately 625 producers was collected and compiled for this survey. A final report for 1945 will be issued later.

The quantity of oil-gas tar, water-gas tar, and coal tar produced in 1945 totaled 899 million gallons, a decline of 7 percent from the 968 million gallons produced in 1944, which was the largest amount on record. The breakdown of the total production was as follows: Coal tar produced at byproduct plants and coal-tar retort plants, 716 million gallons; coal tar produced at low-temperature carbonization plants, 3 million gallons; and the output of water-gas tar and oil-gas tar is estimated at 180 million gallons. About 608 million gallons of tar (all kinds) was distilled or topped in 1945, compared with 633 million in 1944. The quantity of tar consumed chiefly as fuel in 1945 was 231 million gallons, or 17 million gallons less than in 1944. About 57 million gallons of tar was used in 1945 for purposes other than fuel or distillation, a decrease of almost 39 percent from the 92 million gallons thus used in 1944.

The output of benzene, toluene, and creosote oil was less

in 1945 than in 1944. Production of naphthalene continued at approximately the 1944 level, about 290 million pounds.^{1/}

Production from petroleum and natural gas amounted to 3.3 billion pounds in 1945. This output compares with 2.8 billion pounds produced in 1944 and 1.5 billion pounds in 1943. In 1945, sales amounted to 2.8 billion pounds valued at 214 million dollars.

In 1945, the output of cyclic intermediates from both tar and petroleum crudes was 2.2 billion pounds, an increase of 46 million pounds, or 2 percent, over 1944. Sales, totaling 1.2 billion pounds, were valued at 141 million dollars in 1945 compared with 1.6 billion pounds, valued at 185 million in 1944. Sales amounted to 57 percent of production, the rest being consumed by producing plants in further processing. No corresponding data are available for acyclic intermediates as these chemicals are not separately classified from acyclic chemicals and chemical products.

Production in 1945 of finished chemicals and chemical products amounted to 12.5 billion pounds compared with a production in 1944 of 12.8 billion pounds and sales of 8 billion pounds, valued at 1.7 billion dollars. Production of cyclic finished products increased about 6 percent over the 1944 level of 2.7 billion pounds. In 1945, production of acyclic chemicals (including both finished acyclic products and acyclic intermediates) was 9.7 billion pounds, with sales of 5.6 billion pounds, valued at 930 million dollars; in 1944, production was 10.1 billion pounds, with sales of 6.1 billion pounds, valued at 1.1 billion dollars. This decrease was chiefly due to a general reduction in output of a number of chemicals in the miscellaneous acyclic group.

Production of Synthetic Organic Chemicals, by Months, 1946

During most of the period 1941-45, the Tariff Commission collected and compiled data on monthly production, consumption, and stocks for 300 synthetic organic chemicals at the request of the War Production Board and other agencies of the Government. The statistics which could be published without disclosing the operations of individual producers or endangering national security were released jointly with the War Production Board in the Facts for Industry Series 6-2.

After the war, the Commission continued to collect and publish data on production of a limited number of synthetic organic chemicals so that current information concerning the most important ones would be available to industry and Government.

^{1/} The output in 1944 as revised in August 1946 was 286 million pounds, but was shown as 301 million pounds in the preliminary and final reports for 1944. The corrected data were received too late to be included in those reports.

The chemicals were selected after consultation with many representatives of the chemical industry and Government departments and were specifically chosen to serve as a monthly index of industrial activity representative of each segment of the organic chemical industry.

The Economy of Puerto Rico

In compliance with a request from Senator Millard E. Tydings (Maryland), Chairman of the Senate Committee on Territories and Insular Affairs, the Commission prepared a report on the Economy of Puerto Rico. It was to supplement an earlier Tariff Commission report entitled "Puerto Rico's Economy with Special Reference to United States-Puerto Rican Trade."

The report analyzes and summarizes the likely economic consequences to both Puerto Rico and the United States of political independence for the island under the Tydings bill (S. 227). It also reviews the economic implications of changing the island's status under the provisions of the so-called Tydings-Pinero bill (S.1002 and H.R. 3237).

Political independence as provided in the Tydings independence bill (S.227) would be accompanied by such serious economic consequences as to render the island incapable of supporting a population of anywhere near the present size, even at the existing low standard of living. No status provided for in the Tydings-Pinero bill (independence, "dominion" status, or statehood) would offer Puerto Rico any better opportunity (if indeed as good an opportunity) to deal with the major economic problems which confront it than would a continuation of the island's present status.

The economic problems which Puerto Rico poses, both for itself and for the United States, cannot be solved by a purely political change in Puerto Rico's status; in fact, no simple or ready solution to these problems exists. Even under the most favorable political circumstances, such economic progress as the island can expect to achieve out of its own resources is likely to be slow. And, unless some way can be found to decrease the size of the island's population or at least to check its growth, the realization of a desirable standard of life for Puerto Ricans will be contingent upon their receiving a substantial, and very likely an ever-increasing, measure of outside aid.

Latin American Import and Export Trade in Cotton, Wool, Rayon, Flax, and Their Manufactures, 1934-38

The report on Latin American trade during 1934-38 in cotton, wool, rayon, flax, and their manufactures consists of 80 tables without text. It has been prepared for a committee on a postwar cotton program, a subcommittee of the House Committee on Agriculture. The National Cotton Council assisted the Tariff Commission in the compilation of the material.

The data was compiled from the official trade statistics of the 20 Latin American countries. The quantities, generally reported in kilograms in the official sources, are expressed in metric tons; the values, reported in the currency of the several countries, have not been converted to United States currency. Each table notes the official method of reporting quantities and value, if the information is available.

Separate tables for each country show imports and exports in four commodity groups: Cotton and cotton manufactures, wool and wool manufactures, rayon and manufactures of rayon, and flax and linen manufactures.

As far as practicable, the commodity subgroups have been made uniform. The general plan has been to show separately raw fiber, waste, yarn, thread, piece goods, and other manufactures. Whenever the trade in the last subgroup, "other manufactures," has been substantial, separate data have been shown for cordage, knit goods, articles for household use, and clothing. Coated or filled cloth, including rubberized cloth, and manufactures thereof, have been excluded from all tables.

The report contains 6 summary tables showing the total value of imports into and exports from the several countries. They also show the ratio, based on value, of trade in cotton and cotton manufactures to total trade and the ratio of trade in all textiles to total trade. In the import trade during 1934-38, the ratio of textiles to total commodities exceeded 10 percent for each of the Latin American countries except Brazil and Mexico; in the export trade, this ratio was generally negligible, exceeding 10 percent only for Brazil, Haiti, Paraguay, Peru, and Uruguay.

Trade Problems of the Latin American Republics

The Commission has in preparation four series of reports on trade problems of the 20 Latin American Republics. These deal, respectively, with economic controls and commercial policy; mining and manufacturing industries; agricultural, pastoral, and forest industries; and recent developments in foreign trade. The reports provide basic economic data on the Latin American countries, including the effect of the war on their economies and trade, and a discussion of the postwar problems which they are now facing. A total of about 40 reports has now been released, and about 10 are in process. A summary of each of the 8 reports released during 1946 is given below:

Agricultural, Pastoral, and Forest Industries in Brazil

The economy of Brazil is based largely on its agricultural, pastoral, and forest resources. About four-fifths of the people derive their livelihood from agriculture, and more than four-fifths of the country's exports ordinarily consist of agricultural, pastoral, and forest products. The value of agricultural products alone exceeds 10 billion cruzeiros (606 million dollars) annually. The State of São Paulo accounts for almost half the total; Minas Geraes, Rio Grande do Sul, and Rio de Janeiro together account for one-fourth.

Brazil's agricultural output is diverse and includes coffee, cotton, cacao, sugar, fruits, tobacco, corn, rice, wheat, mandioca, beans, potatoes, sweet potatoes, oil-bearing seeds, nuts, waxes, and jute, as well as a number of less important products. Wheat is the principal food crop in which the country is deficient. Mandioca, beans, rice, bananas, and meat are staple articles of diet. Despite the recent increase in the production of other commodities, coffee is still the most important Brazilian crop; in 1939, in terms of value, it accounted for a fourth of the total agricultural output. Cotton ranks second as a cash crop. More land, however, is devoted to the growing of corn than to any other crop.

Brazil's livestock industries constitute one of the most important phases of the country's economic activity. In 1942, according to data collected by the Brazilian Production Statistics Service, the output of livestock and livestock products was valued at 4,318 million cruzeiros (262 million dollars) and that of raw milk at 600 million cruzeiros (36 million dollars). Thus, the total reported value of the output of products of animal origin, approximately 5 billion cruzeiros (298 million dollars), was about one-third the value of agricultural and pastoral products combined.

The major problems affecting Brazil's agricultural, pastoral, and forest industries were not created by the war, but rather are of long standing. They include inadequate transportation and storage facilities; a shortage of labor; insufficient credit facilities, except for well-established industries; incomplete utilization of the land; limited use of modern equipment and of improved agricultural techniques; an insufficient number of technicians; and the many problems relating to the health and welfare of the rural population. Solution of these problems in Brazil is complicated by the size of the country; the many thinly populated sections, especially in the interior; and the wide variations in topography and climate.

Brazil's foreign trade is largely dependent on the exportation of coffee and a few other products. With the foreign exchange derived from its agricultural exports, Brazil has been able to import a wide variety of manufactured products and foodstuffs. When the ordinary channels of trade were disrupted by

the war, the country was obliged to seek other outlets for many of its products and to curtail its imports. As the war progressed and imports continued to decline, the Government intensified its efforts to utilize the country's undeveloped resources, and broadened its policy of diversifying and expanding agricultural and manufacturing industries in order to supply both goods needed at home and certain strategic materials necessary to the Allied Nations in the prosecution of the war. During the war, however, certain maladjustments occurred in the economy of the country; these will need to be remedied in the immediate post-war period. Among these were the marked shift in production from agricultural commodities to commodities yielding greater profits; the flow of labor from the farms to expanding industrial centers; the difficult internal transportation situation resulting from lack of fuel and replacement parts; the increased velocity of monetary circulation and increased bank loans; and the shortage of consumer goods, with the consequent rise in prices.

Economic Controls and Commercial Policy

Cuba.-- Most prominent among the instruments of economic and commercial policy employed by the Government of Cuba are the controls designed to safeguard the country's industries from dislocations in the world market and to foster a greater measure of self-sufficiency. The vital importance of the sugar crop to Cuban prosperity and the disorganized state of the world sugar market during the interwar period caused the Government, especially after 1925, to adopt various measures to restrict production, control marketing, or otherwise regulate the industry. Since 1930 the Cuban Institute for the Stabilization of Sugar has been authorized to fix production quotas, to control exports, and to participate in the negotiation of international agreements for the stabilization of the world sugar market. Agreements of this type, concluded in 1931 and 1937, assigned production quotas to the major sugar-producing countries of the world.

The Cuban Government has also organized "defense" programs for other agricultural industries; these programs have been designed chiefly to develop and diversify domestic agriculture. One of the most important of the agencies created for this purpose has been the Institute for the Stabilization of Coffee, which is authorized to guarantee minimum prices, to subsidize exports, and to require the exportation of a designated portion of each year's crop. Since 1940 the Government has encouraged agricultural, commercial, and industrial producers to organize protective associations, which are given extensive powers to regulate production, trade practices, distribution, and prices within their respective industries.

Before 1927 the Cuban import tariff was used principally to raise revenue; since that time it has become a major instrument of economic policy. The present tariff is distinctly protective; under it the country has become self-sufficient

in the production of many consumer goods formerly supplied chiefly by imports. In 1935, with the granting of differential treatment to countries on the basis of their respective trade balances with Cuba, the customs tariff became multiple-column in effect. The multiple-tariff system has been suspended, however, since June 1, 1942.

Cuba's tariff policy is distinguished from that of other countries of Latin America chiefly by the country's reciprocity relations with the United States. In accordance with a treaty concluded in 1902, and the trade agreement signed in 1934, Cuba and the United States each give the products of the other country preferential tariff treatment. In addition to the reciprocity arrangement with the United States, Cuba has commercial agreements of the most-favored-nation type with six countries.

Nontariff import controls, usually in the form of embargoes or quotas, have been employed by Cuba since 1935 to protect domestic industries, to prevent designated types of dumping, and to extend preferential treatment to certain countries on the basis of trade balances. Little use has been made of export duties; revenues from them, when imposed, ordinarily are allocated for specially designated purposes. The Government has not found it necessary to exercise rigid control over foreign-exchange transactions, although exporters have been subject to certain restrictions regarding exchange since June 1939.

During the war the Government adopted various controls either to stabilize the domestic economy or, in cooperation with other countries of the Western Hemisphere, to defeat the aggressor nations. In 1940 Cuba became a signatory to the Inter-American Coffee Agreement, which established export quotas for the principal coffee-producing countries of Latin America. Measures adopted to mobilize the economy for the defense of the Western Hemisphere provided for increased output of strategic materials, export controls to prevent the flow of these materials to enemy nations, and the blocking of funds of the Axis nations and their nationals. Since May 1942, rationing and price controls have been administered with some success by the Office of Price Regulation and Supply.

Dominican Republic.— In general, the commercial policies and economic controls employed by the Dominican Republic resemble those of most other Latin American countries. Although customs duties and other charges on imports are levied chiefly to raise revenue, in recent years they have been used increasingly for protection. In one important aspect, however, the Dominican tariff system differs sharply from those of most Latin American countries. In effect, the Republic has a dual tariff: one consists of duties imposed by the tariff law itself, and the other consists of what are technically known as "sales, use, and consumption taxes." This anomalous situation is largely the outgrowth of the arrangement which, until 1941, provided for the Dominican Customs Receivership (appointed by the United States

Government) and pledged a substantial portion of the customs receipts for service of the foreign debt. Although nominally there are few direct export taxes, various levies are imposed which fall principally on exports; in recent years such taxes have accounted for an increasing share of Government revenue.

Agricultural control agencies have been created to develop a program for stabilizing two of the country's principal industries. The Sugar Institute, which has functioned since 1937, has been concerned chiefly with Dominican participation in the International Sugar Agreement. Since 1940 the Commission for the Defense of Coffee has functioned similarly with respect to the Inter-American Coffee Agreement.

During the war the Government adopted various controls to stabilize the domestic economy and, in cooperation with other countries of the Western Hemisphere, to defeat the aggressor nations. Measures adopted to mobilize the economy for the defense of the Hemisphere provided for increased production of essential materials, for export and reexport controls to prevent the flow of supplies to the enemy nations, and for the blocking of funds of the Axis nations and their nationals. Rationing and price controls have been administered with partial success by numerous "controllers" appointed to deal with supply problems relating to particular commodities.

Haiti.-- Government intervention and regulation of the economic life of the nation is less extensive in Haiti than in most countries of Latin America. Because of Haiti's relatively small population and the simple character of its economy, however, the controls employed are of considerable importance to organized productive and commercial activity within the country. Import duties, as well as export taxes, have been used almost exclusively for fiscal purposes, and are a dominant part of the Government's total revenue. In keeping with the trend in many countries, export taxes now play a less important role than they formerly did, though the Government still depends on them to a greater extent than most Latin American countries do. To protect its foreign trade position from the effects of bilateral trade-balancing practices employed by many other countries since 1920, Haiti has concluded a number of unconditional, unrestricted most-favored-nation treaties and agreements, one of which is with the United States.

Various steps have been taken by the Government to improve the Haitian coffee industry; chief among them have been the use of graduated export taxes to encourage production of better grades of coffee, the establishment of export standards, and participation in the Inter-American Coffee Agreement. Since 1937 the exportation of sugar has been subject to quota restrictions in accordance with commitments made by Haiti in the International Sugar Agreement. What may prove to be an important influence on the economy of the country is the recently organized Haitian-American-Agricultural Development Corporation. This organization,

commonly known as SHADA, has undertaken numerous projects to develop the country's resources, expand production, diversify the economy, and raise living standards. During the war the Government adopted various controls to stabilize the domestic economy and, in cooperation with other countries of the Western Hemisphere, to defeat the aggressor nations. Measures designed to mobilize the economy for defense of the Hemisphere provided for an increased output of essential materials, for export and reexport controls to prevent the flow of supplies to the enemy nations, and for the blocking of funds of the Axis nations and their nationals. Rationing and price control have been administered with some success.

Mexico.— Economic controls and commercial policy in Mexico differ from those of other Latin American countries principally in the greater extent to which they are employed to carry out a definite national program to improve the social and economic status of the Mexican people. In addition to the frequent subsidization of imports of prime necessities and the encouragement given to producers' cooperatives and labor organizations, Mexico has embarked upon an extensive agrarian program designed to distribute land ownership and to improve agricultural techniques. Since the adoption of the Six-Year Plan in 1934, the Government has initiated various projects to raise the general standard of living, to diversify production, and to create a "directed economy." A substantial number of Government-controlled enterprises have been established, and some industries, chief among which has been the petroleum industry, have been directly expropriated.

The Government maintains many controls over not only the internal economy but also foreign trade. Measures affecting foreign trade have various objectives, including the protection of domestic industries, the promotion of industrialization, the raising of revenue by customs duties on both imports and exports, and the wartime control of strategic raw materials. Internal controls are concerned chiefly with the stimulation of domestic industries, the conservation of materials essential to the national economy, and the regulation of prices.

The Mexican import tariff has been employed primarily as a fiscal instrument; nevertheless, increasing emphasis has been placed on its use for protection. Recently the Government inaugurated a system of import controls (apart from the tariff) which may prove to have far-reaching consequences; it is not yet clear, however, to what extent these controls will restrict trade or for exactly what purposes they will be employed. Import subsidies have been employed, both before and since the outbreak of the war, to encourage the importation of foodstuffs and, thereby, to reduce the cost of living. Virtually all of the limited number of commercial agreements in force during the past decade have provided for the exchange of unconditional most-favored-nation treatment; agreements of this type are now in force with eight countries, including the United States. Export

duties are becoming increasingly important as a source of Government revenue. In addition to their revenue function, export taxes have been employed for various nonfiscal purposes, such as restricting exports of essential commodities, and, indirectly, fostering selected industries.

After the outbreak of the war various measures were adopted to control the export and reexport trade, to conserve essential supplies, and to prevent the flow of vital materials to the Axis Powers. Others were adopted to mobilize the domestic economy for hemispheric defense and to expand the production of strategic materials. Programs were developed to conserve and ration commodities vital to domestic industry and to check the rapid increase in prices.

Panama.— Economic controls in Panama differ from those employed by other Latin American countries chiefly in the extent to which foreigners are prevented from engaging in domestic commerce. During the last decade, various laws designed to "nationalize" retail and wholesale trade have established rigid citizenship and residence requirements for persons engaged in trade within the country, and many foreigners from countries whose nationals are not eligible for citizenship in Panama have been forced to liquidate their businesses. In the future, these stringent residence requirements will make it difficult, if not impossible, for foreign enterprisers, other than citizens of the United States, to establish themselves in domestic trade and in the professions.

Aside from the so-called "nationalization" of domestic trade, Government regulation of economic activities is not extensive. Import duties, as well as export taxes, have been used principally for fiscal purposes, although tariff protection has been accorded to a few commodities. Ordinarily the Government derives nearly two-fifths of its income from import duties (including regular import duties and consular fees); revenues from export duties, however, are relatively unimportant. Panama has always extended uniform tariff treatment to the products of all countries. Only a few commercial agreements have been negotiated, and none are now in force; those previously in effect, all of the unconditional most-favored-nation type, were denounced in 1941 because of their conflict with the program for "nationalizing" domestic commerce.

During the war the Government adopted various controls designed to stabilize the domestic economy and, in cooperation with other countries of the Western Hemisphere, to defeat the aggressor nations. These controls included measures to block funds of the Axis nations or their nationals; export and re-export controls to prevent the flow of materials to enemy nations and to conserve essential supplies; and rationing and price control.

Mining and Manufacturing Industries in Mexico

In mineral resources, Mexico is one of the richest countries in the world. Virtually every mineral is found there, and nearly every State possesses some mineral wealth. Mexico ranks first in world production of silver, second in antimony and molybdenum, third in lead, fourth in mercury, fifth in zinc, and sixth in gold. In addition, the country produces important quantities of copper, cadmium, arsenic, and bismuth. Metals mined in smaller quantities include iron, manganese, tin, tungsten, vanadium, cobalt, nickel, chromium, and platinum. Non-metallic minerals produced include substantial quantities of petroleum, graphite, and salt, as well as smaller quantities of coal, celestite, feldspar, fluorspar, gypsum, mica, and sulfur. Although mining has been developed in Mexico to a wider extent than in any other Latin American Republic, the country's mineral resources have been only partly explored and exploited. Exploitation has been retarded by emphasis on minerals that are well known and have been mined in the country for a long time, by inadequate transportation facilities, and by the fact that Mexico is still in a relatively early stage of technological development.

Manufacturing in Mexico consists chiefly in producing light consumer goods, most of which are used within the country. The principal articles produced are foodstuffs and beverages; textiles of cotton, wool, rayon, and other fibers; chemicals and pharmaceuticals; light products of iron and steel and other metals; tobacco products; paper and paper products; lumber and wood products; leather and leather products; cement, brick, tile, and glass; and rubber goods.

According to the Industrial Census of 1940, which reported establishments having each an output valued at 10,000 pesos or more in 1939, there were 11,964 manufacturing establishments of all kinds; these employed 240,762 workers, represented a capital investment of 872 million pesos (168 million dollars), and produced goods valued at 1.5 billion pesos (about 290 million dollars).

Manufacturing industries in Mexico developed markedly in the decade preceding the war, although mineral output just before the outbreak of the war was considerably below the record levels of 1928 and 1929. During the war, mineral production in general increased greatly. Factory output also increased substantially as a result of more complete utilization of existing facilities and the establishment of new enterprises. As in some other Latin countries, considerable postwar readjustment may be necessary in both mineral and manufacturing industries. Wartime improvements in plant and equipment in certain industries and improvements in transportation facilities, however, will continue to work to the advantage of the country's economic development in the postwar period.

Mexico's mining industries, like those of many other countries, differ from its manufacturing industries as to markets, competitive conditions, and past and probable future policies of the Government toward them. Most of the mining industries face little competition from foreign countries in the domestic market but have to seek foreign markets for a large part or most of their output. Tariff protection, therefore, can accomplish little for the promotion of most of the mining industries. On the other hand, the country itself is the predominant market for most products manufactured in Mexico. In that market, under ordinary conditions, there is active competition from foreign goods, and producers are much interested in tariff protection.

Recent Developments in the Foreign Trade of Colombia

As a foreign-trading nation Colombia ranked seventh among the Republics of Latin America before the war, and fifth among the countries of South America. In 1938, its exports (including gold), valued at 163 million pesos (91 million dollars), constituted 5 percent of the value of the exports of the 20 Latin American countries combined, and more than 6 percent of those of the 10 South American countries. Imports in the same year amounted to 159 million pesos (89 million dollars), or 6 percent of aggregate Latin American imports, and more than 7 percent of total South American imports.

Not only is foreign trade important to the Colombian economy, but certain of its products play an important role in world commerce. Colombia ranks second only to Brazil as a producer and exporter of coffee, and is the chief source of the milder types of that product. In Latin America, Colombia ranks second to Venezuela in the production of petroleum, and is the principal producer of gold and platinum.

Following the outbreak of World War II, and particularly after the entrance of the United States, the foreign trade of Colombia fluctuated considerably. After declining somewhat in 1940, the value of exports increased significantly, principally because of sharply rising prices of coffee. In 1943 exports, valued at 219 million pesos (125 million dollars), were about 14 percent larger than in 1939. Although fluctuating greatly, Colombian purchases from foreign countries have declined since 1939. The value of imports in 1942 was only 105 million pesos (60 million dollars), or less than three-fifths of that in 1939; although the value increased in 1943 to 147 million pesos (84 million dollars), it was still one-fifth below that in 1939.

In Colombia — as in most Latin American countries, whether they produced primarily for export or for the domestic market — the war had little effect on the basic pattern of domestic industries. As a consequence, the composition of the export and import trade in the immediate postwar period is not likely to differ greatly from that before the war. The magnitude of the export trade will be affected by the commercial policies of foreign countries (including their policy as to the monetary use of gold), as well as by the rapidity with which the industries of the belligerent countries are restored. The magnitude of the import trade, in turn, will depend largely on the volume and value of exports; it will also be greatly affected by the commercial policies of Colombia itself and by the economic conditions

APPENDIX II

**IMPORT DUTY CHANGES AT END OF
UNLIMITED NATIONAL EMERGENCY
AND OTHER EMERGENCIES**

IMPORT DUTY CHANGES AT END OF UNLIMITED NATIONAL EMERGENCY

Commodity	Present duty	Postemergency duty	Legal reference	
			Present status	Postemergency status
Scrap iron, scrap steel as defined in par. 301 of the Tariff Act of 1930, relaying and rerolling rails, and nonferrous metal scrap.	Free	Various. See below.	56 Stat. 171.	Various. See below.
Iron and steel scrap -----	Do.	75¢ per ton plus additional duties on alloy content.	Do.	Par. 301, Tariff Act 1930; 46 Stat. 609.
Aluminum scrap -----	Do.	3¢ per lb.	Do.	Par. 374, Sched. II, Canada agreement; 53 Stat. 2382.
Brass or Dutch metal scrap -----	Do.	4¢ per lb. on copper content.	Do.	Sec. 3425 Int. Rev. Code; 53 Stat. 415.
Copper scrap -----	Do.	4¢ per lb. on copper content.	Do.	Do.
Lead scrap -----	Do.	1-7/10¢ per lb. on lead content ^{1/}	Do.	Par. 391, Sched. II, Mexico agreement; 57 Stat. 880.
Zinc scrap, dross, and skimmings -----	Do.	1½¢ per lb. ^{2/}	Do.	Par. 394, Sched. II, Mexico agreement; 57 Stat. 882.
Metallic magnesium scrap -----	Do.	40¢ per lb.	Do.	Par. 375, Tariff Act 1930; 46 Stat. 626.
Relaying and rerolling rails -----	Do.	1/10¢ per lb. plus additional duties on alloy content.	Do.	Par. 322, Tariff Act 1930; 46 Stat. 614.
Coconuts -----	Do.	1/4¢ each.	58 Stat. 817.	Par. 758, Sched. IV, United Kingdom agreement; 54 Stat. 1967.

5

Coconut meat, shredded and desiccated, or similarly prepared.	Do.	3 $\frac{1}{2}$ ¢ per lb.	Do.	Par. 758, Tariff Act 1930; 46 Stat. 636.
Lead-bearing ores, flue dust, and mattes of all kinds.	3/4¢ per lb. on lead content.	1-1/5¢ per lb. on lead content.	Par. 391, Sched. II, Mexico agreement; 57 Stat. 878-880.	Par. 391, Sched. II, Mexico agreement; 57 Stat. 878-880.
Lead bullion or base bullion, lead in pigs and bars, lead dross, anti-monial lead, type metal, Babbitt metal, solder, all alloys or combinations of lead, n.s.p.f.	1-1/16¢ per lb. on lead content.	1-7/10¢ per lb. on lead content.	Par. 392, Sched. II, Mexico agreement; 57 Stat. 880.	Par. 392, Sched. II, Mexico agreement; 57 Stat. 880.
Zinc-bearing ores of all kinds, except pyrites containing not more than 3 per centum zinc.	3/4¢ per lb. on zinc content.	1-1/5¢ per lb. on zinc content.	Par. 393, Sched. II, Mexico agreement; 57 Stat. 880.	Par. 393, Sched. II, Mexico agreement; 57 Stat. 880.
Zinc in blocks, pigs, or slabs, and zinc dust.	7/8¢ per lb.	1-2/5¢ per lb.	Par. 394, Sched. II, Mexico agreement; 57 Stat. 880-882.	Par. 394, Sched. II, Mexico agreement; 57 Stat. 880-882.
Zinc in sheets -----	1¢ per lb.	2¢ per lb.	Do.	Do.
Zinc in sheets coated or plated with nickel or other metal (except gold, silver, or platinum) or solutions.	1-1/8¢ per lb.	2-1/4¢ per lb.	Do.	Do.

1/ From the day following the termination of the emergency until the 30th day after such termination, the duty will be 1-1/16¢ per lb. on the lead content.

2/ From the day following the termination of the emergency until the 30th day after such termination, the duty will be 3/4 cent per pound.

Note.- Effective dates. The duty-free entry of scrap metals and coconuts and coconut meat terminates immediately with the end of the unlimited national emergency, and the duties become reeffective immediately.

The increased duties on lead and zinc become effective on the 30th day after the termination of the unlimited national emergency.

IMPORT DUTY CHANGES AT END OF OTHER EMERGENCIES

Commodity	Present duty	Postemergency duty	Legal reference	
			Present status	Postemergency status
Cattle weighing less than 200 lbs. each:				
In quantities not in excess of 100,000 head per calendar year.	1½¢ per lb.	1½¢ per lb.	Par. 701, Sched. II, Mexico agreement, 57 Stat. 884.	Par. 701, Sched. II, Mexico agreement 57 Stat. 884.
In quantities in excess of 100,000 head per calendar year.	1½¢ per lb.	2½¢ per lb.	Do.	Do.
Cattle weighing 200 lbs. or more but less than 700 lbs. each:				
In quantities not in excess of 110,000 head per calendar quarter year and 400,000 head per calendar year.	1½¢ per lb.	1½¢ per lb.	Do.	Do.
In quantities in excess of 110,000 head per calendar quarter year and 400,000 head per calendar year.	1½¢ per lb.	2½¢ per lb.	Do.	Do.
Cattle weighing 700 lbs. or more each (except cows imported specially for dairy purposes):				
In quantities not in excess of 60,000 head per calendar quarter year and 225,000 head per calendar year.	1½¢ per lb.	1½¢ per lb.	Do.	Do.
In quantities in excess of 60,000 head per calendar quarter year and 225,000 head per calendar year.	1½¢ per lb.	2½¢ per lb.	Do.	Do.
Flaxseed -----	32½¢ per bu. of 56 lbs.	50¢ per bu. of 56 lbs.	Par. 762, Sched. II, Argentine agreement; 56 Stat. 1730.	Par. 762, Sched. II, Argentine agreement; 56 Stat. 1730.

Tomatoes in their natural state: Product of Cuba -----	1.2¢ per lb.	1.8¢ per lb.	Par. 772, Sched. II, Cuba agreement; 49 Stat. 3642; and Par. 772, Sched. II, Mexico agreement; 57 Stat. 888.	Par. 772, Sched. II, Cuba agreement; 49 Stat. 3642; and Par. 772, Sched. II, Mexico agreement; 57 Stat. 888.
Other than Cuban -----	1.5¢ per lb.	2.25¢ per lb.	Par. 772, Sched. II, Mexico agreement; 57 Stat. 888.	Par. 772, Sched. II, Mexico agreement; 57 Stat. 888.
Silver or black fox furs or skins, dressed or undressed, n.s.p.f.	35% ad val. (Imports subject to absolute quota.)	37½% ad val. (No quota on imports.)	Par. 1519(c), Sched. II, Canada agreement; 55 Stat. 1319.	Par. 772, Sched. II, Canada agreement, Art. IV, pars. 4 and 5; 55 Stat. 1324.

Note.- Effective dates. The increased duties on cattle become effective 30 days after the President, following termination of the unlimited national emergency, shall have proclaimed that the abnormal situation as to cattle and meats has terminated.

The increased duties on tomatoes become effective 30 days after the President, following the termination of the unlimited national emergency, shall have proclaimed that the abnormal situation as to tomatoes has terminated.

The increased duty on flaxseed becomes effective on the 30th day following proclamation by the President that the abnormal condition of the trade in flaxseed which existed in October 1941 has terminated.

The increased duties on silver fox furs become effective on the termination of the supplementary trade agreement between the United States and Canada signed December 13, 1940.

APPENDIX III

IMPORTANT INTERDEPARTMENTAL COMMITTEES ON WHICH TARIFF COMMISSION IS REPRESENTED

(See page 5 of this report for
comments on this type of work.)

IMPORTANT INTERDEPARTMENTAL COMMITTEES ON WHICH TARIFF COMMISSION IS REPRESENTED

Department under which Committee functions	Name of Committee or Subcommittee	Purpose of Committee	Tariff Commission representative ^{1/}
State Department	Executive Committee on Economic Foreign Policy.	To examine problems and developments affecting the economic foreign policy of the United States and to formulate recommendations.	The Chairman.
	Committee on Agricultural Policy -----	To report on effect of agricultural policy on economic foreign policy and to make recommendations.	Commissioner.
	Committee on Private Monopolies and Cartels.	To prepare a program for international discussion about cartels and combines, to make policy recommendations therefor, and to advise on interdepartmental coordination of policy.	Vice Chairman.
	Committee on Economic Policy Toward China.	To formulate, for consideration, long-range economic objectives of the United States for China.	Adviser on International Trade Policies. 58
	Committee on Customs Procedures -----	To consider problems of simplifying customs procedures and of new legislation required for that purpose.	Assistant General Counsel.
	Committee on International Cooperation with Respect to Employment.	To formulate a statement of United States Government policy as to full employment and to consider means of furthering its objectives through international collaboration.	Director of Investigation.
	Committee on Inter-American Economic Affairs.	To prepare recommendations on the position of the United States as to Inter-American affairs.	Commissioner.
	Committee on International Commodity Problems.	To initiate studies and formulate recommendations on commodity problems of international significance.	Vice Chairman.
	Committee on Coffee ----- Committee on Conservation of Natural Resources.		Senior Economist. Do.

Committee on Copper -----	-	Chief of Division.
Committee on Cordage and Miscellaneous Fibers.	-	Commodity Specialist.*
Committee on Cotton -----	-	Do.
Committee on Petroleum -----	-	Commissioner.
Committee on Sugar -----	-	Chief of Division (Economics).
Committee on Tin -----	-	Chief of Division.
Committee on Wool -----	-	Chief of Division (Economics).
Committee on Specialised International Economic Organisations.	To formulate within the framework of the Dumbarton Oaks proposals the organiza- tion and relationships of the agencies carrying out the economic and social programs and to cooperate with other committees.	Vice Chairman.
Committee on State Trading -----	To formulate recommendations on policies toward state-trading enterprises.	Chief, Technical Service.
Committee on Wartime Trade Controls -----	To investigate need for continuance.	Do.
Committee on Watch-Making Industry -----	To study the United States industry as to national defense and commercial policy and to make recommendations.	Vice Chairman.
West Indian Committee -----	To study the Caribbean sugar problem and other economic and social problems and to make recommendations.	Senior Economist.
Committee on Trade Agreements -----	To determine over-all policy on trade agreements.	The Chairman.
Country Committees:		Senior Economist.
Brazil -----	-	Do.
British Empire -----	-	Do.
Chile -----	-	Do.
China -----	-	Do.
Cuba -----	-	Do.
Czechoslovakia -----	-	Do.
France -----	-	Do.
Iceland -----	-	Do.
Lebanon -----	-	Do.
Mexico -----	-	Do.
Netherlands -----	-	Do.
Belgium and Luxemburg -----	-	Do.
Norway -----	-	Do.

Do.

IMPORTANT INTERDEPARTMENTAL COMMITTEES ON WHICH TARIFF COMMISSION IS REPRESENTED—Continued

Department under which Committee functions	Name of Committee or Subcommittee	Purpose of Committee	Tariff Commission representative
State Department	Committee on Trade Agreements--Con. Country Committees--Con. Paraguay ----- Peru ----- Switzerland ----- Soviet Union -----	To determine over-all policy on trade agreements.	Senior Economist. Do. Do. Do.
Do.	Committee for Reciprocity Information -----	To receive and analyze views of interested parties concerning trade agreement concessions and transmit them to the trade agreements organization.	Vice Chairman.*
Do.	Advisory Committee to United States Special Representative to the Economic and Social Council of United Nations.	To maintain liaison of Tariff Commission with affairs of the council, particularly those bearing on international trade.	Chief of Division.
Do.	Joint Fisheries Committee of the United States and Mexico.	To consider international fishery problems of interest to both countries.	Commissioner.
Do.	Committee on Proposed North Atlantic Fisheries.	To consider agreements and regulations for the protection of fisheries interests of the United States.	Commodity Specialist.
Do.	Committee on Fisheries Products -----	To correlate and disseminate information as to Japanese fisheries.	Do.
Do.	Committee on Scientific and Cultural Cooperation with Latin American Republics.	To study and suggest policies of cooperation with Latin American Republics.	Commissioner.
Do.	Committee on Scientific and Cultural Cooperation with Countries Other Than Latin America.	To study and suggest policies of cooperation with countries other than Latin America.	Do.
Department of Commerce.	Interdepartmental Committee on Industrial Statistics.	To consider the collection and dissemination of statistics on industry and trade.	Chief, Technical Service.
Do.	Inter-Agency Reparations Advisory Committee.	To consider reparations of enemy countries.	Do.
Do.	Committee on Foreign Commerce Statistical Regulations.	To amend foreign commerce and statistical regulations.	Chief of Division.
Do.	Advisory Committee on Foreign Trade Commodity Classification.	To study foreign trade commodity classification.	Assistant Chief of Division.

Do.	Committee on Revision of Census Schedules -	Task Group to revise census schedules for 1945.	Chief, Technical Service.
	Committee on Printing and Publishing ----	-	Chief of Division.
	Committee on Petroleum and Coal ----	-	Do.
	Committee on Chemicals ----	-	Do.
	Committee on Structural and Glass Products.	-	Do.*
	Committee on Machinery, Electrical and Nonelectrical.	-	Do.
	Committee on Transportation Equipment ----	-	Do.
	Committee on Miscellaneous Metal Products.	-	Do.
Civilian Production Administration.	Committee on Chemicals.	To study and advise as to Government dissemination of certain chemical statistics collected during the war.	Chief of Division.
Bureau of Standards.	Special Committee for Plastic Products ----	To consider standardization of plastic products.	Do.
Bureau of the Budget.	Coordinating Committee on Foreign Food Facts.	To coordinate foreign food statistics.	Commissioner.
Do.	Interdepartmental Committee on Standard Commodity Classification.	To plan the preparation of a new standard commodity classification.	Commissioner; Chief, Technical Service.
	Technical Committee on Standard Commodity Classification.	To supervise the preparation of a new standard commodity classification.	Chief, Technical Service; Commodity Specialists.
	Steering Committee ----	-	Commodity Specialists.
	Liaison Committee ----	-	Commodity Specialist.
	Editing Committee ----	-	Do.
	Committee on Schedule B (Exports) ----	-	Do.

IMPORTANT INTERDEPARTMENTAL COMMITTEES ON WHICH TARIFF COMMISSION IS REPRESENTED—Continued

Department under which Committee functions	Name of Committee or Subcommittee	Purpose of Committee	Tariff Commission representative ^{1/}	
Bureau of the Budget.	Interdepartmental Committee—Con. Technical Committee—Con. Committees on Commodity Groups -----	To draft a new standard commodity classification for the respective commodity groups.		
	Agricultural Products, Food, and Beverages. -----		-	Chief of Division,* Commodity Specialist.
	Coal and Petroleum Products -----		-	Commodity Specialist.
	Metallic Ores, Concentrates, and Ferro-Alloys. -----		-	Chief of Division, Commodity Specialist.
	Nonmetallic Minerals and Ceramic Products. -----		-	Chief of Division,* Commodity Specialists.
	Leather and Leather Products -----		-	Commodity Specialists.
	Lumber and Lumber Products -----		-	Commodity Specialist.*
	Textiles -----		-	Chief of Division, Commodity Specialist.
	Paper and Paper Products -----		-	Commodity Specialist.
	Fats and Oils -----		-	Commodity Specialists.
	Chemicals, Chemical Preparations, and Specialties. -----		-	Chief of Division,* Commodity Specialists.
	Drugs and Related Commodities, Soap, and Cosmetics. -----		-	Chief of Division,* Commodity Specialists.
	Iron and Steel -----		-	Commodity Specialist.
	Nonferrous Metals -----		-	Chief of Division, Commodity Specialist.*
	Metal Basic Materials and Products -----		-	Commodity Specialists.*
	Industrial Machinery -----		-	Chief of Division, Commodity Specialists.
	Metalworking Machinery -----		-	Commodity Specialist.
Communications Equipment -----	-	Do.		
Electrical Equipment -----	-	Do.		

R

	Agricultural, Construction, Mining, and Excavating Machinery, and Tractors.	-	Do.
	Plumbing and Heating Equipment -----	-	Do.
	Air-Conditioning and Refrigeration Equipment.	-	Chief of Division.
	Lighting Equipment and Fixtures -----	-	Commodity Specialist.
	Furniture -----	-	Chief of Division, Commodity Specialist.
	Photographic Goods -----	-	Commodity Specialist.
	Measuring and Technical Instruments ----	-	Chief of Division.
	Optical Instruments -----	-	Commodity Specialist.
	Products of Printing and Publishing Industries.	-	Do.
	Rubber and Rubber Products -----	-	Do.*
	Cork -----	-	Do.
	Plastic Products -----	-	Chief of Division,* Commodity Specialist.
	Furs -----	-	Commodity Specialist.*
	Jewelry -----	-	Do.
	Notions -----	-	Do.
	Athletic and Recreational Equipment ----	-	Commodity Specialists.*
	Musical Instruments -----	-	Commodity Specialist.
	Morticians' Goods -----	-	Do.
	Stationery and Office Supplies -----	-	Do.
	Miscellaneous Products -----	-	Commodity Specialists.
Do.	Committee on Standard Industrial Classi- fication.	To plan the preparation of a standard industrial classification.	Chief, Technical Service.
Do.	Interdepartmental Committee on Chemical Statistics.	To study and advise regarding Government collection of chemical statistics.	Chief of Division.
Office of War Mobilization and Recon- version.	Inter-Agency Policy Committee on Rubber (Working Group).	To determine national requirements for rubber and to formulate recommendations on policies toward natural and synthetic rubber.	Commodity Specialist.

1/Asterisk (*) indicates Chairmen of the Committee.