

*Forty-fourth*  
**Annual Report**  
*of the*  
**United States Tariff Commission**  
*Fiscal Year Ended June 30*  
*1960*



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**UNITED STATES TARIFF COMMISSION**

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LETTER OF TRANSMITTAL

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UNITED STATES TARIFF COMMISSION,  
*Washington, December 1, 1960.*

SIR: I have the honor to transmit to you the *Forty-fourth Annual Report of the United States Tariff Commission*, in compliance with the provisions of section 332 of the Tariff Act of 1930.

Respectfully,

JOSEPH E. TALBOT,  
*Chairman.*

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

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## INTRODUCTION

This—the *Forty-fourth Annual Report of the United States Tariff Commission*<sup>1</sup>—covers the period July 1, 1959, through June 30, 1960. References in this report to the year 1960 (unless otherwise indicated) are to the fiscal year ending June 30, 1960, rather than to the calendar year 1960.

For the purposes of this report, the current work of the Tariff Commission—described in parts I, II, III, and IV—has been classified under the following headings: Public investigations; special reports and activities; furnishing technical information and assistance; and other activities. Part V of the report deals with the membership and staff of the Commission, and its finances and appropriations. As required by law, summaries of all reports made by the Commission during 1960 appear under the appropriate headings in parts I and II of this report.

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<sup>1</sup>The U.S. Tariff Commission was created by act of Congress approved Sept. 8, 1916 (39 Stat. 795), and was formally organized on Mar. 31, 1917.





## PART I. PUBLIC INVESTIGATIONS

Specific provisions of law and certain Executive orders direct the U.S. Tariff Commission to conduct various investigations and to make certain studies and reports. These directives are contained in sections 3<sup>1</sup> and 7<sup>2</sup> of the Trade Agreements Extension Act of 1951, as amended; Executive Orders 10082<sup>3</sup> and 10401;<sup>4</sup> sections 332,<sup>5</sup> 336,<sup>6</sup> and 337<sup>7</sup> of the Tariff Act of 1930, as amended; section 22 of the Agricultural Adjustment Act, as reenacted and amended;<sup>8</sup> and section 201(a) of the Antidumping Act, 1921, as amended.<sup>9</sup>

During 1960 the Commission conducted investigations under all these statutes and Executive orders except section 336 of the Tariff Act of 1930. As in the last several years, activities relating to public investigations continued to account for a major part of the Commission's work.

### Section 3 of the Trade Agreements Extension Act of 1951

Sections 3 and 4 of the Trade Agreements Extension Act of 1951, as amended, set forth the statutory requirements for so-called peril-point determinations in connection with proposed trade-agreement negotiations. The peril-point provisions of the 1951 act require the President, before entering into any trade-agreement negotiation, to transmit to the Tariff Commission a list of the commodities that may be considered for possible concessions. The Commission is then required to conduct an investigation, including a public hearing, and to report its findings to the President on (1) the maximum decrease in duty, if any, that can be made on each listed commodity without causing or threatening serious injury to the domestic industry producing like or directly competitive products, or (2) the minimum increase in the duty or the additional import restrictions that may be necessary on any of the listed products to avoid serious injury to such domestic industry.

The President may not conclude a trade agreement until the Commission has submitted its report to him, or until 6 months from the

<sup>1</sup> 19 U.S.C. 1360.

<sup>2</sup> 19 U.S.C. 1364.

<sup>3</sup> 3 CFR, 1949-1953 Comp., 281.

<sup>4</sup> 3 CFR, 1949-1953 Comp., 901.

<sup>5</sup> 19 U.S.C. 1332.

<sup>6</sup> 19 U.S.C. 1336, 1352.

<sup>7</sup> 19 U.S.C. 1337, 1337a.

<sup>8</sup> 7 U.S.C. 624.

<sup>9</sup> 19 U.S.C. 160 *et seq.*

date he transmits the list of products to the Commission.<sup>10</sup> Should the President conclude a trade agreement that provides for greater reductions in duty than the Commission specifies in its report, or that fails to provide for the minimum increase in duty or the additional import restrictions that the Commission specifies, he must transmit to the Congress a copy of the trade agreement in question, identifying the articles concerned and stating his reason for not carrying out the Tariff Commission's recommendations. Promptly thereafter, the Commission must deposit with the Senate Committee on Finance and the House Committee on Ways and Means a copy of the portions of its report to the President dealing with the articles with respect to which the President did not follow the Commission's recommendations.

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

During fiscal 1960 the Commission conducted three peril-point investigations under the provisions of section 3 of the Trade Agreements Extension Act of 1951, as amended.

On August 19, 1959, the Interdepartmental Committee on Trade Agreements issued public notice that the United States intended to undertake limited tariff negotiations, under the provisions of article XIX of the General Agreement on Tariffs and Trade, as a result of requests by seven contracting parties for compensatory tariff concessions. The proposed negotiations were to be held (1) with the United Kingdom and West Germany to compensate those countries for the increase in the U.S. rate of duty on safety pins, (2) with Sweden, Denmark, Belgium, and the Netherlands to compensate those countries for the increase in the U.S. rate of duty on spring clothespins, and (3) with Japan on the basis of the 1958 increase in the U.S. rate of duty on clinical thermometers. The President modified or withdrew the U.S. concessions on the above-mentioned commodities and increased the rates of duty on them during 1957 and 1958, after escape-clause investigations and reports by the Tariff Commission.<sup>11</sup>

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<sup>10</sup> The Trade Agreements Extension Act of 1951 originally provided that the President might not conclude a trade agreement until the Commission had submitted its report to him, or until 120 days from the date he transmitted the list of products to the Commission. The Trade Agreements Extension Act of 1958, which the President approved on Aug. 20, 1958, extended the time for completion of peril-point investigations to 6 months.

<sup>11</sup> The increase from 22½ to 35 percent ad valorem in the rate of duty on safety pins became effective after the close of business on Dec. 30, 1957; the increase from 10 to 20 cents per gross in the rate of duty on spring clothespins

On August 19, 1959, the President transmitted to the Tariff Commission a list of the commodities that the United States proposed to consider for concessions in the proposed negotiations. The President's list involved 26 tariff paragraphs and covered 36 statistical (*Schedule A*)<sup>12</sup> classifications. The Commission instituted the required peril-point investigation on August 19, 1959, and held a public hearing from October 6 to 8, 1959. The Commission submitted its report to the President on November 23, 1959.

On October 22, 1959, the Interdepartmental Committee on Trade Agreements issued public notice that the United States intended to undertake limited tariff negotiations with the United Kingdom, Belgium, and other interested contracting parties for the purpose of modifying U.S. tariff concessions on certain wool fabrics. The negotiations resulted from the invocation by the United States in 1956 of the so-called Geneva wool-fabric reservation in its schedule of the General Agreement, and the subsequent establishment of a tariff quota on imports of certain wool fabrics.<sup>13</sup>

On October 22, 1959, the President transmitted to the Tariff Commission a list of the commodities that the United States proposed to consider in the renegotiations. The President's list involved two tariff paragraphs and covered 31 statistical (*Schedule A*) classifications. The Commission instituted the required peril-point investigation on October 22, 1959, and held public hearings December 1-4 and 7-10, 1959. The Commission submitted its report to the President on February 10, 1960.

On May 27, 1960, the Interdepartmental Committee on Trade Agreements issued public notice of the intention of the U.S. Government to participate in multilateral tariff negotiations—within the framework of the General Agreement on Tariffs and Trade—at Geneva, Switzerland, beginning in September 1960. On the basis of then available information, the Trade Agreements Committee announced that the United States expected to negotiate (1) with the Commission of the European Economic Community on behalf of its 6 member states (Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands); (2) with 17 other contracting parties to the General Agreement (Australia, Austria, Canada, Chile, Denmark, the Dominican Republic, Finland, Haiti, India, Japan, New Zealand, Nicaragua, Norway, Peru, Sweden, the United Kingdom, and Uruguay); and (3) with 4 countries that have acceded to the

became effective after the close of business on Dec. 9, 1957; and the increase from 42½ to 85 percent ad valorem in the rate of duty on clinical thermometers became effective after the close of business on May 21, 1958.

<sup>12</sup> U.S. Department of Commerce, *Schedule A, Statistical Classification of Commodities Imported Into the United States*.

<sup>13</sup> The tariff concessions involved in the negotiations were those contained in tariff items 1108 and 1109(a) in part I of schedule XX (the U.S. schedule) to the General Agreement on Tariffs and Trade. The note appended to item 1108 permits the United States to establish a tariff quota on imports of the specified wool fabrics.

General Agreement provisionally or have been or are expected to be invited to negotiate for accession thereto (Israel, Spain, Switzerland, and Tunisia).

On May 27, 1960, the President transmitted to the Tariff Commission a list of the commodities that were to be considered for possible concessions in the proposed negotiations. The President's list involved 450 tariff paragraphs or subparagraphs, each of which included one or more commodities, and covered approximately 2,200 statistical (*Schedule A*) classifications or parts thereof. The Commission instituted the required peril-point investigation on May 27, 1960, and scheduled a public hearing in the investigation beginning July 11, 1960. On June 30, 1960, the close of the period covered by this report, the investigation was in process.

### **Section 7 of the Trade Agreements Extension Act of 1951**

Section 7 of the Trade Agreements Extension Act of 1951, as amended, establishes a statutory escape-clause procedure. It provides that the Tariff Commission, upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Senate Committee on Finance or the House Committee on Ways and Means, upon its own motion, or upon application by any interested party (including any organization or group of employees), must promptly conduct an investigation to determine whether any product on which a trade-agreement concession has been granted is, as a result, in whole or in part, of the customs treatment reflecting such concession, being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

The Commission is to make a report in an escape-clause investigation within 6 months of the date it receives the application. As a part of each investigation, the Commission generally holds a public hearing at which interested parties are afforded an opportunity to be heard. Section 7(a) of the Trade Agreements Extension Act of 1951, as amended, requires the Commission to hold such a hearing whenever it finds evidence of serious injury or threat of serious injury, or whenever so directed by resolution of either the Senate Committee on Finance or the House Committee on Ways and Means.

In arriving at its findings and conclusions in an escape-clause investigation, the Commission, without excluding other factors, is required to take into consideration a downward trend of production, employment, prices, profits, or wages in the domestic industry concerned, or a decline in sales, an increase in imports, either actual or relative to domestic production, a higher or growing inventory, or a decline in the proportion of the domestic market supplied by domestic producers. Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the

Commission finds that such increased imports have contributed substantially toward causing or threatening serious injury to such industry.

Should the Commission find, as a result of its investigation, the existence or threat of serious injury as a result of increased imports, either actual or relative, due, in whole or in part, to the duty or other customs treatment reflecting the concession, it must recommend to the President, to the extent and for the time necessary to prevent or remedy such injury, the withdrawal or modification of the concession, or the suspension of the concession in whole or in part, or the establishment of an import quota. The Commission must immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and must publish a summary thereof in the *Federal Register*. When, in the Commission's judgment, no sufficient reason exists for a recommendation to the President that a trade-agreement concession be modified or withdrawn, the Commission must make and publish a report stating its findings and conclusions.

The Trade Agreements Extension Act of 1951 originally provided that the Commission should make a report in an escape-clause investigation within 1 year of the date it received the application. The time was reduced to 9 months by the Trade Agreements Extension Act of 1953, and to 6 months by the Trade Agreements Extension Act of 1958. With the progressive reduction by the Congress of the time permitted for completion of escape-clause investigations, and the steadily increasing number of applications for such investigations, the Commission has experienced great difficulty and considerable hardship in meeting the deadlines for virtually all of its escape-clause investigations.

The following résumé of the steps that must be taken in a typical escape-clause investigation will indicate the inadequacy of the present 6-month period: The processing of an application for an investigation consumes a week to 10 days; the preparation of questionnaires to obtain relevant data from domestic producers and importers on production, employment, prices, profits, sales, wages, imports, inventories, and the like often cannot be completed until the staff has conducted preliminary fieldwork; the actual work of preparing the questionnaires often takes several weeks; the questionnaires must be submitted to and approved by the Bureau of the Budget before they may be sent to producers and importers, which takes several days to a week or more; at least 30 days' notice must be given before a public hearing is held; the hearing itself may require a week or more; interested parties invariably request permission to submit briefs after the close of a hearing, and a reasonable time must be granted for them to do so (attorneys for domestic producers and importers have complained that the time allowed to prepare briefs is inadequate); considerable fieldwork is almost always necessary after a hearing; returns on questionnaires are invariably delayed and much followup work is necessary (domestic

producers and importers have complained that the time allowed to complete the questionnaires is insufficient); the processing of returned questionnaires may require as much as 2 months; preparation by the staff of a report on the facts obtained in the investigation may take a month or more; the study of the facts by the Commission in order to arrive at a considered judgment may require from a few days to a week or more, depending upon the complexity of the investigation and the extent of other pending work; and preparation of the final report and a draft of a proclamation (in the event of an affirmative or divided-vote decision) frequently requires several weeks.

Because of the nature of escape-clause investigations, additions to the staff of the Commission cannot substantially reduce the time required for conducting an individual investigation. The interests of all parties concerned, as well as that of the U.S. Government in conducting its foreign economic policy, would be better served by the removal of the intense pressure that the present deadline places upon the Tariff Commission, which, incidentally, is charged with many other duties besides conducting escape-clause investigations. In view of the foregoing considerations, the Commission is unanimously of the opinion that the 9-month period for completion of such investigations should be restored.

#### **Status of investigations pending during 1960**

Work on escape-clause investigations under section 7 of the Trade Agreements Extension Act of 1951, as amended, constituted a very important activity of the Tariff Commission during 1960, as it has for a number of years. On July 1, 1959, a total of 2 escape-clause investigations and 1 supplemental investigation were pending before the Commission.<sup>14</sup> During the ensuing 12 months the Commission instituted 11 additional investigations.<sup>15</sup> Of a total of 14 escape-clause investigations that were pending before the Commission at one time or another during the period July 1, 1959–June 30, 1960, the Commission at the close of that period had completed 7 investigations in addition to the supplemental investigation mentioned above; the remaining 6 investigations were in process.<sup>16</sup>

With respect to the 7 investigations that the Commission completed during 1960 (exclusive of the supplemental investigation mentioned above), the Commission took the actions indicated below:

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<sup>14</sup> The supplemental investigation related to stainless-steel table flatware, on which the Commission reported to the President during 1958. For a discussion of this supplemental investigation, see the subsequent section of this report.

<sup>15</sup> Between Apr. 20, 1948, when it received the first application for an escape-clause investigation, and June 30, 1960, the Commission accepted a total of 110 applications.

<sup>16</sup> The Commission's reports on the investigations completed and dismissed—all of which have been released—are summarized in a subsequent section of this report.

Commodity	Vote of the Commission	
	For escape action	Against escape action
Mink skins.....	0	6
Red fescue seed (2d investigation).....	0	5
Zinc sheet.....	2	3
Women's and children's leather gloves.....	0	5
Lamb, mutton, sheep, and lambs.....	2	4
Typewriters.....	0	6
Cotton typewriter-ribbon cloth.....	4	0

The nature and status of the individual escape-clause investigations that were pending before the Commission at one time or another during the period July 1, 1959–June 30, 1960, are shown in the following compilation:<sup>17</sup>

*Escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1959–June 30, 1960*

Commodity	Status
1. Stainless-steel table flatware. (Investigation No. 61; sec. 7)	<p><i>Origin of investigation:</i> Application by Stainless Steel Flatware Manufacturers Association, Englishtown, N.J.</p> <p><i>Application received:</i> Apr. 11, 1957.</p> <p><i>Investigation instituted:</i> Apr. 18, 1957.</p> <p><i>Hearing held:</i> July 16–19, 1957.</p> <p><i>Investigation completed:</i> Jan. 10, 1958.</p> <p><i>Recommendation of the Commission:</i> Withdrawal of concessions. (Commissioners Brossard, Schreiber, and Sutton recommended withdrawal of the concessions on stainless-steel table flatware valued under \$3 per dozen pieces. Commissioners Talbot, Jones, and Dowling recommended withdrawal of the concessions on stainless-steel table flatware regardless of value.)</p> <p><i>Vote of the Commission:</i> 6–0.</p>

<sup>17</sup> This compilation shows the status of only those escape-clause investigations that were pending before the Commission at one time or another during the period covered by this report. Lists of applications accepted before the period covered by this report, and their status on various dates, are given in earlier annual reports of the Commission. For a résumé of the status of all escape-clause applications accepted by the Commission between Apr. 20, 1948, and July 1, 1960, see U.S. Tariff Commission, *Investigations Under the "Escape Clause" of Trade Agreements: Outcome or Current Status of Applications Filed with the United States Tariff Commission for Investigations Under the "Escape Clause" of Trade Agreements, As of July 1, 1960*, 13th ed., 1960 [processed].

*Escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1959-June 30, 1960—Continued*

Commodity	Status
<p>1. Stainless-steel table flatware—Continued</p>	<p><i>Action of the President:</i> On Mar. 7, 1958, the President announced that, in view of Japan's voluntary limitation of exports to the United States, he was deferring action on the Commission's recommendation. He requested the Commission to keep the matter under review and to report to him as soon as practicable after Dec. 31, 1958.</p> <p><i>Supplemental investigation instituted:</i> Mar. 19, 1958.</p> <p><i>Hearing scheduled:</i> Mar. 17, 1959; postponed until Apr. 21, 1959.</p> <p><i>Hearing held:</i> Apr. 21-22, 1959.</p> <p><i>Supplemental report submitted to the President:</i> July 24, 1959.</p> <p><i>Action of the President:</i> By Proclamation 3323 (24 F.R. 8625) of Oct. 20, 1959, effective Nov. 1, 1959, the President established a tariff quota on imports of certain stainless-steel table flatware not over 10.2 inches in overall length and valued at under \$3 per dozen pieces. The proclamation increased the duties on imports of the specified stainless-steel table flatware which are in excess of a total aggregate quantity of 69 million single units annually; for imports up to 69 million single units annually the rates of duty were not changed.</p> <p><i>References:</i> U.S. Tariff Commission, <i>Stainless-Steel Table Flatware: Report to the President on Escape-Clause Investigation No. 61 . . .</i>, 1958 [processed]; <i>Stainless-Steel Table Flatware: Supplemental Report to the President on Escape-Clause Investigation No. 61 . . .</i>, 1959 [processed].</p>
<p>2. Mink skins----- (Investigation No. 79; sec. 7)</p>	<p><i>Origin of investigation:</i> Application by National Board of Fur Farm Organizations, Inc., Milwaukee, Wis.</p> <p><i>Application received:</i> Mar. 19, 1959.</p> <p><i>Investigation instituted:</i> Mar. 25, 1959.</p> <p><i>Hearing held:</i> June 23-25, 1959.</p> <p><i>Investigation completed:</i> Sept. 17, 1959.</p> <p><i>Recommendation of the Commission:</i> No modification of concession.</p> <p><i>Vote of the Commission:</i> 6-0.</p> <p><i>Reference:</i> U.S. Tariff Commission, <i>Mink Skins: Report on Escape-Clause Investigation No. 79 . . .</i>, 1959 [processed].</p>
<p>3. Red fescue seed (2d investigation). (Investigation No. 80; sec. 7)</p>	<p><i>Origin of investigation:</i> Application by Pacific Northwest Chewings and Creeping Red Fescue Association, La Grande, Oreg., and others.</p> <p><i>Application received:</i> May 8, 1959.</p> <p><i>Investigation instituted:</i> May 18, 1959.</p> <p><i>Hearing held:</i> Aug. 11, 1959.</p> <p><i>Investigation completed:</i> Oct. 28, 1959.</p> <p><i>Recommendation of the Commission:</i> No modification of concession.</p> <p><i>Vote of the Commission:</i> 5-0.</p> <p><i>Reference:</i> U.S. Tariff Commission, <i>Red Fescue Seed: Report on Escape-Clause Investigation No. 80 . . .</i>, 1959 [processed].</p>



*Escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1959-June 30, 1960—Continued*

Commodity	Status
4. Zinc sheet ----- (Investigation No. 81; sec. 7)	<p><i>Origin of investigation:</i> Application by Ball Brothers Co., Muncie, Ind., and others.  <i>Application received:</i> July 14, 1959.  <i>Investigation instituted:</i> Aug. 20, 1959.  <i>Hearing held:</i> Nov. 3-4, 1959.  <i>Investigation completed:</i> Jan. 14, 1960.  <i>Recommendation of the Commission:</i> No modification of concession.  <i>Vote of the Commission:</i> 3-2.  <i>Reference:</i> U.S. Tariff Commission, <i>Zinc Sheet: Report on Escape-Clause Investigation No. 81 . . .</i>, 1960 [processed].</p>
5. Women's and children's leather gloves. (Investigation No. 82; sec. 7)	<p><i>Origin of investigation:</i> Application by National Association of Leather Glove Manufacturers, Inc., Gloversville, N.Y.  <i>Application received:</i> Sept. 21, 1959.  <i>Investigation instituted:</i> Oct. 5, 1959.  <i>Hearing held:</i> Jan. 19-20, 1960.  <i>Investigation completed:</i> Mar. 21, 1960.  <i>Recommendation of the Commission:</i> No modification of concession.  <i>Vote of the Commission:</i> 5-0.  <i>Reference:</i> U.S. Tariff Commission, <i>Women's and Children's Leather Gloves: Report on Escape-Clause Investigation No. 7-82 . . .</i>, 1960 [processed].</p>
6. Lamb, mutton, sheep, and lambs. (Investigation No. 83; sec. 7)	<p><i>Origin of investigation:</i> The Commission instituted the investigation on its own motion. An application for an investigation, requesting a restriction of imports of lamb and mutton only, was filed with the Commission on Nov. 17, 1959, jointly by the National Wool Growers Association, of Salt Lake City, Utah, and the National Lamb Feeders Association, of Denver, Colo.  <i>Investigation instituted:</i> Dec. 2, 1959.  <i>Hearing held:</i> Mar. 22-25, 1960.  <i>Investigation completed:</i> June 1, 1960.  <i>Recommendation of the Commission:</i> No modification of concession.  <i>Vote of the Commission:</i> 4-2.  <i>Reference:</i> U.S. Tariff Commission, <i>Lamb, Mutton, Sheep, and Lambs: Report on Escape-Clause Investigation No. 7-83 . . .</i>, 1960 [processed].</p>
7. Typewriters ----- (Investigation No. 84; sec. 7)	<p><i>Origin of investigation:</i> Application by Smith-Corona Marchant, Inc., Syracuse, N.Y., and Royal McBee Corp., Port Chester, N.Y.  <i>Application received:</i> Nov. 10, 1959.  <i>Investigation instituted:</i> Dec. 9, 1959.  <i>Hearing held:</i> Mar. 29-31, 1960.  <i>Investigation completed:</i> May 10, 1960.  <i>Recommendation of the Commission:</i> No modification of concession.  <i>Vote of the Commission:</i> 6-0.  <i>Reference:</i> U.S. Tariff Commission, <i>Typewriters: Report on Escape-Clause Investigation No. 7-84 . . .</i>, 1960 [processed].</p>
8. Cotton typewriter-ribbon cloth. (Investigation No. 85; sec. 7)	<p><i>Origin of investigation:</i> Application by certain domestic producers.  <i>Application received:</i> Dec. 30, 1959.  <i>Investigation instituted:</i> Jan. 11, 1960.</p>

*Escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1959-June 30, 1960—Continued*

Commodity	Status
8. Cotton typewriter-ribbon cloth—Continued	<p><i>Hearing held:</i> Apr. 20-21, 1960.  <i>Investigation completed:</i> June 30, 1960.  <i>Recommendation of the Commission:</i> Modification of concessions.  <i>Vote of the Commission:</i> 4-0.  <i>Action of the President:</i> The President has not yet acted.  <i>Reference:</i> U.S. Tariff Commission, <i>Cotton Typewriter-Ribbon Cloth: Report to the President on Escape-Clause Investigation No. 7-85 . . .</i>, 1960 [processed].</p>
9. Barbed wire----- (Investigation No. 86; sec. 7)	<p><i>Origin of investigation:</i> The Commission instituted the investigation on its own motion. Previously, on Nov. 28, 1958, the Commission rejected, on jurisdictional grounds, an application for an escape-clause investigation of barbed wire, filed by the Atlantic Steel Co., of Atlanta, Ga., and others. The Commission's rejection of the application was followed by litigation in the Federal courts. On Feb. 4, 1960, the U.S. Court of Appeals for the District of Columbia Circuit affirmed the lower court's decision that the Tariff Commission must conduct an investigation with respect to barbed wire under section 7.  <i>Investigation instituted:</i> Feb. 9, 1960.  <i>Hearing held:</i> May 10, 1960.  <i>Investigation in process.</i></p>
10. Cast-iron fittings for cast-iron soil pipe. (Investigation No. 87; sec. 7)	<p><i>Origin of investigation:</i> Application by the Cast Iron Soil Pipe Foundation, Los Angeles, Calif., and others.  <i>Application received:</i> Feb. 23, 1960.  <i>Investigation instituted:</i> Mar. 7, 1960.  <i>Hearing held:</i> May 31, 1960.  <i>Investigation in process.</i></p>
11. Crude horseradish----- (Investigation No. 88; sec. 7)	<p><i>Origin of investigation:</i> Application by the Vegetable Growers of St. Clair, Monroe, and Madison Counties of the State of Illinois, Granite City, Ill.  <i>Application received:</i> Mar. 21, 1960.  <i>Investigation instituted:</i> Mar. 28, 1960.  <i>Hearing scheduled:</i> July 19, 1960.  <i>Investigation in process.</i></p>
12. Hatters' fur (2d investigation). (Investigation No. 89; sec. 7)	<p><i>Origin of investigation:</i> Application by the Hatters' Fur Cutters Association of the U.S.A., New York, N.Y.  <i>Application received:</i> June 1, 1960.  <i>Investigation instituted:</i> June 21, 1960.  <i>Hearing scheduled:</i> Not yet scheduled.  <i>Investigation in process.</i></p>
13. Binding and baler twine---- (Investigation No. 90; sec. 7)	<p><i>Origin of investigation:</i> Application by the Cordage Institute, New York, N.Y.  <i>Application received:</i> June 10, 1960.  <i>Investigation instituted:</i> June 24, 1960.  <i>Hearing scheduled:</i> Sept. 27, 1960.  <i>Investigation in process.</i></p>
14. Hard-fiber cords and twines-- (Investigation No. 91; sec. 7)	<p><i>Origin of investigation:</i> Application by the Cordage Institute, New York, N.Y.  <i>Application received:</i> June 10, 1960.  <i>Investigation instituted:</i> June 24, 1960.  <i>Hearing scheduled:</i> Sept. 28, 1960.  <i>Investigation in process.</i></p>

**Investigations completed during 1960**<sup>24</sup>

*Stainless-steel table flatware.*—On April 18, 1957, in response to an application filed on April 11, 1957, by the Stainless Steel Flatware Manufacturers Association, of Englishtown, N.J., the Tariff Commission instituted an escape-clause investigation of table knives, forks, and spoons, wholly of metal and in chief value of stainless steel, classifiable under paragraph 339 or paragraph 355 of the Tariff Act of 1930. The Commission held a public hearing in the investigation from July 16 to 19, 1957.

In this investigation, a report on which was submitted to the President on January 10, 1958, the Commission unanimously found that the specified stainless-steel table flatware was being imported into the United States in such increased quantities, both actual and relative, as to cause serious injury to the domestic industry producing like products. The six members of the Commission divided three to three with respect to the remedy that was necessary. Commissioners Brosard, Schreiber, and Sutton recommended the withdrawal of the concessions granted in the General Agreement on Tariffs and Trade on the specified stainless-steel table flatware valued at less than \$3 per dozen pieces. Commissioners Talbot, Jones, and Dowling recommended the withdrawal of the concessions on the specified stainless-steel table flatware, regardless of value. On January 31, 1958, the Commission notified the President that, as a result of an oversight, its report of January 10, 1958, did not correctly reflect the intention of both groups of Commissioners in one respect—that the increased duties on stainless-steel table flatware found to be necessary were not intended by either group of Commissioners to be applied to flatware over 10 inches in overall length.

On March 7, 1958, the President announced that, in view of Japan's voluntary limitation of exports of stainless-steel table flatware to the United States, he was deferring action on the Commission's recommendation. Since this voluntary limitation signified an important reduction in the volume of imports and thus held considerable promise of relieving the situation of the domestic producers, he had decided that a full evaluation of Japan's voluntary limitation of shipments to the United States was necessary. He therefore requested the Commission to keep the matter under review, and to report to him as soon as practicable after December 31, 1958, with particular reference to the experience of the domestic industry during 1958, when Japan's limitation on exports to the United States would have been in effect.

For the purpose of carrying out the President's request, the Commission on March 19, 1958, instituted under section 332 of the Tariff Act of 1930 an investigation of the stainless-steel table flatware covered in its original escape-clause investigation. A public hearing in the investigation, originally scheduled for March 17, 1959, was postponed until April 21, 1959. The hearing was held on April 21 and

<sup>24</sup> For citations of the reports mentioned in the discussion below, see the preceding tabulation.

22, 1959, and the Commission submitted its report to the President on July 24, 1959. The report provided data on production, imports, exports, employment, and on the profit-and-loss experience of domestic producers through 1958.

On October 21, 1959, the President announced that he had concurred with the Tariff Commission's unanimous finding of serious injury in the escape-clause case involving stainless-steel table flatware. By Proclamation 3323<sup>19</sup> of October 20, 1959, effective November 1, 1959, he established a tariff quota on imports of certain stainless-steel table flatware not over 10.2 inches in overall length and valued at under \$3 per dozen pieces. The proclamation increased the duties on imports of the specified stainless-steel table flatware which are in excess of a total aggregate quantity of 69 million single units annually; for imports up to 69 million single units annually the rates of duty were not changed.

*Mink skins.*—On March 25, 1959, in response to an application filed on March 19, 1959, by the National Board of Fur Farm Organizations, Inc., of Milwaukee, Wis., the Tariff Commission instituted an escape-clause investigation of dressed mink skins provided for in paragraph 1519(a) of the Tariff Act of 1930, and undressed mink skins provided for in paragraph 1681. The Commission held a public hearing in the investigation from June 23 to 25, 1959.

The Commission issued a report on its investigation of mink skins on September 17, 1959. In its report the Commission unanimously found that escape-clause relief was not warranted with respect to the specified mink skins and that, accordingly, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

*Red fescue seed (second investigation).*—In response to an application filed on May 8, 1959, by the Pacific Northwest Chewings and Creeping Red Fescue Association, of La Grande, Oreg., and others, the Tariff Commission on May 18, 1959, instituted an escape-clause investigation of red fescue (*Festuca rubra*) seed, including Chewings fescue (*Festuca rubra* var. *commutata*) seed, classifiable under paragraph 763 of the Tariff Act of 1930. The Commission held a public hearing in the investigation on August 11, 1959.

The Commission issued a report on its investigation of red fescue seed on October 28, 1959. In its report the Commission unanimously found<sup>20</sup> that escape-clause relief was not warranted with respect to the specified red fescue seed and that, accordingly, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

*Zinc sheet.*—On August 20, 1959, in response to an application filed on July 14, 1959, by Ball Brothers Co., of Muncie, Ind., and others, the Tariff Commission instituted an escape-clause investigation of

<sup>19</sup> 24 F.R. 8625; 3 CFR, 1959 Supp., 68.

<sup>20</sup> Commissioner Talbot did not participate in the finding in this investigation.

zinc sheet (including coated or plated sheet), classifiable under paragraph 394 of the Tariff Act of 1930. The Commission held a public hearing in the investigation on November 3 and 4, 1959.

The Commission issued a report on its investigation of zinc sheet on January 14, 1960. In its report the Commission found (Commissioners Talbot and Overton dissenting)<sup>21</sup> that escape-clause relief was not warranted with respect to the specified zinc sheet and that, accordingly, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

In their dissent, Commissioners Talbot and Overton found that imports of zinc sheet were entering the United States in such volume as to seriously injure the domestic industry; they concluded that an increase in duty to 45 percent ad valorem would be necessary to remedy such injury.

On the question of the definition of the domestic industry, Commissioner Jones joined with Commissioners Talbot and Overton in holding that the industry under investigation was that which produces zinc sheet (including coated or plated). Commissioners Schreiber and Sutton identified the industry as that which produces both zinc sheet and zinc strip. They observed, however, that even if the domestic industry were more narrowly conceived of as indicated by their colleagues there would be no basis for a finding of serious injury.

*Women's and children's leather gloves.*—In response to an application filed on September 21, 1959, by the National Association of Leather Glove Manufacturers, Inc., of Gloversville, N.Y., the Tariff Commission on October 5, 1959, instituted an escape-clause investigation of women's and children's gloves, made wholly or in chief value of leather, whether wholly or partly manufactured, classifiable under paragraph 1532(a) of the Tariff Act of 1930. The Commission held a public hearing in the investigation on January 19 and 20, 1960.

The Commission issued a report on its investigation of women's and children's leather gloves on March 21, 1960. In its report the Commission unanimously found<sup>22</sup> that escape-clause relief was not warranted with respect to the specified women's and children's leather gloves and that, accordingly, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

*Lamb, mutton, sheep, and lambs.*—On December 2, 1959, on its own motion, the Tariff Commission instituted an escape-clause investigation of lamb and mutton, fresh, chilled, or frozen, sheep, and lambs, all classifiable under paragraph 702 of the Tariff Act of 1930.<sup>23</sup> The

<sup>21</sup> Commissioner Dowling did not participate in the decision in this investigation because of absence.

<sup>22</sup> Commissioner Jones did not participate in this investigation.

<sup>23</sup> An application for an investigation, requesting a restriction of imports of lamb and mutton, was filed with the Commission on Nov. 17, 1959, jointly by the National Wool Growers Association, of Salt Lake City, Utah, and the National Lamb Feeders Association, of Denver, Colo.

Commission held a public hearing in the investigation from March 22 to 25, 1960.

The Commission issued a report on its investigation of lamb, mutton, sheep, and lambs on June 1, 1960. In its report the Commission found (Commissioners Schreiber and Sutton dissenting) that escape-clause relief was not warranted with respect to lamb, mutton, sheep, and lambs and that, accordingly, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

*Typewriters.*—In response to an application filed on November 10, 1959, by Smith-Corona Marchant, Inc., of Syracuse, N.Y., and Royal McBee Corp., of Port Chester, N.Y., the Tariff Commission on December 9, 1959, instituted an escape-clause investigation of typewriters, provided for in paragraph 1791 of the Tariff Act of 1930. The Commission held a public hearing in the investigation from March 29 to 31, 1960.

The Commission issued a report on its investigation of typewriters on May 10, 1960. In its report the Commission unanimously found that escape-clause relief was not warranted with respect to typewriters and that, accordingly, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

*Cotton typewriter-ribbon cloth.*—On January 11, 1960, in response to an application by certain domestic producers, the Tariff Commission instituted an escape-clause investigation of cotton typewriter-ribbon cloth.<sup>24</sup> The Commission held a public hearing in the investigation on April 20 and 21, 1960.

The Commission submitted a report on its investigation of cotton typewriter-ribbon cloth to the President on June 30, 1960. In its report the Commission unanimously found<sup>25</sup> that escape-clause relief was warranted with respect to the specified broadwoven cotton typewriter-ribbon cloth. The Commission also found that in order to remedy the serious injury to the domestic industry concerned it was necessary to modify the pertinent trade-agreement concessions to permit reimposition on imports of such cloth of the rates of duty originally provided in the Tariff Act of 1930, which range from about 28 to 48 percent ad valorem. The rate of 5 cents per pound on the long-staple-cotton content of typewriter-ribbon cloth was not affected.

On June 30, 1960, the close of the period covered by this report,

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<sup>24</sup> For the purposes of the investigation "cotton typewriter-ribbon cloth" referred to "cotton cloth suitable for making typewriter ribbon, classifiable under subparagraph (a), (b), or (c) of paragraph 904 of the Tariff Act of 1930, containing yarns the average number of which exceeds No. 50 but not No. 140, the total thread count of which per square inch (counting warp and filling) is not less than 240 and not more than 340, and in which the thread count of either the warp or filling does not exceed 60 percent of the total thread count of the warp and filling."

<sup>25</sup> Commissioners Schreiber and Jones did not participate in the decision in this investigation because of absence from Washington and of illness, respectively.

the President had not yet acted on the Commission's recommendations with respect to broadwoven cotton typewriter-ribbon cloth.

#### Reports made under Executive Order 10401 during 1960

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

By Executive Order 10401 of October 14, 1952,<sup>26</sup> the President established a formal procedure for reviewing escape-clause actions. Paragraph 1 of that Executive order directs the Tariff Commission to keep under review developments with respect to products on which trade-agreement concessions have been modified or withdrawn under the escape-clause procedure, and to make periodic reports to the President concerning such developments. The Commission is required to make the first such report in each case not more than 2 years after the original escape-clause action, and thereafter at intervals of 1 year as long as the concession remains withdrawn, suspended, or modified in whole or in part.

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

During 1960 the Commission reported to the President, under the provisions of Executive Order 10401, on developments with respect to linen toweling, watch movements, bicycles, dried figs, spring clothespins, safety pins, and clinical thermometers. The reports on these commodities are discussed further below.

*Linen toweling.*—In 1956, after an escape-clause investigation and report by the Tariff Commission, the President withdrew the concession that the United States granted in the General Agreement on the linen toweling (i.e., fabrics used chiefly for making towels) provided for in paragraph 1010 of the Tariff Act of 1930, and increased the rate of duty on such toweling from 10 percent ad valorem to 40 percent ad valorem.<sup>27</sup> The withdrawal of the concession became effective after the close of business on July 25, 1956.

As required by paragraph 1 of Executive Order 10401, the Commission during the fiscal year 1960 submitted to the President its second periodic report on developments with respect to the linen toweling involved in the escape-clause action. In its report, which

<sup>26</sup> 3 CFR, 1949-1953 Comp., 901.

<sup>27</sup> The increase in duty did not apply to other types of fabrics provided for in par. 1010; such fabrics comprise the great bulk of entries under that paragraph.

was submitted on July 24, 1959,<sup>28</sup> the Commission unanimously concluded that the conditions of competition between imported and domestic toweling had not so changed as to warrant the institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On October 13, 1959, the President concurred with the Commission's conclusion.

*Watch movements.*—In 1954, after an escape-clause investigation and report by the Tariff Commission, the President modified the concession that the United States granted on watch movements in the bilateral trade agreement with Switzerland and increased the import duties on such watch movements. The modification of the concession became effective at the close of business on July 27, 1954.

As required by paragraph 1 of Executive Order 10401, the Commission during the fiscal year 1960 submitted to the President its fourth periodic report with respect to the watch movements involved in the escape-clause action. In its report, which was submitted on July 27, 1959,<sup>29</sup> the Commission unanimously concluded that the conditions of competition with respect to the trade in imported and domestic watch movements had not so changed as to warrant the institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On October 13, 1959, the President concurred with the Commission's conclusion.

*Bicycles.*—In 1955, after an escape-clause investigation and report by the Tariff Commission, the President modified the concession that the United States granted on bicycles in the General Agreement on Tariffs and Trade, and increased the import duties on such bicycles. The modification of the concession became effective after the close of business on August 18, 1955.

As required by paragraph 1 of Executive Order 10401, the Commission during the fiscal year 1960 submitted to the President its third periodic report on developments with respect to the bicycles involved in the escape action. In its report, which was submitted on August 18, 1959,<sup>30</sup> the Commission unanimously concluded that the conditions of competition between imported and domestic bicycles had not so changed as to warrant institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On December 3, 1959, the President concurred with the Commission's conclusion.

*Dried figs.*—In 1952, after an escape-clause investigation and report by the Tariff Commission, the President modified the concession that the United States granted on dried figs in the General Agreement on Tariffs and Trade, and increased the import duty on such figs from 2½ cents to 4½ cents per pound. The modification of the concession became effective at the close of business on August 29, 1952.

<sup>28</sup> U.S. Tariff Commission, *Toweling of Flax, Hemp, or Ramie: Report to the President (1959) Under Executive Order 10401*, 1959 [processed].

<sup>29</sup> U.S. Tariff Commission, *Watch Movements: Report to the President (1959) Under Executive Order 10401*, 1959 [processed].

<sup>30</sup> U.S. Tariff Commission, *Bicycles: Report to the President (1959) Under Executive Order 10401*, 1959 [processed].



As required by paragraph 1 of Executive Order 10401, the Commission during the fiscal year 1960 submitted to the President its sixth periodic report on dried figs. In its report, which was submitted on August 31, 1959,<sup>31</sup> the Commission unanimously concluded that developments in the trade in dried figs did not indicate such a change in the competitive situation as to warrant institution at that time of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On October 28, 1959, the President concurred with the Commission's conclusion.

*Spring clothespins.*—In 1957, after an escape-clause investigation and report by the Tariff Commission, the President withdrew the concession that the United States granted in the General Agreement on Tariffs and Trade on spring clothespins, provided for in paragraph 412 of the Tariff Act of 1930, and increased the rate of duty on them from 10 cents per gross to 20 cents per gross. The withdrawal of the concession became effective after the close of business on December 9, 1957.

As required by paragraph 1 of Executive Order 10401, the Commission during the fiscal year 1960 submitted to the President its first periodic report on developments with respect to the spring clothespins involved in the escape-clause action. In its report, which was submitted on December 7, 1959,<sup>32</sup> the Commission unanimously concluded that the conditions of competition between imported and domestic spring clothespins had not so changed as to warrant the institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On February 5, 1960, the President concurred with the Commission's conclusion.

*Safety pins.*—In 1957, after an escape-clause investigation and report by the Tariff Commission, the President modified the concession that the United States granted in the General Agreement on Tariffs and Trade on safety pins, provided for in paragraph 350 of the Tariff Act of 1930, and increased the rate of duty on them from 22½ percent ad valorem to 35 percent ad valorem. The modification of the concession became effective after the close of business on December 30, 1957.

As required by paragraph 1 of Executive Order 10401, the Commission during the fiscal year 1960 submitted to the President its first periodic report on developments with respect to the safety pins involved in the escape-clause action. In its report, which was submitted on December 31, 1959,<sup>33</sup> the Commission unanimously concluded that the conditions of competition between imported and domestic safety pins had not so changed as to warrant the institution

<sup>31</sup> U.S. Tariff Commission, *Figs, Dried: Report to the President (1959) Under Executive Order 10401*, 1959 [processed].

<sup>32</sup> U.S. Tariff Commission, *Spring Clothespins: Report to the President (1959) Under Executive Order 10401*, 1959 [processed].

<sup>33</sup> U.S. Tariff Commission, *Safety Pins: Report to the President (1959) Under Executive Order 10401*, 1959 [processed].

of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On February 5, 1960, the President concurred with the Commission's conclusion.

*Clinical thermometers.*—In 1958, after an escape-clause investigation and report by the Tariff Commission, the President withdrew the concession that the United States granted in the General Agreement on Tariffs and Trade on finished or unfinished clinical thermometers, classifiable under paragraph 218(a) of the Tariff Act of 1930, and increased the rate of duty on such thermometers from 42½ to 85 percent ad valorem. The withdrawal of the concession became effective after the close of business on May 21, 1958.

As required by paragraph 1 of Executive Order 10401, the Commission during the fiscal year 1960 submitted to the President its first periodic report on developments with respect to the clinical thermometers involved in the escape-clause action. In its report, which was submitted on May 23, 1960,<sup>34</sup> the Commission unanimously concluded that the conditions of competition between imported and domestic clinical thermometers had not so changed as to warrant the institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. By June 30, 1960, the close of the period covered by this report, the President had not acted on the Commission's report.

#### **Rejection of request for formal review of escape-clause action**

On December 15, 1959, the Tariff Commission rejected the request of six companies engaged primarily in the smelting and refining of lead and zinc for a formal review of the escape-clause action that resulted in the imposition in October 1958 of annual quotas on imports of unmanufactured lead and zinc. Executive Order 10401, which established procedures for the review of escape-clause actions, provides for formal investigation and hearing under paragraph 2 thereof with a view to the lessening of import restrictions resulting from escape-clause actions only "Whenever in the judgment of the Tariff Commission conditions of competition with respect to the trade in the imported article and the like or directly competitive domestic product concerned have so changed as to warrant it, or upon the request of the President." The Executive order makes no provision for formal review of escape-clause actions on the basis of applications or petitions by interested parties.

In rejecting the request for a formal review of the escape-clause action with respect to lead and zinc, the Commission noted that it was at the time engaged in a broad investigation of the lead-zinc situation in compliance with Senate Resolution 162 (86th Cong., 1st sess.) and was scheduled to report the results of its investigation to the Senate by March 31, 1960. The Senate resolution directed the Commission to include in its report "specific findings . . . with regard to the

<sup>34</sup> U.S. Tariff Commission, *Clinical Thermometers, Finished or Unfinished: Report to the President (1960) Under Executive Order 10401, 1960* [processed].

current condition of the lead and zinc mining industries and as to what additional import restrictions, if any," need be imposed on the specific commodities. Accordingly, the Commission concluded that a formal review of the escape-clause action under the provisions of paragraph 2 of Executive Order 10401—before the results of the broad investigation had been studied—would be untimely.

#### Interpretive decisions

*Right of applicant to escape-clause investigation.*—On November 28, 1958, the Commission rejected, on jurisdictional grounds, an application for an escape-clause investigation of barbed wire, filed by the Atlantic Steel Co., of Atlanta, Ga., and others. In this instance the Commission was confronted with a question of whether the protective principle inherent in the escape-clause procedures of section 7 prevailed over a historic policy of the Congress to admit barbed wire free of import restrictions for the special and particular purpose of benefiting the American farmer. The Commission held that this policy of the Congress, which was established in 1913, precluded application of the escape-clause procedure to barbed wire in the absence of a clear expression from the Congress of a contrary intent.

The Commission's action in this matter precipitated litigation in the U.S. District Court for the District of Columbia. On December 22, 1958, the Atlantic Steel Co. filed a complaint asking the court to order the Tariff Commission to make an investigation as required by law, and to enter a declaratory judgment that the Commission's dismissal of the above-mentioned application for an investigation was contrary to law.<sup>35</sup> Subsequently, the plaintiff filed a motion for summary judgment, and the court found for the plaintiff in a decision without written opinion.

The Tariff Commission recommended to the Department of Justice that an appeal be filed, and the Department of Justice concurred. On February 4, 1960, the U.S. Court of Appeals for the District of Columbia Circuit affirmed the lower court's decision that it was the duty of the Tariff Commission to conduct an investigation of barbed wire under section 7 of the Trade Agreements Extension Act of 1951, as amended, holding that under the explicit language of the said section 7 an investigation by the Commission is mandatory upon application by a proper interested party.<sup>36</sup>

*Scope of "domestic industry".*—In the report of the escape-clause investigation with respect to lamb, mutton, sheep, and lambs, the Commission was divided on the question of what the scope of the "domestic industry" should be for purposes of the investigation. Both the majority Commissioners and the dissenting Commissioners discussed the principles involved and explained their views in much

<sup>35</sup> *Atlantic Steel Company, plaintiff v. United States Tariff Commission, defendant* (Civil Action No. 3225-58).

<sup>36</sup> *Joseph E. Talbot et al., Members of the United States Tariff Commission, and the United States Tariff Commission, appellants v. Atlantic Steel Company, appellee*, C.A.D.C. 1960, 275 F. 2d 4.

greater detail than had been the practice theretofore. The four Commissioners comprising the majority, after reciting the provisions of section 7(e) of the Trade Agreements Extension Act of 1951, as amended, including the definition therein of "domestic industry producing like or directly competitive products",<sup>37</sup> concluded that the obvious object of the definition was to require the narrowing of the scope of the domestic industry for the purposes of an escape-clause proceeding to precisely those operations of the producing organizations that are involved in the production of the product that is "like or directly competitive" with the imported product complained of; that live lambs and sheep are "different" products, commercially, from the meat of these animals; that live lambs and sheep are raw products produced by raisers and feeders, while the carcasses and cuts thereof are products of the live animals produced by the slaughterers and processors (packers); and that, since live animals are obviously different commercial entities from carcasses, the producers of each entity must be considered as distinct and separate "industries" for the purposes of escape-clause proceedings.

On the other hand, the two Commissioners comprising the minority regarded the domestic industry as being a composite of the breeders and growers of live lambs and sheep together with the packers that slaughter and process these animals into commercial forms of lamb and mutton. In so doing, they observed that they were not contending that live domestic lambs and sheep are "like or directly competitive" with imported lamb and mutton, but were contending that, as a practical matter, the domestic producers of lamb and sheep are part of the industry that produces lamb and mutton.

*"Threat" of serious injury.*—The escape-clause investigation of lamb, mutton, sheep, and lambs produced another division within the Commission on the question of whether the articles under investigation were being imported in such increased quantities as to "threaten" serious injury to the domestic industry producing like or directly competitive products. None of the Commissioners found that the imports were causing serious injury to any domestic industry. The four majority Commissioners also found that serious injury was not threatened by such imports, but the two dissenting Commissioners held that the imports did threaten serious injury to the domestic industry.

The minority concluded that the "prospective continuation" of the "sharply rising trend" of imports would—unless arrested—cause serious injury in the near future and that the industry therefore was "presently being threatened with serious injury."

The majority Commissioners called attention to the fact that, under the statute, the Commission must determine whether an article

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<sup>37</sup> Section 7(e) defines the "domestic industry producing like or directly competitive products" as "that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products . . . in commercial quantities."

“is . . . being imported into the United States in such increased quantities . . . as to cause or threaten serious injury to the domestic industry . . . .” From this, they concluded that the present tense of the verb “is . . . being” manifests a clear legislative intent that a finding of either actual or threatened serious injury must be related to a current rate of increased imports, and not to a rate of increased imports which may occur at some future time; that, in view of this, either a finding of present serious injury or a finding of threatened serious injury must be related to currently increased imports, and therefore it necessarily follows that a finding of threatened serious injury must be based upon facts which, upon application to the statutory criteria, show that injury is about to occur; and that, in other words, the serious injury must be imminent and not remote, conjectural, or based on mere suspicion, rumor, fear, or possibility.

### Section 22 of the Agricultural Adjustment Act

Section 22 of the Agricultural Adjustment Act, as amended,<sup>38</sup> authorizes the President to restrict imports of any commodity, by imposing either fees or quotas (within specified limits), whenever such imports render or tend to render ineffective, or materially interfere with, programs of the U.S. Department of Agriculture relating to agricultural commodities or products thereof. Section 22 requires the Tariff Commission, when so directed by the President, to conduct an investigation of the specified commodity, including a public hearing, and to make a report and appropriate recommendations to him. Under subsection (f) of section 22, as amended by section 8(b) of the Trade Agreements Extension Act of 1951, no trade agreement or other international agreement entered into at any time by the United States may be applied in a manner inconsistent with the requirements of section 22.

Section 8(a) of the Trade Agreements Extension Act of 1951, as amended,<sup>39</sup> sets up special procedures for invoking section 22 in emergency conditions due to the perishability of any agricultural commodity. When the Secretary of Agriculture reports to the President and to the Tariff Commission that such emergency conditions exist, the Commission must make an immediate investigation under section 22 and make appropriate recommendations to the President. The Commission's report to the President and the President's decision must be made not more than 25 calendar days after the case is submitted to the Commission. Should the President deem it necessary, however, he may take action without awaiting the Commission's recommendations.

An amendment to section 22 of the Agricultural Adjustment Act by section 104 of the Trade Agreements Extension Act of 1953<sup>40</sup> pro-

<sup>38</sup> 7 U.S.C. 624.

<sup>39</sup> 65 Stat. 75.

<sup>40</sup> 67 Stat. 472.

vides that the President may take immediate action under section 22 without awaiting the Tariff Commission's recommendations whenever the Secretary of Agriculture determines and reports to him, with regard to any article or articles, that a condition exists requiring emergency treatment. Such action by the President may continue in effect pending his receipt of, and his action on, the report and recommendations of the Commission after an investigation under section 22. Under section 8(a) of the Trade Agreements Extension Act of 1951, as amended, the President's authority to act before he had received a report from the Commission was limited to perishable agricultural products. During 1960 no action was taken under either subsection (f) of section 22 or section 8(a) of the Trade Agreements Extension Act of 1951, as amended.

During the period covered by this report, the Commission completed five investigations under the provisions of section 22 of the Agricultural Adjustment Act, as amended—a supplemental investigation of cotton having a staple of  $1\frac{1}{8}$  inches or more in length; an investigation of rye, rye flour, and rye meal; an investigation of shelled almonds and blanched, roasted, or otherwise prepared or preserved almonds; a supplemental investigation of certain cheeses; and an investigation of articles containing cotton.

#### **Cotton and cotton waste (continuing investigation)**

Since 1939, under the provisions of section 22 and in accordance with recommendations of the Tariff Commission, the United States has restricted imports of most types of cotton and some types of cotton waste. During the period 1939-60, the Commission has conducted a number of supplemental investigations to determine whether further restrictions were required (as on short harsh or rough cotton), whether supplemental import quotas were necessary for certain types of long-staple cotton, or whether certain minor changes were advisable to facilitate administration of the quotas. During 1960 the Commission conducted one such investigation.

On March 25, 1959, the Commission upon its own motion instituted, under the provisions of section 22, a supplemental investigation of cotton having a staple of  $1\frac{1}{8}$  inches or more in length. Annual absolute quotas on imports of such cotton were originally made effective on September 20, 1939, by Presidential Proclamation 2351 of September 5, 1939,<sup>41</sup> after an investigation under section 22 by the Tariff Commission. When the Commission instituted the supplemental investigation on March 25, 1959, the quota was 45,656,420 pounds for each 12-month period beginning August 1, and was subdivided into two separate quotas, one for cotton having a staple of  $1\frac{3}{8}$  inches or more in length (39,590,778 pounds) and the other for cotton having a staple of  $1\frac{1}{8}$  inches or more but less than  $1\frac{3}{8}$  inches in length (6,065,642 pounds). The Commission held a public hearing on April 28 and 29, 1959.

<sup>41</sup> 4 F.R. 3822.

The Commission reported the results of its investigation to the President on July 10, 1959.<sup>42</sup> On the basis of its investigation the Commission found (Commissioner Overton not participating, Commissioners Schreiber and Sutton dissenting) that no changed circumstances existed requiring the modification of the existing quotas on long-staple cotton established under the authority of section 22 of the Agricultural Adjustment Act, as amended. The Commission, therefore, made no recommendation to the President for further action under section 22. On September 22, 1959, the President accepted the Commission's report on long-staple cotton.

**Wheat and wheat flour (continuing investigation)**

Since 1941, under the provisions of section 22 and in accordance with recommendations of the Tariff Commission, the United States has restricted imports of wheat and wheat flour, semolina, crushed or cracked wheat, and similar wheat products, in order to prevent interference with Department of Agriculture programs to control the production or marketing of domestic wheat. Imports in any quota year are limited to 800,000 bushels of wheat and to 4 million pounds of wheat flour, semolina, and similar wheat products. The quotas are allocated by country; in general, they are allocated in proportion to imports from the several countries in the 5-year period 1929-33. Since their adoption in 1941, the basic quotas have not been changed, but exceptions have been made for distress shipments, seed wheat, wheat for experimental purposes, and wheat imported during World War II by the War Food Administrator (virtually all of which was used for animal feed). Since 1943 the Commission has completed no investigations relating to wheat, wheat flour, and other wheat products, but it has continued to watch developments with respect to those products.

**Rye, rye flour, and rye meal**

On June 24, 1959, at the request of the President, the Commission instituted an investigation of rye, rye flour, and rye meal under the provisions of section 22. A public hearing was held on July 13, 1959.

The Commission reported the results of its investigation to the President on July 29, 1959.<sup>43</sup> On the basis of its investigation, the Commission found that rye, rye flour, and rye meal were practically certain to be imported after June 30, 1959, under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the price-support program for rye undertaken by the Department of Agriculture pursuant to sections 301 and 401 of the Agricultural Act of 1949, as amended, and to reduce substantially the amount of products processed from domestically produced

<sup>42</sup> U.S. Tariff Commission, *Long-Staple Cotton: Report to the President on Investigation Supplemental to Investigation No. 1 Under Section 22 . . .*, 1959 [processed].

<sup>43</sup> U.S. Tariff Commission, *Rye and Rye Flour and Rye Meal: Report to the President on Investigation 9C Under Section 22 . . .*, 1959 [processed].

rye. To prevent such interference, the Commission recommended that a quota of 95,200,000 pounds, of which not more than 8,000 pounds may be rye flour or rye meal, be imposed for succeeding 12-month periods beginning July 1, 1959. The Commission also recommended that of the total annual quota, not more than 93,296,000 pounds be allocated to Canada, and not more than 1,904,000 pounds, to all other countries.

By Proclamation 3306 of August 4, 1959,<sup>44</sup> the President imposed for the 2 years ending June 30, 1961, an average annual quota of 186,000,000 pounds for imports of rye, rye flour, and rye meal. In its report the Tariff Commission had recommended the imposition of an annual quota of 95,200,000 pounds for an indefinite period. In accepting the Tariff Commission's finding that import restrictions would remain necessary after June 30, 1959, the President decided to continue for 2 years the existing annual quota of 186,000,000 pounds. His proclamation continued the historical allocation of the quota—182,280,000 pounds for imports from Canada and 3,720,000 pounds for imports from other countries. The proclamation specified that of the total permissible imports, not more than 15,000 pounds might be of rye flour or rye meal.

The President's proclamation established separate quotas for the period August 5–31, 1959, for the 10-month period commencing September 1, 1959, and for the 12-month period commencing July 1, 1960. The proclamation provides—

1. That for the period commencing August 5, 1959, and ending August 31, 1959, the total aggregate quantity of rye, rye flour, and rye meal entered shall not exceed 6,741,268 pounds, of which not more than 518 pounds may be in the form of rye flour or rye meal;

2. That for the ten-month period commencing September 1, 1959, and ending June 30, 1960, the total aggregate quantity of rye, rye flour, and rye meal entered shall not exceed 77,399,736 pounds, of which not more than 5,939 pounds may be in the form of rye flour or rye meal;

3. That for the twelve-month period commencing July 1, 1960, and ending June 30, 1961, the total aggregate quantity of rye, rye flour, and rye meal entered shall not exceed an amount determined by the Secretary of the Treasury as soon as practicable after June 30, 1960, to be the equivalent of 186,000,000 pounds less the amount, if any, by which entries during the period July 1, 1959, to June 30, 1960, exceeded 186,000,000 pounds: *Provided*, That the amount so determined shall not be less than 92,879,683 pounds, and that of the amount so determined by the Secretary of the Treasury, not more than 0.00806 per centum may be in the form of rye flour or rye meal;

4. That of the 6,741,268 pounds specified in paragraph 1, not more than 6,606,443 shall be the product of Canada and not more than 134,825 shall be the product of other foreign countries; that of the 77,399,736 pounds specified in paragraph 2, not more than 75,851,741 shall be the product of Canada and not more than 1,547,995 shall be the product of other foreign countries; that of the amount to be determined under paragraph 3, not more than 98 per centum shall be the product of Canada and not more than 2 per centum shall be the product of other foreign countries.

<sup>44</sup> 24 F.R. 6407; 3 CFR, 1959 Supp., 54.



### Almonds

On July 29, 1959, at the request of the President, the Tariff Commission instituted an investigation of shelled almonds and blanched, roasted, or otherwise prepared or preserved almonds, under the provisions of section 22. The Commission held a public hearing in the investigation on August 25, 1959.

The Commission reported the results of its investigation to the President on September 25, 1959.<sup>45</sup> The four Commissioners participating in the decision in this investigation divided equally in their findings.<sup>46</sup> Commissioners Talbot and Schreiber found that shelled almonds and blanched, roasted, or otherwise prepared or preserved almonds (not including almond paste) were practically certain to be imported into the United States during the period October 1, 1959, to September 30, 1960, both dates inclusive, under such conditions and in such quantities as to materially interfere with the U.S. Department of Agriculture marketing-agreement-and-order program with respect to almonds undertaken pursuant to the Agricultural Marketing Agreement Act of 1937, as amended. These Commissioners also found that in order to prevent such interference it was necessary that a fee of 10 cents per pound, but not more than 50 percent ad valorem, be imposed on all such products imported during the 12-month period beginning October 1, 1959, in excess of an aggregate quantity of 3 million pounds. The fee recommended was to be in addition to the regular customs duties (irrespective of the quantities imported) of 16½ cents per pound on shelled almonds and 18½ cents per pound on blanched, roasted, or otherwise prepared or preserved almonds.

Commissioners Jones and Dowling found that shelled almonds, and blanched, roasted, or otherwise prepared or preserved almonds were not practically certain to be imported into the United States during the period October 1, 1959, to September 30, 1960, both dates inclusive, under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the U.S. Department of Agriculture marketing-order program with respect to almonds undertaken pursuant to the Agricultural Marketing Agreement Act of 1937, as amended. These Commissioners, therefore, made no recommendation to the President for the imposition of additional import restrictions on the products under consideration.

On February 5, 1960, the President announced that he had accepted as the findings of the Tariff Commission the findings of two Commissioners that imposition of restrictions on imports of the specified almonds under the provisions of section 22 was not warranted. Section 330(d) of the Tariff Act of 1930, as amended, authorizes the President—when the vote of the Tariff Commission is equally divided—to accept the findings of either group of Commissioners as the findings of the Commission.

<sup>45</sup> U.S. Tariff Commission, *Almonds: Report to the President on Investigation No. 21 under Section 22 . . .*, 1959 [processed].

<sup>46</sup> Commissioners Overton and Sutton did not participate in the decision in this investigation.

**Certain cheeses (supplemental investigation)**

At the request of the President, the Tariff Commission on October 21, 1959, instituted a supplemental investigation, under the provisions of section 22, with respect to the following cheeses: Edam and Gouda cheeses; and Italian-type cheeses made from cow's milk in original loaves (Romano made from cow's milk, Reggiano, Parmesan, Provoloni, Provolette, and Sbrinz). Import quotas were originally imposed on these cheeses in 1953. The Commission held a public hearing in the investigation on November 23 and 24, 1959.

The Commission reported the results of its investigation to the President on April 8, 1960.<sup>47</sup> On the basis of its investigation, the Commission found (Commissioners Schreiber and Sutton dissenting) that the annual quota for Edam and Gouda cheeses might be increased from 4,600,200 pounds to 9,200,400 pounds, and that the annual quota on the Italian types of cheeses might be increased from 9,200,100 pounds to 11,500,100 pounds, without materially interfering with or rendering ineffective the price-support program for milk and butterfat.

By Proclamation 3347 of May 11, 1960,<sup>48</sup> effective July 1, 1960, the President increased the annual quota for Edam and Gouda cheeses from 4,600,200 pounds to 9,200,400 pounds and that for Italian-type cheeses from 9,200,100 pounds to 11,500,100 pounds, as recommended by the Commission.

**Articles containing cotton**

On November 16, 1959, at the request of the President, the Tariff Commission instituted an investigation—under the provisions of section 22—of articles containing cotton. The purpose of the investigation was to determine whether articles containing cotton are being, or are practically certain to be, imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the export subsidy program of the U.S. Department of Agriculture for cotton and cotton products in operation pursuant to section 203 of the Agricultural Act of 1956.<sup>49</sup> The Commission held a public hearing in the investigation on March 1-4 and 8-9, 1960.

On June 27, 1960, the Commission reported to the President the results of its investigation of articles containing cotton.<sup>50</sup> On the basis of its investigation, the Commission found (Commissioners Schreiber and Sutton dissenting) that imports of articles containing cotton were not rendering or tending to render ineffective or materially interfering with the Department of Agriculture cotton export subsidy program. The Commission, therefore, made no recommenda-

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<sup>47</sup> U.S. Tariff Commission, *Certain Cheeses: Report to the President on Investigation No. 22-6 (Supplemental) Under Section 22 . . .*, 1960 [processed].

<sup>48</sup> 25 F.R. 4343.

<sup>49</sup> 70 Stat. 199; 7 U.S.C. 1853.

<sup>50</sup> U.S. Tariff Commission, *Articles Containing Cotton: Report to the President on Investigation No. 22-22 Under Section 22 . . .*, 1960 [processed].

tion to the President for the imposition of a fee or other import restriction on the imports of such articles. On June 30, 1960, the close of the period covered by this report, the President had not acted on the Commission's report.

### Section 332 of the Tariff Act of 1930

Section 332 of the Tariff Act of 1930 directs the Tariff Commission to place at the disposal of the President, the House Committee on Ways and Means, and the Senate Committee on Finance—whenever requested—all information at its command. It also directs the Commission to make such investigations and reports as may be requested by the President, by either of the above-mentioned committees, or by either House of Congress.

At one time or another during 1960, six investigations under the provisions of section 332 of the Tariff Act of 1930 were pending before the Commission.

#### Reports made during 1960

*Wools for carpets and papermakers' felts.*—Pursuant to a resolution adopted on April 28, 1958, by the Senate Committee on Finance, the Tariff Commission on April 29, 1958, instituted an investigation—under the provisions of section 332—of the grades and qualities of wool imported into the United States for use in the manufacture of carpets and papermakers' felts and of domestic wools similar in grade and character.

The resolution, which directed the Commission to report the results of its investigation to the committee on or before September 30, 1959, specified that the Commission's report should include—besides other pertinent data—information on the following subjects:

- (1) World production of wools which are suitable for use in the manufacture of both carpets and papermakers' felts and the amount available to the United States from domestic and foreign sources; also the quantities of the various grades and qualities of such wools imported into the United States;
- (2) The characteristics of domestic wools and imported wools from the standpoint of relative suitability for use in the manufacture of floor coverings;
- (3) Availability of domestic wools suitable for the manufacture of floor coverings, and economic factors controlling the use of domestic wools for the manufacture of floor coverings; and
- (4) An analysis of the present method of grading and sampling of imported wools, and an analysis of any alternative methods of grading and/or sampling, as the Commission's study may develop.

The Commission held a public hearing in its investigation of carpet wool and wool for papermakers' felts on June 30, 1959.

On September 30, 1959, the Commission submitted to the committee a report of the results of its investigation of wools for carpets and papermakers' felts.<sup>51</sup> The Commission's report described the types and characteristics of wools used in the manufacture of floor coverings and papermakers' felts; presented data on U.S. production and imports and on foreign production and supplies of coarse wool available to the United States; described the factors controlling the use of domestic wool in carpets; and analyzed the present method and an alternative method of grading and sampling imported wool for customs purposes.

The Senate Committee on Finance directed the Tariff Commission to complete its investigation of wool for carpets and papermakers' felts on or before September 30, 1959, so that complete information on the subject would be available to the Congress before the expiration of Public Law 85-418, which provided for the temporary duty-free importation—from July 18, 1958, to June 30, 1960—of wools used in making carpets. Committees of the Congress later made extensive use of the Commission's report in drafting permanent legislation, which was approved on June 30, 1960, as Public Law 86-557.

*Imports of lead and zinc products.*—By Proclamation 3257 of September 22, 1958,<sup>52</sup> effective October 1, 1958—after an escape-clause investigation and report by the Tariff Commission—the President established absolute quotas for imports of unmanufactured lead and zinc. After the quotas became effective, there were reports from various sources that rapidly increasing imports of lead and zinc products—said to be attributable primarily to the existence of the quotas on unmanufactured lead and zinc—were rendering the quotas ineffective. With a view to ascertaining the facts, the Tariff Commission on August 4, 1959, initiated a study, under the authority of section 332 of the Tariff Act of 1930, of the trend of imports of various lead and zinc products not subject to the quota restrictions, and announced that it would report on the results of the study as soon as it was completed.

On September 1, 1959, pursuant to Senate Resolution 162, 86th Congress, the Commission instituted an investigation, under the provisions of section 332, of the domestic lead and zinc industries (see below). With the institution of that investigation, the Commission's study of imports of lead and zinc products was combined with the investigation of the domestic lead and zinc industries.

*Lead and zinc industries.*—On September 1, 1959, pursuant to Senate Resolution 162, 86th Congress, adopted August 21, 1959, the Tariff Commission instituted an investigation—under the provisions of section 332—of the domestic lead and zinc industries. The Commission held a public hearing in the investigation on January 12-15 and 18, 1960.

<sup>51</sup> U.S. Tariff Commission, *Wools for Carpets and Papermakers' Felts: Report on Investigation No. 34 Under Section 332 of the Tariff Act of 1930 . . . 1959* [processed].

<sup>52</sup> 23 F.R. 7475; 3 CFR, 1958 Supp., 39.

The Senate resolution directed the Commission to make a further investigation of the domestic lead and zinc industries, along the lines of the section 332 investigation that the Commission had made in 1954, and to submit a supplemental report to the Congress on or before March 31, 1960. The Commission was directed to include in its supplemental report specific findings on the current condition of the lead and zinc mining industries and on what additional import restrictions, if any (by way of increased duties or import quotas, or both), needed to be imposed upon articles dutiable under paragraphs 72, 77, 391, 392, 393, and 394 of the Tariff Act of 1930, on zinc fume or zinc flue dust dutiable under paragraph 214, on zinc wire dutiable under paragraph 316 (a), on zinc engravers' plates dutiable under paragraph 341, and on zinc alloys and lead and zinc mill products dutiable under paragraph 397, in order that lead and zinc mining operations in the United States might be conducted on a sound and stable basis.

On March 31, 1960, the Commission submitted to the Congress a report of the results of its supplemental investigation of lead and zinc.<sup>53</sup> The Commission's report discussed production, exports, imports, prices, and consumption of lead and zinc in the United States; described the Government purchase and assistance programs for the domestic lead and zinc industries; presented data on employment, wages, inventories, and marketing practices for the domestic industries; gave information on the production of lead and zinc in the principal foreign producing countries; and indicated the position of the United States in world production.

*Fluorspar industry.*—Pursuant to Senate Resolution 163, 86th Congress, adopted August 21, 1959, the Tariff Commission on September 1, 1959, instituted an investigation—under the provisions of section 332—of the fluorspar industry. The Commission held a public hearing in the investigation from December 15 to 17, 1959.

The Senate resolution directed the Commission to make a further investigation of the fluorspar industry, along the lines of the section 332 investigation that the Commission had made in 1955, and to submit a supplemental report to the Congress on or before February 29, 1960. The Commission was directed to include in its supplemental report specific findings on the current condition of the fluorspar mining industry and on what additional import restrictions, if any (by way of increased duties or import quotas, or both), need to be imposed upon articles dutiable under paragraph 207 of the Tariff Act of 1930 in order that fluorspar mining operations in the United States may be conducted on a sound and stable basis. The resolution also directed the Commission to determine what action, if any, should be taken to correct the disparity in the existing rates of duty on fluorspar.

On February 29, 1960, the Commission submitted to the Congress

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<sup>53</sup> U.S. Tariff Commission, *Lead and Zinc: Report to the Congress on Investigation No. 332-26 (Supplemental) Under Section 332 of the Tariff Act of 1930, Made Pursuant to Senate Resolution 163, 86th Congress, Adopted August 21, 1959, 1960* [processed].

a report of the results of its investigation of fluorspar.<sup>54</sup> The Commission's report discussed the production, exports, imports, and consumption of fluorspar in the United States; described the Government purchase and assistance program for the domestic industry; and presented data on employment and wages in the fluorspar industry, on inventories, on marketing practices, on prices, and on the financial experience of the domestic industry. The report also gave general information on the fluorspar mining industries of the principal foreign producing countries and indicated the position of the United States in world production.<sup>55</sup>

*Starch.*—On September 4, 1959, pursuant to a resolution of the Senate Committee on Finance dated September 2, 1959, the Tariff Commission instituted an investigation—under the provisions of section 332—of the conditions of competition in the United States between starch produced in the United States and that produced in foreign countries. The Commission held a public hearing in the investigation from January 26 to 28, 1960.

The committee's resolution directed the Commission to set forth in its report a summary of the facts obtained in the investigation, including a description of the domestic industry; domestic production; foreign production; comparative costs of domestic and foreign production, including labor costs; imports; consumption; channels and methods of distribution; U.S. exports; U.S. customs treatment since 1930; and other factors affecting the competition between domestic and imported starch.

On March 25, 1960, the Commission submitted to the Senate Committee on Finance a report of the results of its investigation of starch.<sup>56</sup> The Commission's report described the respective domestic industries engaged in the production of corn starch, potato starch, and wheat starch; presented statistical and other information on raw materials used in the manufacture of starch, employment and wages, prices, U.S. production, exports, imports, and consumption; and gave general information on the manufacture of starches in the principal foreign exporting countries.

*Shrimp.*—On February 11, 1960, pursuant to a resolution of the House Committee on Ways and Means dated February 9, 1960, the Tariff Commission instituted an investigation—under the provisions of section 332—to determine whether shrimp, as a result of the existing customs treatment thereof provided for by paragraph 1761 of the Tariff Act of 1930, was being imported into the United States in such

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<sup>54</sup> U.S. Tariff Commission, *Fluorspar: Report to the Congress on Investigation No. 332-29 (Supplemental) Under Section 332 of the Tariff Act of 1930, Made Pursuant to Senate Resolution 163, 86th Congress, Adopted August 21, 1959*, 1960 [processed].

<sup>55</sup> Because of absence, Commissioner Jones did not participate in the preparation of this report.

<sup>56</sup> U.S. Tariff Commission, *Starch: Report on Investigation No. 332-37 Under Section 332 of the Tariff Act of 1930 Pursuant to a Resolution of the Committee on Finance of the United States Senate Adopted September 2, 1959*, 1960 [processed].

increased quantities, either actual or relative to domestic production, as to cause or threaten serious injury to the domestic shrimp industry. The Commission held a public hearing in the investigation from March 16 to 18, 1960.

The committee resolution directed the Tariff Commission to report the results of its investigation to the Committee on Ways and Means not later than May 9, 1960. The resolution further directed that, in the event of an affirmative determination, the Commission specify in its report the rate or rates of duty (not in excess of 50 percent ad valorem) which it determines to be necessary to remedy or prevent such serious injury, and that in making its determination it take into consideration the factors set forth in section 7(b) of the Trade Agreements Extension Act of 1951.

On May 9, 1960, the Commission submitted to the House Committee on Ways and Means a report of the results of its investigation of shrimp.<sup>57</sup> The Commission's report described the domestic shrimp fishery and the processing of shrimp in the United States; discussed domestic production, exports, imports, and consumption of raw shrimp and shrimp products; and provided data on prices and cold-storage holdings.

#### **Interpretive decisions**

The two Senate resolutions calling upon the Tariff Commission to make investigations, under section 332(g) of the Tariff Act of 1930, with respect to the fluorspar and the lead and zinc industries, in addition to directing that a factual study be made with respect to the current conditions of the industries, directed also that the Commission include in its reports specific findings as to what additional import restrictions, if any, were needed in order that the respective industries might be conducted on a sound and stable basis. The Commission divided on the question whether such additional findings could lawfully be made under the provisions of section 332(g).

After review of the legislative history of the statutes creating the Commission and imposing upon it various routine functions and duties, including section 332(g), the four Commissioners comprising the majority concluded that the Congress had, beyond any doubt, deliberately avoided including among the Commission's routine functions and duties the making of recommendations or suggestions in the broad legislative area of tariff policymaking such as would be involved in determining the need for import restrictions, and that for the Commission to do so would be to perform an extralegal act. On the other hand, the two Commissioners comprising the minority found the need for additional import restrictions and so reported, stating that in their opinion the requested findings were not forbidden by any provision of law and that, in responding fully to the Senate resolutions, they were neither making nor recommending tariff policy.

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<sup>57</sup> U.S. Tariff Commission, *Shrimp: Report on Investigation No. 332-38 Under Section 332 of the Tariff Act of 1930 Pursuant to a Resolution of the Committee on Ways and Means of the United States House of Representatives Adopted February 9, 1960, 1960* [processed].

The subsequent resolution of the House Committee on Ways and Means directing the Commission to make an investigation under section 332(g) with respect to shrimp presented a variation of the jurisdictional issue involved in the above-mentioned investigations. The "shrimp" resolution directed the Commission to make an investigation under section 332 to determine whether shrimp, as a result of the existing customs treatment thereof, as provided for by paragraph 1761 of the Tariff Act of 1930, was being imported into the United States in such increased quantities, either actual or relative to domestic production, as to cause or threaten serious injury to the domestic shrimp industry. The resolution further directed, that in the event of an affirmative determination, the Commission should specify the rate or rates of duty (not in excess of 50 percent ad valorem) which it believed to be necessary to remedy or prevent such serious injury. Thus, although shrimp is not the subject of any trade-agreement concession and is therefore not within the purview of the escape-clause procedures in section 7 of the Trade Agreements Extension Act of 1951, as amended, the resolution incorporated the substance of the criteria which would be involved in an escape-clause investigation and report.

The Commission also divided in the shrimp investigation, the majority and minority both affirming their respective positions in the reports on the previously concluded investigations with respect to the fluorspar and lead and zinc industries. The majority concluded that only by legislation could the Congress delegate to and impose upon the Commission the legislative function and duty of making judgments and rate determinations of the kind called for in section 7 with respect to articles which are not subject to that section, and that the committee resolution could not enlarge the Commission's statutory jurisdiction.

The minority of the Commission concluded that the House Committee on Ways and Means was free to incorporate in its resolution whatever criteria it desired.

### **Section 336 of the Tariff Act of 1930**

Section 336 of the Tariff Act of 1930—the so-called flexible-tariff provision—sets forth the procedure under which the import duty on an article may be changed by proclamation of the President to equalize differences in costs of production at home and abroad after investigation and report by the Tariff Commission of the differences between the costs of production in the United States and in the country that is the principal foreign supplier. The Trade Agreements Act, however, made the provisions of section 336 inapplicable to any commodity on which a tariff concession is in effect pursuant to a trade agreement. As the United States has progressively extended the coverage of trade-agreement concessions, it has correspondingly reduced the scope of possible action under the provisions of section 336.

During fiscal 1960 the Commission conducted no investigations under the provisions of section 336.



**Section 337 of the Tariff Act of 1930**

Section 337 of the Tariff Act of 1930 authorizes the Tariff Commission to investigate alleged unfair methods of competition and unfair acts in the importation of articles or in the sale of imported articles in the United States. When the effect or tendency of such methods or acts is to destroy or substantially injure a domestic industry, efficiently and economically operated, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, the articles involved may, pursuant to Executive order, be excluded from entry into the United States.

At one time or another during fiscal 1960, five complaints under section 337 were pending before the Commission.

**Certain mapmaking instruments**

On September 3, 1957, the Kelsh Instrument Co., Inc., of Baltimore, Md., filed a complaint with the Tariff Commission alleging violation of section 337 in the importation and sale in the United States of certain mapmaking instruments (stereoscopic photogrammetric projection instruments).

On March 20, 1958, the Commission suspended action on the complaint, pending the outcome of certain patent litigation. The Commission based its action in part on the fact that certain patents involved in the complaint were the subject of a pending patent suit in the Federal courts. On October 26, 1959, after preliminary inquiry, the Commission dismissed the complaint.

**Certain shower heads**

On November 10, 1958, the Speakman Co., Riverview Works, of Wilmington, Del., filed a complaint with the Tariff Commission alleging unfair methods of competition and unfair acts in the importation and sale in the United States of certain foreign shower heads.

On November 17, 1958, the Commission ordered a preliminary inquiry into the allegations, to determine whether institution of a formal investigation under section 337 was warranted and whether the issuance of a temporary order of exclusion from entry under section 337(f) was warranted.

On March 6, 1959, the Commission granted the complainant's request to suspend further consideration of the complaint pending the outcome of a patent-infringement suit against one of the firms named in the complaint. On June 8, 1959, a judgment favorable to the complainant resulted from this litigation, and the Commission resumed its preliminary inquiry. Since it appeared that the importation of the allegedly infringing shower heads had ceased and was not likely to recur, the Commission concluded that a prima facie case of importation of infringing shower heads having the effect or tendency of substantially injuring a domestic industry did not exist. On December 14, 1959, therefore, the Commission dismissed the complaint.

**Household automatic zigzag sewing machines and parts thereof**

On January 15, 1959, the Singer Manufacturing Co., of New York, N.Y., filed a complaint with the Tariff Commission alleging unfair methods of competition and unfair acts in the importation and sale in the United States of certain household automatic zigzag sewing machines and parts thereof.

On January 21, 1959, the Commission ordered a preliminary inquiry into the allegations, to determine whether institution of a formal investigation under section 337 was warranted and whether the issuance of a temporary order of exclusion from entry under section 337 (f) was warranted. On March 16, 1959, the Commission instituted a formal investigation of the complaint. The Commission held a public hearing on May 5-8 and 11-15, 1959.

On January 12, 1960, the Commission announced that it had decided to hold in abeyance its decision on the merits in its section 337 investigation of household zigzag sewing machines and parts thereof, pending the outcome of an antitrust action filed by the Department of Justice against the Singer Manufacturing Co. on December 22, 1959, in the U.S. District Court for the Southern District of New York.

The Singer Manufacturing Co.'s charge of unfair import practice was predicated on the importation and domestic sale of certain automatic zigzag sewing machines, principally from Japan, that were alleged to have been made in accordance with the invention disclosed in the Singer-owned "Gegauf" patent, a U.S. patent which had been assigned to Singer by Gegauf, a Swiss citizen. In its antitrust action against the Singer Manufacturing Co., the Department of Justice charged, among other things, that Singer entered into arrangements with Gegauf and an Italian sewing-machine manufacturer whereby Gegauf would assign his patent rights to Singer for the purpose of enabling Singer to prevent Japanese imports; that Singer would use the Gegauf patent rights along with its own to exclude imports, and the parties would determine which European manufacturer would be permitted to export household automatic zigzag sewing machines to the United States; and that Singer, in carrying out the attempt to monopolize, obtained and used patent rights for these exclusionary purposes.

**Certain woven mats**

On December 14, 1959, the Chicago Weaving Corp., of Chicago, Ill., filed a complaint with the Tariff Commission alleging unfair methods of competition and unfair acts in the importation and sale of certain woven mats. On December 21, 1959, the Commission ordered a preliminary inquiry into the allegations, to determine whether institution of a formal investigation under section 337 was warranted and whether the issuance of a temporary order of exclusion from entry under section 337 (f) was warranted. On May 23, 1960, after preliminary inquiry, the Commission dismissed the complaint.

The preliminary inquiry did not disclose to the Commission a prima facie case of substantial injury to a domestic industry resulting from

the importations or sales in question. A substantial decline in sales, by domestic producers, of woven mats of the kind or class to which the complainant's patent relates, began before there were any imports of such mats, and their sales of such mats in 1959 were smaller than in 1958 by a quantity equal to approximately three times the quantity of imports in 1959. Two firms that imported and sold woven mats allegedly made in accordance with the invention disclosed in the patent were named in the complaint, and one additional firm that imported and sold mats of the class or kind to which the patent relates was discovered during the preliminary inquiry. Importations and sales of the mats by these firms were in limited quantities, and the three firms advised the Commission that they have no intention of engaging hereafter in importations and sales of the allegedly offending mats.

#### **Self-closing containers**

On June 2, 1960, the Quikey Manufacturing Co., of Akron, Ohio, filed a complaint with the Tariff Commission alleging unfair methods of competition and unfair acts in the importation and sale of certain self-closing containers (squeeze-type coin purses). On June 15, 1960, the complainant filed a motion to amend the complaint. On June 21, 1960, the Commission granted the complainant's motion to amend the complaint, and initiated a preliminary inquiry into the allegations, to determine whether institution of a formal investigation under section 337 is warranted and whether the issuance of a temporary order of exclusion from entry under section 337(f) is warranted. On June 30, 1960, the close of the period covered by this report, the preliminary inquiry was in process.

#### **Section 201(a) of the Antidumping Act, 1921, As Amended**

Section 301 of the Customs Simplification Act of 1954<sup>58</sup> amended the Antidumping Act, 1921, and transferred to the Tariff Commission the function—formerly exercised by the Treasury Department—of making injury determinations for the purposes of the Antidumping Act. The transfer became effective October 1, 1954.

Section 201 of the Antidumping Act, 1921, as amended,<sup>59</sup> provides that whenever the Secretary of the Treasury advises the Tariff Commission that a class or kind of foreign merchandise is being, or is likely to be, sold domestically or elsewhere at less than its fair value, the Commission shall within 3 months thereafter determine whether a domestic industry is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of such merchandise. If the Commission makes an affirmative determination, it so notifies the Secretary of the Treasury, who thereupon issues a "finding" of dumping; the antidumping duties are thenceforth collected.

<sup>58</sup> 68 Stat. 1138.

<sup>59</sup> 19 U.S.C. 160 *et seq.*

Public Law 85-630<sup>60</sup> which was approved by the President on August 14, 1958, amends certain provisions of the Antidumping Act, 1921. Besides redefining—for the purposes of the Antidumping Act—"foreign market value", the "constructed value of imported merchandise", and certain other terms, Public Law 85-630 provides for certain procedural changes in the administration of the Antidumping Act. The new act requires that when the Secretary of the Treasury determines whether foreign merchandise is being, or is likely to be, sold in the United States at less than its fair value, and that when the Tariff Commission makes an injury determination under the Antidumping Act, each shall publish such determination in the *Federal Register*, with a statement of the reasons therefor, whether such determination is affirmative or negative. The new act further provides that, in determinations by the Tariff Commission under the Antidumping Act, an evenly divided vote of the Commission shall be deemed to constitute a finding of injury.

At one time or another during fiscal 1960 three investigations under the provisions of section 201(a) of the Antidumping Act, 1921, as amended, were pending before the Commission.

#### **Rayon staple fiber from France**

On October 8, 1959, in response to advice it received from the Acting Secretary of the Treasury on October 7, 1959, the Tariff Commission instituted an investigation of imports of rayon staple fiber from France, under the provisions of section 201(a).

The Commission ordered no public hearing in connection with this investigation but, in accordance with its Rules of Practice and Procedure relating to investigations under the Antidumping Act, gave interested parties an opportunity to request a hearing within 15 days after the date that the Commission's notice of the investigation was published in the *Federal Register*.<sup>61</sup> The Commission also invited interested parties to submit written statements of information pertinent to the investigation. No request for a hearing was made by any interested party, but written statements were received from the importers concerned and from an association representing domestic firms accounting for more than 95 percent of the domestic production of rayon staple fiber. The written statements of interested parties were given due consideration by the Commission in arriving at its determination in this case.

On December 9, 1959, the Commission announced that, on the basis of its investigation, it had determined that an industry in the United States was not being, and was not likely to be, injured, or prevented from being established, by reason of the importation of rayon staple fiber from France at less than fair value within the meaning of the Antidumping Act, 1921, as amended.<sup>62</sup>

<sup>60</sup> 72 Stat. 583.

<sup>61</sup> 24 F.R. 8310.

<sup>62</sup> Commissioner Overton did not participate in this determination because he was abroad on official business.

The Commission published a statement of the reasons for its determination in the *Federal Register* on December 12, 1959.<sup>63</sup> The statement was as follows:

. . . In the Treasury Department's statement of reasons for the determination of sales of rayon staple fiber from France at less than fair value, the following was included:

It was determined that as to all rayon staple fiber from France entered prior to January 1, 1959, the proper fair value comparison is between exporter's sales price and the home market price because of the relationship between the person who handled the exports and the person by whom the merchandise was imported into the United States. . . . Subsequent thereto the importer dealt directly with the producer, with whom the importer was not related, and purchase price became the appropriate basis for a fair value comparison. . . .

The purchase price of the rayon staple fiber purchased after January 1, 1959, was found not to be lower than the home market price. . . . (24 F.R. 8240)

The Treasury file, which was made available to the Tariff Commission, discloses that throughout the Treasury's inquiry the French producer cooperated with the Department in an effort to avoid sales below fair value. No suspicion of predatory or systematic dumping is indicated. The question as to whether or not there were sales below fair value turned on the question as to the proper deductions allowable in arriving at "fair value". After careful consideration, the Treasury decided that, because of the relationship between the person who handled the exports and the person by whom the merchandise was imported into the United States, the "exporter's sales price" had to be used in determining fair value, with the result that the allowable deductions were considerably less than the foreign producer had thought to be allowable, and appraisement was withheld on three shipments totaling approximately 1.1 million pounds which entered just prior to the close of 1958.

As the Treasury's "Statement of Reasons", supra, indicates, the importer discontinued making his purchases through a shipper and purchased directly from the foreign producer, thus making the "purchase price" the appropriate basis for a fair value comparison. The deductions from price which had been erroneously thought to be allowable under the former purchasing method became allowable under the new purchasing method. Since this change in purchasing method, all entries of rayon staple fiber from France after January 1, 1959 have been free of the taint of a "dumping" price. Moreover, the importer's sales prices of rayon staple fiber to users in the United States remained unchanged in the period immediately before, during, and after the time during which the Treasury found rayon staple fiber from France to have been sold at "dumping" prices. Thus the case involved purely "technical" dumping prices.

The domestic industry, in its written statement, discounted any basis for a finding that the industry is being or is likely to be injured in the circumstances of this case. The domestic producers further stated that for the industry to urge a finding of injury in this case would only be vindictive and that the Antidumping Act was intended to be preventive rather than punitive. The Commission agrees.

The Commission is of the view that a case of this kind should not be presented to the Tariff Commission for determination of injury.

<sup>63</sup> 24 F.R. 10092.

**Portland cement from Canada**

In response to advice it received from the Acting Secretary of the Treasury on December 11, 1959, the Tariff Commission on December 15, 1959, instituted an investigation of imports of portland cement manufactured by the St. Lawrence Cement Co., of Ontario, Canada, under the provisions of section 201(a).

The Commission ordered no public hearing in connection with this investigation but, in accordance with its Rules of Practice and Procedure relating to investigations under the Antidumping Act, gave interested parties an opportunity to request a hearing within 15 days after the date that the Commission's notice of the investigation was published in the *Federal Register*.<sup>64</sup> The Commission also afforded interested parties an opportunity to submit written statements of information pertinent to the investigation. No request for a hearing was made by any interested party, but written statements were received from the Canadian producer, the U.S. importer, and two domestic manufacturers of cement. The Commission gave these statements due consideration in arriving at its determination in this case.

On March 11, 1960, the Commission announced that, on the basis of its investigation, it had determined that an industry in the United States was not being, and was not likely to be, injured, or prevented from being established, by reason of the importation of portland cement from the St. Lawrence Cement Co., Ontario, Canada, at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

The Commission published a statement of the reasons for its determination in the *Federal Register* on March 16, 1960.<sup>65</sup> The statement was as follows:

... The cement determined to have been sold "at less than fair value" was imported by a recently established domestic concern while it was in the process of constructing facilities for manufacturing, storing, and distributing cement in the United States. It had arranged to import cement only while it was establishing the markets that it expected to supply later solely from its cement manufacturing plant once it came into production. All of the imported cement was sold at prices and on credit terms that were identical with those that prevailed in the several U.S. markets in which it was offered. Largely because of circumstances over which the importing concern had no control, it was obliged to enter some of the imported cement by rail rather than by water. The rail freight rate was much higher than the water rate. All of the sales which the Secretary of the Treasury determined were made "at less than fair value" were shipped by rail, whereas none of the sales shipped by water were so identified. The Secretary based his determination on the fact that the foreign market value of the imported cement (to which his determination applied) exceeded the "exporter's sales price." This "price" was essentially the delivered price in the United States minus the rail transportation cost.

There is no evidence of predatory motive on the part of either the importer or exporter involved in this case. The quantity of cement sold "at less than

<sup>64</sup> 24 F.R. 10267.

<sup>65</sup> 25 F.R. 2191.

fair value" was not only insignificant in comparison with the total domestic production of cement but was also exceedingly small in comparison with either the production or sales of cement in the market area in which the aforementioned imported cement was sold. Shipments of cement by the exporter to the importer were discontinued shortly before the beginning of this year, since which time the importer has been able to fill orders from its own domestic output. Moreover, no recurrence of shipments of cement sold "at less than fair value" between these parties appears in prospect.

#### **Nepheline syenite from Canada**

On May 31, 1960, in response to advice it received from the Acting Secretary of the Treasury on May 27, 1960, the Tariff Commission instituted an investigation of imports of nepheline syenite from Canada, under the provisions of section 201 (a).

The Commission originally ordered no public hearing in connection with this investigation but, in accordance with its Rules of Practice and Procedure relating to investigations under the Antidumping Act, gave interested parties an opportunity to request a hearing within 15 days after the date that the Commission's notice of the investigation was published in the *Federal Register*,<sup>66</sup> and invited interested parties to submit written statements of information pertinent to the investigation. Subsequently, however, the Commission ordered that a public hearing be held in the investigation beginning July 25, 1960. On June 30, 1960, the close of the period covered by this report, the investigation was in process.

<sup>66</sup> 25 F.R. 4967.





## PART II. SPECIAL REPORTS AND ACTIVITIES

Besides the public investigations that it conducts and the services that it renders to the Congress, to the President, and to other Government agencies, the U.S. Tariff Commission is directed by law and by Executive orders to make certain special reports and to engage in certain special activities.

Section 332 of the Tariff Act of 1930, which sets forth the general powers of the Tariff Commission, directs the Commission to investigate and report on a wide range of subjects related to tariffs, commercial policy, and international trade. These subjects include, among others, the fiscal and industrial effects of, and the operation of, the customs laws; the effects of various types of import duties; tariff relations between the United States and foreign countries; commercial treaties; the volume of imports compared with domestic production and consumption; and the competition of foreign industries with those of the United States. Over the years, the Commission has, under the provisions of section 332, issued various editions of its *Summaries of Tariff Information*, various editions of its compilation of information on U.S. import duties, periodic reports on synthetic organic chemicals, reports on the commercial policies of certain foreign countries, and other special reports, including those on specific commodities and industries.

The Tariff Commission is one of the agencies from which the President seeks information before he concludes trade agreements with foreign countries. Executive Order 10082 of October 5, 1949,<sup>1</sup> requires the Commission to supply to the interdepartmental trade agreements organization factual data on all articles on which the United States proposes to consider granting concessions in trade agreements. Since 1947 various Executive orders have directed the Commission to keep informed concerning the operation and effect of provisions relating to duties and other import restrictions of the United States contained in trade agreements, and to submit a factual report to the President and to the Congress, at least once each year, on the operation of the trade agreements program. Under section 350(e) (2) of the Tariff Act of 1930, as amended by the Trade Agreements Extension Act of 1955, this function is made mandatory by statute.

### Summaries of Tariff Information

Under its general powers, the Tariff Commission's most extensive work is the preparation of its summaries of tariff information, which are designed to provide the Congress and the executive agencies with

<sup>1</sup> 3 CFR, 1949-1953 Comp., 281.

complete and up-to-date information on the commodities listed in the tariff act. These summaries include the recent tariff history of the commodities in each classification specified in the tariff act; a discussion of the nature and uses of each commodity; an analysis of the trends in U.S. production, imports, and exports; data on output and the conditions of production in foreign countries; and an analysis of the factors that affect the competition of imports with the domestic product. Continuous revision of these summaries, which were first published in 1920, is an important activity of the Commission.

The Commission issued its most recent complete edition of *Summaries of Tariff Information* in 1948-50. This edition, which consists of some 2,300 separate summaries and comprises a total of 46 volumes and parts, has been widely used by the Congress and other Government agencies, and by industrial, agricultural, commercial, labor, and other organizations.

Because of the pressure of high-priority work, the Commission has been unable to maintain a regular schedule for publishing revisions of its *Summaries of Tariff Information*. During 1960, as in previous years, the statistical and other information in several hundred of the summaries was brought up to date and made available to defense and other Government agencies. Besides this regular work of keeping the summaries current, the Commission has initiated a project for publishing a substantial number of completely revised summaries, and considerable work has been done on the project. Interruptions by such high-priority work as peril-point and escape-clause investigations and the tariff classification study, however, have made it impossible to publish any revised summaries.

### **Information on U.S. Import Duties**

Since the early 1930's the Tariff Commission has periodically issued documents, for the use of the customs service, the public, and the Congress, that show the changes made in the duties on imported articles since the passage of the Tariff Act of 1930. These compilations, which the Commission prepares in cooperation with the Bureau of Customs, are furnished to appropriate congressional committees and to reference libraries throughout the United States, and are distributed by the Bureau of Customs to all its field offices.

The latest compilation, *United States Import Duties (1958)*, includes a list of the rates of duty applicable to imported commodities as of July 1, 1958, a list of the items that are free of duty, a list of the items that are subject to import taxes under the Internal Revenue Code, and references to various statutes that provide for special and additional import duties or for special exemptions from duty under certain circumstances.

The new compilation replaces section I of *United States Import Duties (1952)* and the four supplements thereto. The new publication does not contain the special and administrative provisions of the Tariff Act of 1930, as amended, which were set forth in section II of

*United States Import Duties (1952)*. These provisions will be issued in a separate volume.

*Supplement I to United States Import Duties (1958)*, which was published in April 1960, reflects all changes that were known as of January 1, 1960.

### Reports on Synthetic Organic Chemicals

In accordance with its usual procedure, the Tariff Commission in 1960 released preliminary and final reports on U.S. production and sales of synthetic organic chemicals. These reports continue the annual series that the Commission has published since 1918.

#### Preliminary report on production and sales, 1958

The Tariff Commission's preliminary report on production and sales of synthetic organic chemicals in 1958 consisted of 14 separate sections, each of which dealt with a segment of the industry. To make the information available to industry and to Government agencies at the earliest possible date, each section was released as soon as the statistics for it were substantially complete. The first section, covering elastomers (synthetic rubbers) was released in May 1959, and all sections had been released by the middle of August 1959. The preliminary report covered production and sales of tars and tar crudes; crude products from petroleum and natural gas; cyclic intermediates; coal-tar dyes; toners and lakes; bulk medicinal chemicals; flavor and perfume materials; plastics and resin materials; rubber-processing chemicals; elastomers (synthetic rubbers); plasticizers; surface-active agents; pesticides and other agricultural chemicals; and miscellaneous chemicals.

#### Final report on production and sales, 1958

In November 1959 the Tariff Commission issued its final report on U.S. production and sales of synthetic organic chemicals in 1958.<sup>2</sup> Statistics included in the final report were compiled from data supplied by 677 manufacturing companies and company divisions. The report covers more than 6,000 individual chemicals and chemical products, and gives separate production and sales statistics for many of them. Also included in the report is a list of manufacturers of each item for which production and sales were reported, and statistics on U.S. general imports in 1958 of products entered under paragraphs 27 and 28 of the Tariff Act of 1930, which cover coal-tar intermediates, dyes, medicinals, and other finished coal-tar products. The report also presents statistics on the number of technical workers engaged in research in the synthetic organic chemical industry, their average salaries, and the amounts expended for such research by the reporting companies.

<sup>2</sup> U.S. Tariff Commission, *Synthetic Organic Chemicals, United States Production and Sales, 1958*, Rept. No. 205, 2d ser., 1959.

According to the report, production in 1958 of synthetic organic chemicals and their raw materials was 83,994 million pounds, compared with the 84,847 million pounds produced in 1957. Sales of synthetic organic chemicals and their raw materials in 1958 amounted to 45,527 million pounds, valued at \$6,028 million, compared with 45,375 million pounds, valued at \$6,077 million in 1957. As these totals include data for chemical raw materials, as well as semifinished and finished products, they necessarily involve considerable duplication.

The report comprises three major sections—the first two on chemical raw materials and on cyclic intermediates and finished synthetic organic chemical products, and the third giving an alphabetical list of individual products and listing the names of manufacturers. The first section includes statistics on tars, tar crudes, and crude chemicals derived from petroleum and natural gas. Total production of coal tar, water-gas tar, and oil-gas tar in 1958 amounted to 698 million gallons—24 percent less than the 916 million gallons reported for 1957. Production in 1958 of all tar crudes amounted to 12,866 million pounds, compared with 14,361 million pounds in 1957. The most important individual products in this group are benzene, toluene, xylene, naphthalene, and creosote oil. The output of crude products from petroleum and natural gas in 1958 was 20,903 million pounds, compared with 18,094 million pounds in 1957. Included in this group are benzene, toluene, xylene, and other cyclic products, and aliphatic hydrocarbons such as ethylene, propane, and 1,3-butadiene, the latter being one of the basic raw materials for the manufacture of S-type synthetic rubbers.

Production of cyclic intermediates, which is covered in the second section of the report, amounted to 6,643 million pounds in 1958, compared with the 6,927 million pounds produced in 1957. As in earlier years, more than 60 percent of the output of cyclic intermediates was used by the original manufacturers to produce more advanced products. The remainder was sold to other companies for further processing.

The rest of the second section of the report deals with finished synthetic organic chemicals and chemical products. The total output of such products amounted to 36,603 million pounds in 1958, compared with 36,309 million pounds in 1957. Of this total, cyclic finished products accounted for 6,569 million pounds, and acyclic products, for 30,034 million pounds. Of the 11 groups of finished synthetic organic products, 5 were produced in greater quantities in 1958 than in 1957, and 6 were produced in smaller quantities. The groups for which production increased were surface-active agents (12 percent), pesticides and other organic agricultural chemicals (5 percent), plastics and resin materials (4 percent), medicinals (3 percent), and miscellaneous (0.5 percent). Groups for which production declined were rubber-processing chemicals (9 percent), elastomers (6.5 percent), toners and lakes (6 percent), plasticizers (5.5 percent), flavor and perfume materials (4 percent), and dyes (2 percent).

**Specified synthetic organic chemicals: Monthly releases on production**

During 1960 the Tariff Commission continued to conduct a monthly survey of U.S. production of a selected list of synthetic organic chemicals. The statistics, which are collected from about 160 companies, cover approximately 80 different chemical items. Upon request, the Commission furnishes the Business and Defense Services Administration with reported data that are necessary to its operations. The releases on production of selected synthetic organic chemicals, designated as Facts for Industry Series 6-2 and published jointly with those on production and sales of plastics and resins described below are obtainable from the Superintendent of Documents, U.S. Government Printing Office, on a subscription basis.

**Synthetic plastics and resin materials: Monthly releases on production and sales**

During 1960 the Tariff Commission also continued to issue monthly reports on U.S. production and sales of synthetic plastics and resin materials. This monthly report, Facts for Industry Series 6-10, which is issued in conjunction with the above-mentioned report on production of specified synthetic organic chemicals, covers production and sales of synthetic plastics and resins grouped according to chemical composition and broad end uses. The chemical classes for which statistics are given include cellulose plastics, phenolic and other tar-acid resins, styrene resins, urea and melamine resins, alkyd resins, vinyl resins, polyester resins, polyethylene resins, and miscellaneous plastics and resins. Data on epoxy and silicone resins were reported monthly for the first time during 1959. Some of the end uses covered in the monthly report are molding, extruding, casting, textile treating, and paper treating. Synthetic plastics and resins are also used for sheeting and film, adhesives, and protective coatings.

**Imports of coal-tar products, 1958**

In July 1959 the Tariff Commission released its annual report on U.S. imports of coal-tar intermediates entered under paragraph 27 of the Tariff Act of 1930, and on coal-tar dyes, medicinals, pharmaceuticals, flavor and perfume materials, and other coal-tar products entered under paragraph 28.<sup>3</sup> The data in the report, which covers imports through all U.S. customs districts, were obtained from invoice analyses made by the Commission's New York office.

The report shows that general imports of coal-tar chemicals entered under paragraph 27 in 1958 totaled 14.4 million pounds, with a foreign invoice value of \$10.7 million, compared with imports of 11.9 million pounds, also valued at \$10.7 million, in 1957. Most of the coal-tar chemicals imported in 1958 were declared competitive (duty based on "American selling price"). Almost half of total imports of these products in 1958 came from West Germany; imports from that country amounted to 6.9 million pounds, compared with 4.9 million

<sup>3</sup> U.S. Tariff Commission, *Imports of Coal-Tar Products, 1958, 1959* [processed].

pounds in 1957. Imports from Italy in 1958 amounted to 1.7 million pounds, compared with 835,000 pounds in 1957. Imports from the Netherlands totaled 1.4 million pounds in 1958, compared with 446,000 pounds in 1957, and imports from the United Kingdom amounted to 1.2 million pounds in 1958, compared with 1.4 million pounds in 1957. In 1958 sizable quantities of products dutiable under paragraph 27 also were imported from Belgium (748,000 pounds), Denmark (710,000 pounds), Switzerland (624,000 pounds), France (567,000 pounds), Sweden (292,000 pounds), Japan (166,000 pounds), and Canada (108,000 pounds).

Imports in 1958 of all finished coal-tar products that are dutiable under paragraph 28 comprised 1,636 items, with a total weight of 7.1 million pounds and a foreign invoice value of \$15.8 million. In 1957, imports consisted of 1,519 items, with a total weight of 6.6 million pounds and a foreign invoice value of \$13.3 million. In 1958, as in 1957, medicinals and pharmaceuticals were the most important group of finished coal-tar products imported. Imports of medicinals and pharmaceuticals amounted to \$7.2 million (foreign invoice value), or 45.6 percent of the total value of all imports under paragraph 28. In 1957, imports of medicinals and pharmaceuticals amounted to \$5.8 million (foreign invoice value), or 44 percent of the total value of all imports under paragraph 28.

Imports of coal-tar dyes, the next most important group of products entered under paragraph 28 in 1958, were 20.4 percent larger in that year than in 1957. In 1958, imports of dyes (excluding synthetic organic pigments) were valued at \$6.5 million (foreign invoice value), or 41.1 percent of total imports under paragraph 28. In 1957, imports of dyes (excluding synthetic organic pigments) were valued at \$5.4 million, or 40.6 percent of total imports under paragraph 28. In 1958, imports of synthetic organic pigments (toners and lakes)—separate statistics for which are shown this year for the first time—were valued at \$286,000, compared with an estimated \$224,000 in 1957. Imports of perfume and flavor materials in 1958 (\$610,000) were 55.6 percent greater than in 1957 (\$392,000). In 1958, imports of other coal-tar products entered under paragraph 28 (chiefly synthetic resins) were 20.0 percent smaller than in 1957; imports of such products were valued at \$1.2 million in 1958, compared with \$1.5 million in 1957.

### **Tariff Classification Study**

Title I of the Customs Simplification Act of 1954, as amended, directed the Tariff Commission to make a comprehensive study of U.S. laws prescribing the tariff status of imported articles and to submit to the President and to the chairmen of the House Committee on Ways and Means and the Senate Committee on Finance a revision and consolidation of those laws that, in the Commission's judgment, would accomplish to the extent practicable the following purposes:

(1) Establish schedules of tariff classifications that will be logical in arrangement and terminology and adapted to the changes that have occurred since 1930 in the character and importance of articles pro-

duced in and imported into the United States and in the markets in which they are sold;

(2) Eliminate anomalies and illogical results in the classification of articles; and

(3) Simplify the determination and application of tariff classifications.

On March 15, 1955, in accordance with section 101(d) of the Customs Simplification Act of 1954, as amended, the Commission submitted an interim progress report on the tariff classification study to the President and to the chairmen of the Senate Committee on Finance and the House Committee on Ways and Means.<sup>4</sup> The interim report was confined to a treatment of the fundamental problems underlying the simplification of the tariff schedules, the principles that the Commission would follow in formulating the proposed revision of them, and methods for putting the proposed revision into force and effect.

During the fiscal year 1960 the Commission completed the tariff classification study. By July 18, 1959, the Commission had released to the public all of the proposed revised and consolidated tariff schedules prepared pursuant to title I of the Customs Simplification Act of 1954, as amended, and had held public hearings on all of them.<sup>5</sup> In the proposed revision, the existing tariff classification laws were consolidated into the eight schedules listed in the tabulation below; seven of these schedules relate to specified groups of commodities, and one, to special classification provisions. An appendix embraces temporary tariff measures.

The proposed revised and consolidated tariff schedules, together with the dates on which the Commission released them to the public and the dates on which it held public hearings on them, are as follows:

<i>Schedule</i>	<i>Title</i>	<i>Date released to public</i>	<i>Date of public hearing</i>
1.	Animal and vegetable products.....	Jan. 20, 1958	Mar. 4, 1958.
2.	Wood and paper; printed matter.....	Mar. 10, 1958	Apr. 10, 1958.
3.	Textile fibers and textile products.....	Apr. 18, 1958	June 3-4, 1958.
4.	Chemicals and related products.....	Feb. 7, 1958	Mar. 11-12, 1958.
5.	Nonmetallic minerals and products.....	July 15, 1958	Sept. 16-19, 1958.
6.	Metals and metal products.....	June 17, 1959	July 14-18, 1959.
7.	Specified products; miscellaneous and nonenumerated products.	Apr. 18, 1958 July 15, 1958 Nov. 13, 1958	June 3-4, 1958. Sept. 16, 1958. Dec. 11-12, 1958.
8.	Special classification provisions.....	June 17, 1959 Mar. 10, 1958	July 14, 1959. Apr. 10, 1958.

The final report on the tariff classification study consists of 10 volumes. The first volume contains the covering report with general

<sup>4</sup> U.S. Tariff Commission, *Tariff Simplification Study: Interim Report to the President and to the Chairmen of the Committee on Finance of the Senate and of the Committee on Ways and Means of the House Pursuant to Section 101(d) of the Customs Simplification Act of 1954, 1955* [processed].

<sup>5</sup> Because of the time required for printing it, the Commission was not able to submit the completed report, including the proposed revised and consolidated tariff schedules, to the President and to the chairmen of the House Committee on Ways and Means and the Senate Committee on Finance until Nov. 15, 1960.

explanatory notes, a description of the principal benefits to be derived from adoption of the proposed schedules, and a discussion of the problems of implementation. The interim report of March 15, 1955, and a full outline of the proposed revised schedules are incorporated in this volume as appendixes. The second volume consists of the proposed revised schedules, together with a tabulation showing the distribution of the existing tariff provisions in the proposed revised schedules. Each of the other eight volumes includes material relating to a specific tariff schedule. Included in each volume is (1) the proposed revised schedule to which the volume pertains; (2) explanatory notes for that schedule; (3) provisions of the Tariff Act of 1930, as amended and modified, and related provisions of law incorporated in that schedule; and (4) the text of the written statements received by the Commission with respect to that schedule, together with the transcript of oral testimony presented at the public hearing. The volume for proposed schedule 8 also includes the appendix to the tariff schedules and the pertinent data related thereto.

### Study of Changes in the Prices of Copper

Public Law 38 (82d Cong.),<sup>6</sup> as amended by Public Law 91 (84th Cong.),<sup>7</sup> suspended certain import taxes on copper until June 30, 1958. It provided, however, that the President must revoke the suspension of such taxes at an earlier date if the Tariff Commission determined that the average market price of electrolytic copper in standard shapes and sizes (delivered Connecticut Valley) had been below 24 cents per pound for any one calendar month during the period. When the market condition occurred the Commission was required to advise the President within 15 days after the conclusion of such calendar month, and the President was required to reimpose the taxes not later than 20 days after the Commission had so advised him. In 1951, upon the enactment of Public Law 38, the Commission established the necessary procedure for carrying out its responsibilities under the law.

Public Law 38, as amended, which provided for suspension of the import taxes on copper under specified conditions, expired on June 30, 1958. Effective July 1, 1958, therefore, copper again became subject to import taxes. Under the provisions of item 4541(1), (2), and (3) of the U.S. schedule (schedule XX) of the General Agreement on Tariffs and Trade, the Tariff Commission is required to advise the Secretary of the Treasury of changes in the prices of copper in the same manner that it advised the President under Public Law 38, as amended. During 1960, as in previous years, the Commission kept informed on current copper prices and competitive conditions. Inasmuch as the price of copper did not fall below 24 cents per pound during the year, the Commission had no occasion to make a report to the Secretary of the Treasury.

<sup>6</sup> 65 Stat. 44.

<sup>7</sup> 69 Stat. 170.



### Compilations of Information on Status of Investigations

During 1960 the Commission continued to issue a series of compilations showing the outcome or current status of the various investigations that the Commission is directed by law to conduct. These compilations, which are brought up to date from time to time, are as follows:

- (1) Investigations Under the "Escape Clause" of Trade Agreements;
- (2) Investigations Under the "Peril Point" Provision;
- (3) Investigations Under Section 22 of the Agricultural Adjustment Act, As Amended;
- (4) Investigations Under Section 332 of the Tariff Act of 1930;
- (5) Investigations Under Section 336 of the Tariff Act of 1930;
- (6) Investigations Under Section 337 of the Tariff Act of 1930; and
- (7) Injury Determinations Under the Antidumping Act.

### Trade-Agreement Activities

The Tariff Commission is not only the agency directed to conduct peril-point and escape-clause investigations under the provisions of the Trade Agreements Extension Act of 1951, as amended, and Executive Order 10401, but it is also one of the agencies from which the President seeks information before concluding trade agreements with foreign countries. Executive Order 10082, of October 5, 1949, requires the Commission to supply to the Interdepartmental Committee on Trade Agreements factual data concerning the production and consumption of, and trade in, all articles on which the United States proposes to consider granting concessions in trade agreements. When trade-agreement negotiations are in progress the Commission furnishes such information to the Trade Agreements Committee and to its "country" committees. The Chairman of the Tariff Commission serves as a member of the Trade Agreements Committee, and also as chairman of the interdepartmental Committee for Reciprocity Information; the Vice Chairman of the Tariff Commission serves as his alternate on both Committees.

It is a matter of Commission policy that the Tariff Commission member of the Interdepartmental Committee on Trade Agreements shall not participate by voting in the making of any decisions of that Committee, and that members of the Commission's staff assigned to work in connection with the planning or conduct of trade-agreement negotiations shall act only as technical advisers or consultants in furnishing facts, statistics, and other information of a technical nature, and shall not participate by voting in any decision in any way connected with tariff or foreign-trade policy matters or the planning or conduct of trade-agreement negotiations, and that they shall not be named or constituted as members of negotiating teams.

During 1960, Commissioners and members of the Tariff Commission's staff assisted the Interdepartmental Committee on Trade Agree-

ments as consultants and technical advisers in dealing with a variety of problems. Principal among these was the assistance the Commission gave to the Trade Agreements Committee and its "country" committees in connection with U.S. preparations for participation in a proposed round of tariff negotiations to be sponsored by the Contracting Parties to the General Agreement on Tariffs and Trade. The proposed negotiations, scheduled to begin in September 1960, will involve the European Economic Community (the Common Market) and other contracting parties to the General Agreement.

In accordance with Executive Order 10082, and at the request of the Trade Agreements Committee, the Tariff Commission during 1959-60 prepared data for all dutiable articles imported into the United States. These data were for use by the Trade Agreements Committee and its "country" committees in preparing schedules of concessions that the United States might offer in the proposed round of negotiations mentioned above. In all, the Commission prepared data for more than 4,500 statistical classes of imports; the project was one of the most important that the Commission undertook during the fiscal years 1959 and 1960.

During 1960 the Tariff Commission also assisted the Interdepartmental Committee on Trade Agreements in its preparations for U.S. participation in the 15th and 16th Sessions of the Contracting Parties to the General Agreement and in the meetings of the Intersessional Committee; in its preparations for trade-agreement negotiations between the United States and a number of other contracting parties under article XXVIII of the General Agreement; in its preparations for negotiations between the United States and a number of other contracting parties in connection with requests by those countries for compensatory concessions; in its preparations for negotiations with the United Kingdom and Belgium arising out of the U.S. invocation of the so-called Geneva wool-fabric reservation; and in its preparations for renegotiations with Canada arising from that country's desire to modify certain textile and related concessions in its schedule of the General Agreement. The Vice Chairman and the Chief Economist of the Tariff Commission served as members of the U.S. delegation to the 15th Session of the Contracting Parties to the General Agreement, which was held in Tokyo from October 26 to November 21, 1959. The Vice Chairman served as the principal adviser to the delegation and the Chief Economist, as an adviser.

### **Report on Operation of the Trade Agreements Program**

Section 3 of the Trade Agreements Extension Act of 1955 directs the Tariff Commission to keep informed at all times concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President, and to submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program.

Before the passage of the Trade Agreements Extension Act of 1955, various Executive orders had directed the Commission to prepare similar reports annually and to submit them to the President and to the Congress. The latest of such orders—Executive Order 10082, of October 5, 1949—is still in effect. The 12 reports that the Commission has issued in compliance with these directives provide a detailed history of the trade agreements program since its inception in 1934. The Commission's first 11 reports on the operation of the trade agreements program cover developments from June 1934 through June 1958.

The 12th report covers the period from July 1958 through June 1959.<sup>8</sup> During all or part of this period the United States had trade-agreement obligations in force with 43 countries. Of these, 35 countries were contracting parties to the General Agreement on Tariffs and Trade, and 8 were countries with which the United States had bilateral trade agreements.

During the period covered by the 12th report, the Contracting Parties to the General Agreement did not sponsor any multilateral tariff negotiations of the Geneva-Annecey-Torquay type. Shortly before the close of the period covered by the report, however, they decided to hold a general tariff conference, beginning in September 1960, for the purpose of negotiating with the member states of the European Economic Community, with countries that desire to accede to the General Agreement, with contracting parties that desire to negotiate new or additional concessions, and with contracting parties that desire to renegotiate concessions in their existing schedules. During the period covered by the 12th report the United States concluded limited trade-agreement negotiations with Brazil under article XXV of the General Agreement, and with Australia, Austria, Finland, the Netherlands, and New Zealand under article XXVIII or the 1955 Declaration on the Continued Application of Schedules. The report describes these negotiations and analyzes the changes that they made in the schedules of concessions of the respective countries.

The 12th report also covers other important developments during 1958-59 with respect to the trade agreements program. These include the major developments relating to the general provisions and administration of the General Agreement; the actions of the United States relating to its trade agreements program; and major commercial policy developments in countries with which the United States had trade agreements.

### **Trade Agreements Manual**

To assist other Government agencies, as well as private organizations and individuals, that are interested in data on the trade agreements that the United States has entered into under the authority of the Trade Agreements Act of 1934, as amended and extended, the

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<sup>8</sup> First released in processed form, the report will later be issued in printed form.

Commission periodically issues a trade agreements manual. The *Trade Agreements Manual* is designed to provide the answers to certain common questions about U.S. trade agreements. Part I of the *Manual* considers U.S. trade-agreement obligations, present and past. Part II is devoted to information about the General Agreement on Tariffs and Trade. To assist the reader, brief explanatory comments precede each tabulation, and various technical points are explained in the footnotes.<sup>9</sup>

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<sup>9</sup>The latest edition of this compilation is U.S. Tariff Commission, *Trade Agreements Manual: A Summary of Selected Data Relating to Trade Agreements Negotiated by the United States Since 1934*, 3d ed., misc. ser., 1959.

### **PART III. FURNISHING TECHNICAL INFORMATION AND ASSISTANCE**

A considerable part of the work of the U.S. Tariff Commission relates to furnishing technical information and assistance to the Congress and to other agencies of the U.S. Government, as required by law, and to furnishing information to industrial and commercial concerns and to the general public. Section 332 of the Tariff Act of 1930 directs the Commission to gather information relating to the tariff and commercial policy and to place it at the disposal of the President, the Senate Committee on Finance, and the House Committee on Ways and Means, "whenever requested." Section 334 of the Tariff Act of 1930 directs the Commission to cooperate with other Government agencies in appropriate matters.

#### **Work for the Congress**

During 1960, as in previous years, the Commission's work in response to directives or requests from the Congress, congressional committees, and individual Members of Congress constituted an important part of its activities. This section of the report deals only with direct requests from congressional committees and from Members of Congress for information or comments on proposed legislation, and for assistance at congressional hearings. Other phases of the Commission's work, even though based directly or indirectly on congressional directives or requests, are discussed in other sections of this report.

#### **Reports on proposed legislation to committees of the Congress**

The Congress regularly requests the Tariff Commission to analyze proposed legislation relating to tariff and trade matters. Most of the requests come from the Senate Committee on Finance and the House Committee on Ways and Means. Preparation of comments on bills and resolutions usually involves considerable work by the Commission, and often requires extensive reports.

At the request of the Senate Committee on Finance or the House Committee on Ways and Means, the Commission during 1960 prepared analyses of an exceptionally large number of bills and resolutions.<sup>1</sup>

<sup>1</sup>During the period covered by this report, congressional committees requested the Commission to prepare analyses of, or comments on, 294 bills and resolutions.

These bills and resolutions related to a wide variety of subjects, as indicated by the following list of representative titles:

- To suspend for 2 years the import duty on certain amorphous graphite;
- To continue for 2 years the suspension of duty on certain alumina and bauxite;
- To amend the Tariff Act of 1930 with respect to the marking of imported articles and containers;
- To amend section 304 of the Tariff Act of 1930 to require that all cast-iron soil pipe and fittings imported into the United States be marked with the name of the country of its origin;
- To amend the Tariff Act of 1930 to authorize informal entries of merchandise where the aggregate value of the shipment does not exceed \$400;
- To extend for 3 years the suspension of duty on imports of crude chicory and the reduction in duty on ground chicory;
- To amend the Tariff Act of 1930 as it relates to spring clothespins;
- To amend the Tariff Act of 1930 so as to impose a duty upon the importation of montan wax produced in certain Communist-controlled countries or produced from raw materials originating in such countries;
- To amend the Tariff Act of 1930 to impose a duty upon the importation of bread;
- To extend for an additional 3 years the period during which certain tanning extracts, including certain extracts, decoctions, and preparations which (irrespective of their chief use) are suitable for use for tanning, may be imported free of duty;
- To continue for a temporary period the existing suspension of duty on certain istle or Tampico fiber;
- To continue for 2 years the existing suspension of duties on certain lathes used for shoe-last roughing or for shoe-last finishing;
- To continue until the close of June 30, 1961, the suspension of duties on metal scrap;
- That the United States should grant no further tariff reductions in the forthcoming tariff negotiations under the auspices of the General Agreement on Tariffs and Trade in 1960 and 1961;
- To establish a national mining and minerals policy;
- To provide for adjusting conditions of competition between certain domestic industries and foreign industries with respect to the level of wages and the working conditions in the production of articles imported into the United States;
- To amend the provisions of the Sugar Act of 1948, as amended;
- To amend the Tariff Act of 1930 to require that foreign films, recordings, and similar articles imported for public exhibition or broadcasting be clearly marked so that the viewers and listeners as well as the importers and exhibitors will be apprised of their foreign origin;
- To continue for a temporary period the existing suspensions of the tax on the first domestic processing of coconut oil, palm oil, palm-kernel oil, and fatty acids, salts, combinations, or mixtures thereof;

- To amend the Tariff Act of 1930 to provide that any article imported by a State or political subdivision for governmental purposes shall be free of duty;
- To provide for the exemption of fowling nets from duty;
- To amend the Tariff Act of 1930 to place bamboo pipestems on the free list;
- To provide for the duty-free importation of scientific equipment for educational or research purposes;
- To create a specific tariff classification for certain imported coconut meat;
- To suspend for a temporary period the import duty on heptanoic acid;
- To suspend indefinitely the import duty on wool-pile weather stripping;
- To provide a program of assistance to correct inequities in the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable economic status;
- To foster development of the use of a product of the United States by providing temporarily for the assessment of duty only on the cost of processing and added material when it is exported for intermediate processing and returned;
- To amend the Internal Revenue Code of 1954 to impose import taxes on lead and zinc; and
- To limit the term "waterproof" when applied to cotton cloth or fabric.

#### **Special services to committees of the Congress**

In considering proposed legislation, congressional committees often ask the Tariff Commission not only for reports, but also for the services of Commission experts. The experts are frequently asked to assist the committees at congressional hearings, or to supply technical and economic information orally in executive sessions of the committees.

During 1960, at the request of the House Committee on Ways and Means, members of the Commission's staff appeared before the committee to supply technical assistance during consideration of proposed legislation on a number of subjects mentioned in the immediately preceding section of this report.

#### **Services to individual Senators and Representatives**

Each year the Commission receives many requests from individual Senators and Representatives for various types of information.<sup>2</sup> Some of these requests can be answered from data that are readily available in the Commission's files; others require research and often the preparation of extensive statistical compilations and trade analyses. Many of the requests relate to investigations that are pending before the Commission.

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<sup>2</sup>During the period covered by this report, the Commission received 1,160 congressional letters requesting information on various matters. In addition, the Commission received a large number of congressional telephone requests for information. Many of these requests, like those contained in congressional letters, involved considerable work by the Commission and its staff.

During 1960 the Commission continued to furnish to several Members of Congress, at their request, tabulations prepared by its Ceramics Division on a quarterly basis showing U.S. imports (for consumption) of glassware and pottery, by kinds and by principal sources. During the year the Commission also continued to furnish to Members of Congress, at their request, monthly and cumulative monthly statistics, prepared by its Textiles and Statistical Divisions, on imports of wool tops, yarns of wool, and woolen and worsted fabrics.

The Commission also regularly furnishes information to the interdepartmental Committee for Reciprocity Information (CRI) to help that Committee in responding to inquiries by Members of Congress.<sup>3</sup>

### **Cooperation With Other Government Agencies**

Over the years, cooperation with other Government agencies has accounted for a considerable part of the Commission's activity. Among the more important instances of such cooperative work is the Commission's continuing collaboration with the Bureau of the Census, the Bureau of Customs, and the Department of State.

During 1960 the Commission carried on various kinds of work in cooperation with a score of other Government agencies. Including the various trade-agreement committees, Commissioners and staff members serve on about 25 interdepartmental committees. The assistance that the Commission gives to other Government agencies ranges from handling simple requests for factual information to undertaking projects that require considerable research and sometimes as much as several hundred man-hours of staff work. At times, cooperation with other Government agencies involves detailing members of the Commission's staff to those agencies for short periods.

Selected aspects of the work that the Commission conducted in cooperation with other Government agencies during 1960 are reviewed below.

#### **Work for defense and emergency agencies**

During 1960 the U.S. Government agencies concerned with the problems of defense continued to call upon the Tariff Commission for needed information on strategic and critical materials. All the technical divisions of the Commission supplied such information.

The Commission's commodity divisions continued to furnish the Office of Civil and Defense Mobilization with information on strategic and critical materials similar to that which it furnished the Munitions Board before the Board was abolished on June 30, 1953. Members

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<sup>3</sup> The primary functions of the Committee for Reciprocity Information, which was created by Executive Order 6750 in 1934, are (1) to hold hearings to provide an opportunity for all interested parties to present their views on proposed trade agreements, and (2) to see that those views are brought to the attention of the Interdepartmental Committee on Trade Agreements. The latest Executive order prescribing the duties and functions of the CRI is Executive Order 10082 of Oct. 5, 1949.



of the Commission's commodity divisions served, at the specific request of the Office of Civil and Defense Mobilization, on each of the seven interdepartmental commodity advisory committees established by that agency. These committees are concerned with the following groups of commodities: Iron, steel, and ferroalloys; light metals; nonferrous metals; nonmetallic minerals; chemicals and rubber; forest products; and fibers. Members of the Commission's commodity divisions also served as chairmen of several of the commodity subcommittees established by the interdepartmental commodity advisory committees.

During the year most of the Commission's commodity divisions furnished information to the Business and Defense Services Administration of the Department of Commerce. For example, the Chemicals Division continued to supply that agency with monthly data on U.S. production and sales of the most important organic chemicals and plastics materials, and annual data on production and sales of synthetic organic chemicals. These data were used by the Business and Defense Services Administration for allocating chemicals, issuing certificates of necessity, and establishing normal consumption levels. The Ceramics Division also continued to supply the Business and Defense Services Administration with semiannual tabulations of invoice data covering U.S. imports of mica.

#### **Work for other Government agencies**

Besides assisting the Department of State in trade-agreement matters, the Commission during 1960 furnished that Department with a wide range of data on U.S. tariffs and trade. A member of the Sundries Division served on the Rubber Panel, which is under the chairmanship of the Department of State.

During the year the Commission supplied the Department of Agriculture with considerable information on agricultural, chemical, and forest products, and exchanged information in connection with investigations that the Commission conducted under section 22 of the Agricultural Adjustment Act, as amended. The Commission also assisted the interdepartmental sugar committee, which studies the operation of the Sugar Act of 1948, as amended, U.S. participation in the International Sugar Agreement, and other matters relating to sugar. During the year members of the Commission's staff served as members of the interdepartmental sugar committee.

The Commission furnished assistance during 1960 to the following bureaus of the Department of Commerce: The National Bureau of Standards, the Bureau of the Census, and the Bureau of Foreign Commerce (besides the Business and Defense Services Administration, mentioned in the preceding paragraph of this report). The Commission's commodity divisions assisted the Bureau of the Census in the analysis of "basket" classifications of import statistics and in matters concerning the proper coding and classification of imported articles for statistical purposes. The Agricultural, Ceramics, and Chemicals Divisions supplied the Bureau of Foreign Commerce with

market and consumption data on certain articles of commerce for which they had unique information.

Other agencies that the Commission assisted during the year included the Bureau of Customs, the Division of Foreign Assets Control, and the Internal Revenue Service of the Treasury Department; the Bureau of Mines of the Department of the Interior; the Department of Labor; the Department of Justice; the Bureau of the Budget; the Board of Governors of the Federal Reserve System; the Federal Trade Commission; the Federal Supply Service of the General Services Administration; and the Legislative Reference Service of the Library of Congress.

#### **Work on statistical classification of imports and exports**

Section 484(e) of the Tariff Act of 1930 provides for a statistical classification of imports, and authorizes the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Tariff Commission to direct its preparation. Under this provision the representatives of those officials on the interdepartmental Advisory Committee on Foreign Trade Statistics prepare, for statistical purposes, an enumeration of articles for reporting merchandise imported into the United States. The Chief of the Commission's Statistical Division serves as the Chairman's representative on the Advisory Committee.

Many factors—such as changes in description and rates of duty by reason of trade agreements, changes in the character of various products, the appearance of new products, and the need for recording separate statistics for some products previously included in groups of loosely related articles—make advisable the frequent revision of the enumeration known as *Schedule A—Statistical Classification of Commodities Imported Into the United States*.

Early in the fiscal year 1960, members of the Tariff Commission's staff assisted in preparing a revised *Schedule A* that became effective on January 1, 1960. The new edition, which represents a major revision of the 1954 edition, involves a considerable reduction in the number of detailed commodity classifications enumerated for statistical purposes.

Supplementing *Schedule A*, a new publication entitled *United States Import Duties Annotated for Statistical Reporting* (U.S.I.D. Annotated) was issued on January 1, 1960. In this publication, which was prepared by the Department of Commerce with the cooperation of the Department of the Treasury and the Tariff Commission, the statistical classifications of commodities in *Schedule A* have been merged into the tariff classification in *United States Import Duties (1958)* for use by importers in preparing their entry papers. The data reported on the import entries in terms of the *U.S.I.D. Annotated* are converted and published later as official import statistics in terms of the commodity-group arrangement and code classification of *Schedule A*.

During fiscal 1960, members of the Commission's staff also reviewed, in terms of *Schedule A*, the proposals for changes in tariff classifica-

tions under the Customs Simplification Act of 1954, as amended. This review was made to evaluate the effect that the proposed changes would have on the enumeration of commodity classes in the 1960 edition of *Schedule A*. During the year, the Commission also continued to cooperate with the Department of Commerce in revising *Schedule B—Statistical Classification of Domestic and Foreign Commodities Exported from the United States*. Since a revised edition of *Schedule B* had been published effective January 1, 1958, only limited changes were authorized during 1959 and 1960. Members of the Commission's staff who are members of the Advisory Committee's subcommittees for food and industrial products served in an advisory capacity with respect to these changes.

The Chief of the Commission's Statistical Division, who serves on the interdepartmental Advisory Committee, assisted in coordinating all revisions in statistical classifications, and acted as liaison between the Commission and the Advisory Committee. To maintain convertibility of the import and export statistical schedules to other coding manuals such as the *Standard International Trade Classification* issued by the Statistical Office of the United Nations, the Commission's representative on the Advisory Committee periodically reviews all changes in the statistical commodity code. A limited revision of the *Standard International Trade Classification* was made in 1960, in order to align that code more closely with the Brussels Nomenclature.

#### **Assistance to Nongovernmental Research Agencies**

During 1960 the Commission also assisted certain quasi-official organizations by providing information on trade and tariff matters. For example, a member of the Ceramics Division served during the year on a committee of the American Society for Testing Materials, a national technical society composed of representatives of industry, the Federal Government, and engineering schools. The assistance given this society related chiefly to nomenclature and classification of ceramic products.

#### **Assistance to Business Concerns and the Public**

In response to many requests from outside the Federal Government, the Tariff Commission furnishes information on specific matters within its field. These requests come from industrial and commercial organizations, as well as from research workers, lawyers, teachers, editors, students, and others. Supplying the requested information entails a variety of work, such as preparation of appropriate letters and statistical compilations, and conferences with individuals and representatives of organizations. The Commission maintains no special public relations staff.

To assist individuals and organizations interested in studying recent developments in U.S. commercial policy, the Commission periodically issues a list of selected publications relating to U.S. tariff and commercial policy and to the General Agreement on Tariffs and Trade.

The compilation lists certain pertinent publications of the Tariff Commission, the Department of State, the Department of Commerce, the Congress, special governmental boards and commissions, and the Contracting Parties to the General Agreement on Tariffs and Trade, and indicates where those publications may be obtained.<sup>4</sup>

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<sup>4</sup>The latest edition of this compilation is U.S. Tariff Commission, *List of Selected Publications Relating to United States Tariff and Commercial Policy and to the General Agreement on Tariffs and Trade*, 6th ed., 1960 [processed].

## PART IV. OTHER ACTIVITIES

### General Research and Assembling of Basic Data

Prerequisite to the varied activities of the U.S. Tariff Commission is the continuing task of assembling, maintaining, coordinating, and analyzing basic economic, technical, and statistical information pertinent to its work. Section 332 of the Tariff Act of 1930 directs the Commission to gather such information and to place it at the disposal of the President, the House Committee on Ways and Means, and the Senate Committee on Finance "whenever requested." It also directs the Commission to make such investigations and reports as may be requested by the President, by either of the above-mentioned committees, or by either branch of the Congress. Over the years the Commission's staff has devoted a large part of its time to such work.

Basic information on many thousands of individual commodities is collected by the Commission's various divisions. This basic information includes technical data on the nature of the commodities and their processes of production; on U.S. production, imports, exports, marketing practices, and prices; on production, imports, exports, and prices for the leading foreign producing and exporting countries; and on the conditions of competition between foreign and domestic products. Such information is obtained primarily through the assembly, collation, and analysis of data obtained from Foreign Service reports, from Government publications, from trade journals, and from individual firms, and through fieldwork by the Commission's technical experts. On commodities involved in special investigations, the Commission also obtains data—through questionnaires and public hearings—on costs, profits, employment, and other pertinent subjects. Another major class of the Commission's basic data pertains to foreign countries—their exports, imports, industries, and resources; their economic, financial, and trade position; and their commercial policies.

The Tariff Commission Library, which contains an outstanding collection of material on the tariff, commercial policy, and international trade, primarily serves the Commission and its technical experts. This material, together with a large collection of foreign trade statistics from original sources, is also available to other Government agencies, to private organizations, and to individuals. The Legal Division's legislative reference service closely follows congressional legislation that is of interest to the Commission and its staff, and maintains a complete file of pertinent legislative documents.

### Fieldwork

Fieldwork by the Commission's commodity and economic experts is essential to the gathering of information for the investigations that the Commission is charged with conducting. A substantial part of the data that the Commission uses in preparing its *Summaries of Tariff Information* and its other reports is obtained by personal visits of its staff members to manufacturers, importers, and other groups. Through years of experience the Commission has found that neither public hearings nor inquiries by mail can supply all the details needed for making decisions in its investigations and for verifying information on production, costs, industrial practices, and competitive factors.

In 1960, as in the past several years, the Commission found it necessary to devote an exceptionally large amount of time to fieldwork. During 1960 the Commission's experts made field trips in connection with the investigations that the Commission conducted under the escape-clause provision, under sections 332 and 337 of the Tariff Act of 1930, under section 201 (a) of the Antidumping Act, 1921, as amended, and under section 22 of the Agricultural Adjustment Act, as amended. To keep abreast of technical and trade developments, the Commission's experts visited representative manufacturing and importing firms in their fields of specialization. Representatives of the Commission also attended several conferences of trade and technical associations in order to follow developments affecting competition in domestic markets.

### Work of the Invoice Analysis Section and the New York Office

With respect to analyses of import invoices and other work carried on by the New York office, the Invoice Analysis Section of the Commission's Technical Service serves as liaison between the Washington office and the New York office, and also between the Commission and other Government agencies. This section coordinates all requests for invoice analyses, for special tabulations connected with the regular work and investigations of the Commission, and for special analyses that the Commission makes for other Government agencies. The Invoice Analysis Section also compiles—from the invoice cards it receives from the New York office—such special tabulations as are required by the Commission and other Government agencies.

The office that the Commission maintains in the customhouse at the port of New York performs several related functions. Through invoice analyses, this office assists in the field aspects of the Commission's investigations in the New York area and provides the Commission with more detailed information on imports of commodities than is available from the regular tabulations of import statistics. Through personal calls and interviews the New York office also maintains contacts with manufacturers, importers, exporters, customs examiners and appraisers, and others in the New York area. In this way it assists the Commission's specialists in maintaining up-to-date information in their respective fields,

In its analysis of imports entered through the customs district of New York, the New York office uses the original customhouse documents, to which are attached invoices that have been reviewed and passed upon by the appraisers and examiners. These invoices describe imports in detail with regard to type, grade, size, quantity, and value and provide other data not available elsewhere. The analysis of the statistical copies of documents pertaining to import entries through customs districts other than New York is handled by personnel of the Invoice Analysis Section in Washington, and at Suitland, Md. Should the Commission require additional detail on these entries from other districts, the Invoice Analysis Section obtains the desired information from the other ports of entry where the original documents are on file.

During 1960 the New York office and the Invoice Analysis Section analyzed the data on about 550 commodity classifications of imports. In addition, the New York office and the Invoice Analysis Section made special analyses for use in the Commission's investigations under section 7 of the Trade Agreements Extension Act of 1951, as amended, under sections 332 and 337 of the Tariff Act of 1930, under section 22 of the Agricultural Adjustment Act, as amended, and under Executive Order 10401. It also made, for the defense agencies, several analyses of imports of certain critical and strategic materials, as well as special analyses for the use of other Government agencies.





## PART V. ADMINISTRATION AND FINANCES

### Membership of the Commission

The U.S. Tariff Commission consists of six members appointed by the President and confirmed by the Senate for terms of 6 years, one term expiring each year. Not more than three Commissioners may be of the same political party. The President designates the Chairman and Vice Chairman annually from the membership of the Commission.

#### Members of the Commission on June 30, 1960

On June 30, 1960, the close of the period covered by this report, the members of the Commission and the dates on which their respective terms expire were as follows:

Chairman-----	Joseph E. Talbot, Republican from Connecticut (June 16, 1965).
Vice Chairman-----	J. Allen Overton, Jr., Republican from West Virginia (June 16, 1962).
Commissioner-----	Walter R. Schreiber, Republican from Maryland (June 16, 1964).
Commissioner-----	Glenn W. Sutton, Democrat from Georgia (June 16, 1966).
Commissioner-----	J. Weldon Jones, Democrat from Texas (June 16, 1961).
Commissioner-----	William E. Dowling, Democrat from Michigan (June 16, 1963).

#### Appointments and changes during 1960

On May 27, 1960, the President designated Joseph E. Talbot as Chairman of the Commission for the year ending June 16, 1961.

On May 27, 1960, the President designated J. Allen Overton, Jr., as Vice Chairman of the Commission for the year ending June 16, 1961.

On February 19, 1960, the President nominated Glenn W. Sutton, Democrat from Georgia, to succeed himself as a member of the Commission for the 6-year term that will expire on June 16, 1966. The Senate confirmed the nomination on April 5, 1960. Mr. Sutton, who entered on duty under his new appointment on June 17, 1960, had served as a member of the Commission since September 1, 1954, under a previous appointment.

### Staff of the Commission

On June 30, 1960, the personnel of the Tariff Commission consisted of 6 Commissioners and 265 staff members. The total of 271 persons consisted of 147 men and 124 women.

The following tabulation shows the average size of the Commission's staff during successive 5-year periods from 1931 to 1960 and the number of persons on its staff on June 30 of the years 1956 through 1960:

<i>Period or year</i>	<i>Number on staff</i>
<b>5-year average:</b>	
1931-35.....	315
1936-40.....	306
1941-45.....	306
1946-50.....	233
1951-55.....	199
1956-60.....	229
<b>Annual:</b>	
1956.....	208
1957.....	217
1958.....	219
1959.....	234
1960.....	271

### Finances and Appropriations, Fiscal Year 1960

The appropriated funds available to the U.S. Tariff Commission during the fiscal year 1960 amounted to \$2,135,000. Reimbursements received amounted to \$8,549, making a grand total available of \$2,143,549. The unobligated balance as of June 30, 1960, was \$457.

Expenditures for the fiscal year 1960 were as follows:

Salaries:	
Commissioners.....	\$120,500
Employees:	
Departmental.....	1,686,527
Field.....	41,221
Overtime.....	3,534
Federal Insurance Contributions Act tax.....	289
Federal Employees' Group Life Insurance Act contributions.....	6,121
Federal employees' retirement contributions.....	118,511
Travel expense.....	28,834
Transportation of things.....	324
Books of reference and other publications.....	5,309
Communications service.....	10,791
Penalty mail.....	8,500
Contractual services.....	13,449
Office supplies and equipment.....	89,399
Printing and reproduction.....	9,783
<b>Total.....</b>	<b>2,143,092</b>

The Commission does not own or operate any motor vehicles.







**RECENT REPORTS OF THE UNITED STATES TARIFF COMMISSION  
ON SYNTHETIC ORGANIC CHEMICALS**

- Synthetic Organic Chemicals, United States Production and Sales, 1958 (Rept. No. 205, 2d ser., 1959), \$1.00**  
**Synthetic Organic Chemicals, United States Production and Sales, 1959 (Rept. No. 206, 2d ser., 1960), \$1.00**  
**6-2 and 6-10. Organic Chemicals and Plastics Materials, 50¢ (annual subscription price); 20¢ additional for foreign mailing**

**OTHER RECENT REPORTS**

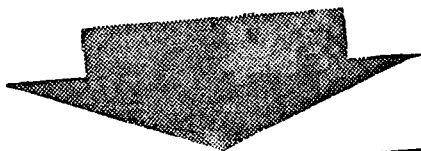
- United States Import Duties (1958), \$3.00 (subscription price); \$1.00 additional for foreign mailing**  
**Postwar Developments in Japan's Foreign Trade (Rept. No. 201, 2d ser., 1958), 60¢**

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