

CONCEPTS AND PRINCIPLES WHICH SHOULD
UNDERLIE THE FORMULATION OF AN
INTERNATIONAL COMMODITY CODE

COMMUNICATION

FROM

THE CHAIRMAN, UNITED STATES
INTERNATIONAL TRADE COMMISSION

TRANSMITTING

A REPORT ON THE CONCEPTS AND PRINCIPLES WHICH
SHOULD UNDERLIE THE FORMULATION OF AN INTER-
NATIONAL COMMODITY CODE, PURSUANT TO SECTION
608(C)(1) OF THE TRADE ACT OF 1974



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UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

THE CHAIRMAN

June 2, 1975

Honorable Carl Albert
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

The United States International Trade Commission is transmitting herewith its report on The Concepts and Principles which should Underlie the Formulation of an International Commodity Code, prepared pursuant to section 608(c)(1) of the Trade Act of 1974.

In accordance with that section of the Trade Act, the report is also being transmitted to the President and to the President of the Senate.

Sincerely,

A handwritten signature in cursive script that reads "Catherine Bedell".

Catherine Bedell
Chairman

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INTRODUCTION

June 1, 1975

This report to both Houses of the Congress and to the President on the concepts and principles which should underlie the formulation of an international commodity code has been prepared in connection with U.S. International Trade Commission Investigation No. 332-73, initiated on February 4, 1975, in accordance with section 608(c) of the Trade Act of 1974 (Pub. L. No. 93-618, approved January 3, 1975). Section 608, in part, directs the Commission to undertake an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) which would provide the basis for--

(1) a report on the appropriate concepts and principles which should underlie the formulation of an international commodity code adaptable for modernized tariff nomenclature purposes and for recording, handling, and reporting of transactions in national and international trade, taking into account how such a code could meet the needs of sound customs and trade reporting practices reflecting the interests of United States and other countries, such report to be submitted to both Houses of Congress and to the President as soon as feasible, but in any event, no later than June 1, 1975; 1/ and

(2) full and immediate participation by the United States International Trade Commission in the United States contribution to technical work of the Harmonized System Committee under the Customs Cooperation Council to assure the recognition of the needs of the United States business community

1/ The U.S. International Trade Commission and the U.S. Department of Commerce are jointly conducting a related study pursuant to sec. 608(b) of the Trade Act of 1974 that will identify "the appropriate principles and concepts which should guide the organization and development of an enumeration of articles which would result in comparability of United States import, production, and export data."

in the development of a Harmonized Code reflecting sound principles of commodity identification and specification and modern producing methods and trading practices. 1/

1/ The Customs Cooperation Council (CCC) is presently undertaking a project to develop a Harmonized Commodity Description and Coding System (HCC) for use in facilitating (1) customs administration, (2) the analysis of trade information, and (3) the preparation and processing of transport documentation. The CCC, a 75-member intergovernmental organization with headquarters in Brussels, Belgium, was created to study problems of tariff classification, valuation, and customs administration. The responsibility for the formulation of the HCC has been assigned to the Harmonized System Committee (HSC). The following countries, economic union, and international organizations are members of the HSC:

Countries and Economic Union

Australia	India
Canada	Japan
Czechoslovakia	United Kingdom
European Community	United States
France	

International Organizations

Customs Co-operation Council (CCC) - Nomenclature Committee
 Customs Co-operation Council (CCC) - Secretariat
 Economic Commission for Europe (ECE)
 European Trade Promotion Organizations Conference (ETPO)
 General Agreement on Tariffs and Trade (GATT)
 International Air Transport Association (IATA)
 International Chamber of Shipping (ICS)
 International Standard Organization (ISO)
 International Union of Railways (UIC)
 North Atlantic Treaty Organization (NATO)
 United Nations Statistical Office (UNSO)

A draft report was issued for public comment on April 25, 1975. The written comments received from interested parties are reproduced in the appendix to this report. In summary, the substantial majority of the statements from trade and transport interests and from Government agencies indicate agreement and support for the development of an international commodity code suitable for the purposes enumerated in section 608(c)(1) of the Trade Act and for the draft report's treatment of the concepts and principles which should underlie the formulation of such a code.

The principal criticism of the draft report, mostly by interested parties in the transport community and also by the European Economic Community, is that the report does not express acceptance of the current efforts now in progress under the sponsorship of the Customs Cooperation Council to develop a product code suitable for customs, statistical, and transport purposes. Proponents of such criticism urge the Commission to give greater attention to those efforts in its report to the Congress and to the President.

In preparing the draft report and the final version, careful consideration has been given to the specific terms of the statutory directive contained in section 608(c)(1) of the Trade Act of 1974. It is the Commission's interpretation that the terms of the law require this agency to provide the Congress and the President with a conceptual framework around which an international commodity code, suitable to serve the stated purposes, could be formulated. It is in conformity with that interpretation that this report was prepared. Under the circumstances, the Commission considers that an examination of the

current activities of the Customs Cooperation Council with respect to the development of an international product classification system is beyond the scope of the legislative directive, and, thus, no endorsement or rejection of these current international efforts is intended nor should be implied.

The Commission reiterates its belief in the desirability of an international commodity code or product nomenclature which is responsive to the needs of potential national and international users. To this end, the Commission, in the conduct of its participation in the United States contribution to the technical work of the Harmonized System Committee, will endeavor to obtain and consider the views of interested parties in industry, government, and elsewhere.

This final report varies in certain respects from the draft report in that an effort has been made to clarify several portions of the text. Specific attention is called to the differences between the text of pages 9 through 13 of this report and the comparable text on pages 9 through 14 of the draft report.

A. THE PROLIFERATION OF PRODUCT CLASSIFICATION SYSTEMS

Since the close of World War II, a significant number of product classification systems have emerged as instruments for regulating, recording, and measuring economic activity, both at national and international levels. At the national level product nomenclatures are used for the imposition of customs tariffs, the collection of data on imports and exports, the determination of freight charges for each mode of carrier, and the collection of statistics on the volume of domestic production and/or shipments. Some countries, including the United States, use separate systems for each specific purpose. Other countries have adopted the Brussels Tariff Nomenclature (BTN) and the Standard International Trade Classification (SITC) as the basis for the imposition of customs duties and the collection of data on imports and exports. These two systems have also been employed by a number of countries for collecting information on domestic production. However, where the BTN and SITC have been adopted, each country has created subheadings which frequently differ from those used in other countries, and even differ within each country depending upon the particular aspects of trade (imports, exports, domestic production) for which the system is used. In those cases where the international system has not been employed, concordances are used to report, in terms of the international system, data which were collected under a different system.

Since there is no universally accepted freight tariff classification system, each major mode of carrier maintains its own product code. The

codes employed for freight purposes are markedly different from one another and from those used for customs and statistical purposes.

The major existing classification systems contain significant differences in organization, in the scope of their product classifications, and in the application of interpretative rules, if any, governing these classifications. The methods employed to administer these systems also vary from consistently effective enforcement by qualified personnel to voluntary compliance without means for effective enforcement. Little effort has been made toward maintaining and improving many of these systems to take into account significant changes in economic conditions, technology, and commercial trading practices.

B. THE NEED FOR AN INTERNATIONAL COMMODITY CODE

The use of a multitude of different systems has several important, and often costly, consequences for both national and international trade. The use of discordant national systems for collecting and reporting data on imports, exports, and domestic production and the resulting lack of comparability in international trade data seriously hamper the analysis of trade and production information by trade analysts, economists, business planners, trade negotiators, and policymakers. It has been stated that "incompatible data are useless data." ^{1/} Concordances used to achieve comparability between different codes are not an adequate substitute for the collection and reporting of data under comparable systems, particularly where comparable information is sought at a detailed level of prod-

^{1/} Wassily Leontief, "Theoretical Assumptions and Nonobserved Facts," The American Economic Review. Vol. LXI, No. 1 (March 1971), pp. 1-7.

uct refinement. The difficulties associated with identifying product definitional and other differences between systems and in obtaining sufficient information to reconcile those differences make the use of concordances at their best an unreliable tool in economic analysis. These difficulties are further compounded by the fact that the various systems are ordinarily administered by different organizations or agencies with little or no opportunity for--or inclination toward--substantive coordination between them.

The multiplicity of codes for ship, plane, truck, and rail traffic, for customs tariffs, and for the collection of statistical data on trade also imposes considerable and unnecessary burdens upon traffic managers, freight forwarders, administrative officers, customs brokers, and others concerned with the planning of commercial shipments, the preparation and processing of related trade documentation, and the enforcement of customs and related laws. The difficulties associated with the repetitive reclassification of goods are particularly acute with regard to international shipments involving intermodal transport and the transshipment of goods through the customs territory of several countries. The great number of these codes and their lack of substantive comparability make efforts at introducing cost and time efficiencies in the movement of goods difficult and curtail the effective use of automated data-exchange systems for this purpose.

The benefits of an international commodity code adaptable for a number of generally compatible national and international uses may be summarized as follows:

1. The use of a single system as a base for the collection and reporting of relevant data on imports, exports, and production at the national level would--
 - (a) facilitate the publication of useful trade data;
 - (b) permit more reliable analysis of national trade information; and
 - (c) make feasible the implementation of a centralized and efficient program for the administration and authoritative and enforced interpretation of national systems.
2. The use of a single uniform commodity code adapted for national and international transport purposes could result in--
 - (a) the achievement of a substantial reduction in the costs and time spent in reclassifying goods as they move from the purview of one classification system to another, in the verification of product classifications, and in the administration, without consequent loss of effectiveness, of various classification systems; and
 - (b) the further standardization of transport documentation and the automated transmission of detailed product information by the use of a single product identification number throughout a commercial transaction.
3. The use of a single product code for international trade purposes would--
 - (a) permit the analysis of comparable international trade data;
 - (b) promote a greater degree of certainty and understanding in the negotiation, application, and interpretation of trade agreements; and
 - (c) relieve countries and organizations from the burdens of reporting trade data which were collected under different and discordant systems to international bodies or agencies.

C. CONCEPTS AND PRINCIPLES WHICH SHOULD UNDERLIE THE FORMULATION
OF AN INTERNATIONAL COMMODITY CODE

The difficulties in the formulation of an international commodity code are as manifest as the potential benefits. If completed and implemented, the code would be used by or be of benefit to a substantial cross section of transport, industrial, and governmental interests, including customs administrators, trade statisticians, analysts, economists, policymakers, carriers, importers, exporters, and manufacturers. Input from all these sources would, therefore, be necessary if the system is to satisfy, to the extent practicable, the multitude of interests concerned. The difficulties incident to recognizing numerous and diverse national interests are magnified when considering the formulation of a comprehensive code on an international level. Practical problems of formulation and subsequent implementation, such as reaching agreement on universally accepted product definitions, on terms which have uniformly recognized and understood meanings in international trade, on useful levels of product refinement and in conforming existing tariff systems, trade laws and regulations, and international agreements to the code, are significant.

In directing the Commission to report on the concepts and principles which should underlie the formulation of an international commodity code, the Congress indicated that the code should be "adaptable for modernized tariff nomenclature purposes and for recording, handling, and reporting of transactions in national and international trade" ^{1/} Thus, the code should serve three fundamental purposes: (1) It should be suitable

^{1/} Sec. 608(c)(1), Trade Act of 1974 (Pub. L. No. 93-618)(1975).

for use by various countries and customs unions for determining the rights and obligations of importers and exporters as to applicable rates of duty and other import and export restrictions and controls; (2) it should provide the basis for collecting detailed product data regarding each country's imports, exports, and production; and (3) it should facilitate the preparation and processing of transportation documentation.

A characteristic common to most product nomenclatures is that they are intended to capture and to differentiate in varying degrees of specificity the host of articles which enter into commerce. The key to successful development of the system, therefore, lies in the extent to which the products of commerce are set forth in sufficient detail within a complete, systematic, and administerable structure reflective of current and anticipated technologies of production and peculiarities of trade.

The concepts and principles which should underlie the formulation of an international commodity code suitable to satisfy the above purposes are commented on below.

1. It should be complete

The code must comprise a complete system of product descriptions or categories covering all articles of trade. The basic core or framework must provide for the appropriate classification of every known article, as well as articles yet to be developed, under either specific or general categories.

2. It should be systematic

The overall organization of the code is of critical concern since poor organization can make it unnecessarily complex and can unduly ob-

struct the use of the system. To the extent practicable, the various product categories should be systematically arranged in logical sequence and each individual product category identified with its own distinctive number. The organization and the numbering system should be as simple as possible. The use of a nonconsecutive numbering system should also be employed to permit new product classes to be inserted into the system in logical sequence and to avoid undue constriction in the number of possible provisions. A detailed alphabetical index and explanatory materials should also be provided.

3. It should constitute an enforceable legal document

It follows that the core or framework of the code must be organized and formulated as an enforceable legal document capable of adaptation to reflect import and export restrictions and controls and suitable for legislative enactment, administration by customs and transport officers, and judicial review.

4. It should consist of mutually exclusive provisions which are clearly stated

Each product should be provided for in the system in one, and only one, provision. Duplicative and overlapping product categories, although sometimes unavoidable, greatly complicate interpretation and should be kept to a necessary minimum and, then, with their classification priorities clearly expressed. In addition, the wording of the product categories and of the system or organizational framework within which they are set should be plain, clear, and unambiguous so as to insure the prompt classification of merchandise with reasonable certainty and predictability.

5. It should be capable of uniform application

The adoption of the code by a number of nations and organizations would render it a document of significant commercial importance. It is important therefore that it be capable of uniform application. To the extent practicable, articles should be properly classifiable within the system by reference to their intrinsic characteristics, without reliance upon extrinsic factors such as subsequent or intended use or the process of manufacture. In addition, the system should avoid the use of rules of interpretation which are not susceptible of uniform application and which thereby cannot yield uniformity of result.

6. It should conform to the realities of trade

The product distinctions explicitly or implicitly recognized in the system and the product definitions contained therein should be compatible with and reflect accepted international trade practices of product differentiation.

It is important in this respect to note that the objective of a single nomenclature for trade and transport purposes is a means to an end and not an end in itself. Its primary purpose is to improve the procedures for processing commercial transactions and to promote the collection of comparable trade information. These objectives cannot be realized solely from the universal use of the same system, for comparable but meaningless data are as useless as incomparable data. For this reason it is imperative that the code be developed as a modern system, reflective of existing and anticipated concepts of trade practice and responsive to sound principles of product definition and identification.

7. It should be simplified

Care should be taken not to complicate future administration or use by the promulgation of provisions which render the system unduly complex. In seeking the development of a complete system, consideration should be given to the ease with which classification decisions can be made.

8. It should be adaptable for individual uses

It is recognized that the needs to which the code are to respond differ depending upon (1) the specific purposes for which the system is to be applied, and (2) the requirements of the individual user. The code should, therefore, be adaptable to meet the individual requirements of potential users.

D. DEVELOPMENT OF AN INTERNATIONAL COMMODITY CODE 1/

In developing an acceptable system, consideration must be given to the resolution of basic conflicts arising from the desire to satisfy the needs of all potential users. On the one hand, the system should be sufficiently flexible to permit differences in trade policy between nations to be reasonably reflected at the national level. While on the other hand, the system must also be adaptable to satisfying the needs of the transport community for refined product detail.

1/ Vice Chairman Parker and Commissioner Ablondi agree with the aforesaid concepts and principles which should underlie the formulation of an international commodity code adaptable for modernized tariff nomenclature purposes and for recording, handling, and reporting of transactions in national and international trade. They do not agree with secs. (D), (E), and (F) of this report insofar as they relate to the development of an international commodity code and the administration and maintenance thereof. They are of the opinion that the statements made therein extend beyond the scope of the report requested by sec. 608(c)(1), and such statements do not adequately analyze the issues or the implications involved in the recommendations made in those sections.

These conflicts might reasonably be resolved by the development of a basic international commodity code with, for example, four-digit item numbers for product classes (1) to which a national numerical suffix could be added for national trade purposes and (2) to which an international numerical suffix could be added to provide the necessary product detail for freight documentation purposes. There are distinct advantages to be gained from such an arrangement. The basic international code could be designed to reflect only that degree of product detail or refinement not incompatible with the diverse national trade requirements, thereby permitting each country to retain at the national level the flexibility to adapt the code to that country's unique needs through the use of appropriate national numerical suffixes. On the other hand, for freight documentation purposes, the greater requisite product detail could be provided at the international level with appropriate uniform numerical suffixes for use at both the national and international levels.

Under this concept, the basic international code, and the various national trade nomenclatures and the international transport nomenclature adapted therefrom, could each have its own distinctive name. This would permit users to identify or associate easily product category numbers with a particular adapted system and would avoid conflict and confusion in its use. It would also be helpful if the names of the adapted systems could be associated with the basic international code (for example, by the use of an acronym) so that a reference to a provision in the basic international code would also identify the corresponding provision in an adapted system, and vice versa.

The following illustrates how a basic international commodity code with four-digit item numbers may be adapted with two-digit suffixes for national trade purposes and also for use as an international transport nomenclature: 1/

International Commodity Code	
Item	Article description
7862	: Widgets:

National Trade Nomenclature		
International commodity code item	National trade suffix	Article description
7862	--	: Widgets:
	10	: Colored but not drilled.....
	20	: Drilled, whether or not colored
	30	: Other.....

International Transport Nomenclature		
International commodity code item	International transport suffix	Article description
7862	--	: Widgets:
		: Not packaged for retail sale:
	10	: Oval or round.....
	15	: Rectangular or square.....
	20	: Other.....
		: Packaged for retail sale:
	40	: Rectangular or square.....
	80	: Other.....

1/ Nothing in the text or in this illustration is intended to suggest the number of digits which should be used in a basic international commodity code or in either the national trade suffixes or the international transport suffixes. In all cases, no more and no fewer digits than are essential to the purpose at hand should be utilized.

1. Organizational framework of the code

One of the primary considerations in the formulation of the system is organizing its provisions within a framework which permits its adaptability to individual needs and which facilitates its use.

a. The major subdivisions or schedules.--The subdivision of complete commodity codes into a small number of broad, reasonably coherent and logical product schedules is common nomenclature practice that facilitates the user's ability to identify quickly the product classes of interest. The product content of each of the various schedules could be based upon such broad distinctions as the animal, vegetable, or mineral nature of the products, or their status as textiles, chemicals, metals, machines, electrical goods, and so forth.

If the number of these individual schedules is kept at less than 10, it may be possible--as a further assist to the user--to have the first digit of the product's item number the same as the number of the schedule in which the product is provided for. In addition, if there are, say, seven or eight schedules to the complete code, a country using it would be able to provide additional schedules at the national level for special and temporary classification provisions without increasing the number of digits in the basic product numbering system.

b. The benefits of a hierarchical or tabular arrangement.--Inasmuch as many differences in individual needs manifest themselves in the area of necessary levels of product refinement or detail, it is appropriate that the code be developed within a hierarchical or tabular arrangement

in which areas of product distinction are initially set forth in broad product classes and subsequently refined in their detail by the creation of subclasses. The subclasses should usually exhaust, but never extend, the product coverage of the primary heading. The tabular arrangement of the system visually reveals to the user the interrelationships between coordinate and subordinate product headings and facilitates the user's ability to understand and interpret them. In addition, the use of a tabular system permits the creation of as many levels of product refinement as may be necessary to reflect individual needs.

c. The numbering arrangement.--The numbering arrangement for article descriptions in the basic international code should not employ more digits than necessary, since too many would increase the margin of error in reporting and would interfere with efforts to introduce the aforementioned suffixes needed to accommodate the numbering of further levels of detail that will be introduced. It is believed that a numbering system in the basic international code which reflected more than one level of primary headings and one level of inferior headings would be too cumbersome to accommodate adequately the further extension required. In addition, during the formulation of the basic international nomenclature, effort should be made to maintain a reasonable balance in the number of provisions at each desired level in order to make the most efficient use of the numbering system.

2. The development of product classes

The article provisions contained in the code can be prepared only after a diligent factual investigation by qualified experts. For this purpose, it will be necessary to consult with experts from the world trade community. It is clear that the development of a sound and commercially responsive nomenclature constitutes a highly technical undertaking requiring a considerable amount of factual interchange between persons familiar with the subject matter. It is unlikely, therefore, that a suitable system can be developed through a process of formal meetings. Simply stated, a product code cannot be successfully "negotiated."

It is apparent that during the course of formulating the system problems will continually arise with respect to terminology, standards of product differentiation, and the extent of product refinement or detail which should be recognized at the international level. The inability to resolve these differences would undoubtedly undermine the purposes of the system. Under the circumstances, each potential user must be willing to accept a reasonable degree of accommodation and compromise in the formulation of the system.

3. International body or agency for the development of the code

The breadth of potential applicability of the code necessitates its development under the auspices of an international body or agency whose staff is competent to deal with the technical matters involved and whose membership represents a reasonable geographic and economic cross section

of the trading world. The organization should have at its disposal an experienced technical staff which would be responsible for the preparation of drafts of the code.

As noted previously, many of the major existing commodity codes contain significant differences in organization and product classification treatment, undoubtedly as a result of each having been formulated in order to serve its own unique and individual purposes. No existing code, therefore, can fully accommodate the individual needs presently being satisfied by the multitude of existing systems. Under the circumstances, a code suitable for adaptation at national and international levels for customs, statistical, and transport purposes should be formulated as a new system to insure its responsiveness to the uses for which the code is intended to be employed. Although existing systems may be generally discordant, many evidence useful elements of organization, systematicness, and descriptive technique. Thus, no existing system should be overlooked in the search for useful provisions and techniques for designing and developing the desired international product nomenclature.

4. Process of formulation

The course of the development of the code should include the following:

1. An agreement on standards and guidelines which should control the development of the code.
2. An agreement on an overall organizational outline of the code and its numbering scheme.

3. For each major segment of the code, the convening of groups of experts to prepare initial drafts including appropriate explanatory materials and the adaptations necessary to assimilate freight tariff codes.
4. A period for review and comment by potential users.
5. Examination by technical staff of submitted comments and, when appropriate, the preparation and submission of further drafts.
6. Periodic plenary sessions to review progress.

It is recognized that, as work proceeds, the technical working group by common assent may develop techniques for expediting the work on the product code to insure its completion and adoption at the earliest practicable date.

E. MAINTENANCE AND ADMINISTRATION OF THE INTERNATIONAL CODE

Under the best conditions, unintended and anomalous classifications occur when the realities of trade have been overlooked or misinterpreted in the framing of product categories, or when new products are introduced after the system has been made effective. In addition, it is apparent that once the system is implemented, differences of opinion will arise among the various users as to the classification of specific articles under the system. Differences in the interpretation and application of the system result in inconsistency of classification treatment, which undermines the purposes of a uniform code. Under the circumstances, it is essential that administrative machinery be created for the purposes of (1) achieving uniformity in the application of the system and (2) according periodic, if not continuous, review of the code in order to keep its provisions reflective of technological progress in trade.

At the national level, suitable procedures and facilities would have to be established to provide for the centralized administration of the code and to consider the desirability of proposed amendments to improve the system. In addition, an international supervisory body should be created for the same purposes. The responsibility of this international body should be governed by the terms of a formal convention to insure that the system is properly maintained and kept up to date.

F. FURTHER CONSIDERATIONS

The uniform application of an international commodity code adapted for customs, statistical and transport purposes would represent a significant development toward facilitating trade and trade analysis. However, it would not satisfy all the needs incident to the availability of comparable trade data. During the development of the basic international nomenclature, the related matters of the application of uniform systems of measurement and valuation should not be overlooked.

Appendix A: Notice of release of
draft report for public views;
Draft report:

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[332-73]

DRAFT REPORT ON CONCEPTS AND PRINCIPLES WHICH
SHOULD UNDERLIE THE FORMULATION OF
AN INTERNATIONAL COMMODITY CODE

Notice of Release for Public Views

Notice is hereby given that the United States International Trade Commission is releasing for public comment a draft report on the concepts and principles which should underlie the development of an international commodity code adaptable for modernized tariff nomenclature purposes and for recording, handling, and reporting of transactions in national and international trade. The draft report is being released in connection with Commission Investigation No. 332-73, initiated on February 4, 1975, in accordance with section 608(c)(1) of the Trade Act of 1974.

The draft report discusses the need for a comprehensive international commodity code, sets forth the concepts and principles which should underlie its formulation, and suggests methods for its development and maintenance.

The Commission solicits from all interested parties their views on the study, including constructive comments and criticism on the factual, analytical, and other aspects of the draft report. Interested parties are urged to submit their written statements at the earliest practicable date, but, to be assured of consideration, not later than May 19, 1975. A signed original and nineteen (19) true copies should be submitted.

By order of the Commission.


Kenneth R. Mason
Secretary

Issued: April 24, 1975

United States International Trade Commission

THE CONCEPTS AND PRINCIPLES
WHICH SHOULD UNDERLIE
THE FORMULATION OF AN
INTERNATIONAL COMMODITY CODE

Draft Report on Investigation No. 332-73

to Both Houses of the Congress and to the President Pursuant
to Section 608(c)(1) of the Trade Act of 1974

USITC Publication 729
Washington, D. C.
April 1975

UNITED STATES INTERNATIONAL TRADE COMMISSION

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INTRODUCTION

This report to both Houses of the Congress and to the President on the concepts and principles which should underlie the formulation of an international commodity code has been prepared in connection with U.S. International Trade Commission Investigation No. 332-73, initiated on February 4, 1975, in accordance with section 608(c) of the Trade Act of 1974 (Pub. L. No. 93-618, approved January 3, 1975). That section directs the Commission to undertake an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) which would provide the basis for--

(1) a report on the appropriate concepts and principles which should underlie the formulation of an international commodity code adaptable for modernized tariff nomenclature purposes and for recording, handling, and reporting of transactions in national and international trade, taking into account how such a code could meet the needs of sound customs and trade reporting practices reflecting the interests of United States and other countries, such report to be submitted to both Houses of Congress and to the President as soon as feasible, but in any event, no later than June 1, 1975; 1/ and

(2) full and immediate participation by the United States International Trade Commission in the United States contribution to technical work of the Harmonized System Committee under the Customs Cooperation Council to assure the recognition of the needs of the United States business community in the development of a Harmonized Code reflecting sound principles of commodity identification and specification and modern producing methods and trading practices. 2/

1/ The U.S. International Trade Commission and the U.S. Department of Commerce are jointly conducting a related study pursuant to sec. 608(b) of the Trade Act of 1974 that will identify "the appropriate principles and concepts which should guide the organization and development of an enumeration of articles which would result in comparability of United States import, production, and export data."

2/ The Customs Cooperation Council (CCC) is presently undertaking a project to develop a Harmonized Commodity Description and Coding System (HCC) for use in facilitating (1) customs administration, (2) the analysis of trade information, and (3) the preparation and processing of

The foregoing provisions reveal the interest of the United States in the international efforts already in progress under the aegis of the Customs Cooperation Council (CCC) in Brussels, Belgium to develop a modern international product nomenclature designed to meet the diverse customs, statistical, and transportation needs of the United States and other countries.

(Continued)

transport documentation. The CCC, a 75-member intergovernmental organization with headquarters in Brussels, Belgium, was created to study problems of tariff classification, valuation, and customs administration. The responsibility for the formulation of the HCC has been assigned to the Harmonized System Committee (HSC). The following countries, economic union, and international organizations are members of the HSC:

Countries and Economic Union

Australia	India
Canada	Japan
Czechoslovakia	United Kingdom
European Community	United States
France	

International Organizations

Customs Co-operation Council (CCC) - Nomenclature Committee
 Customs Co-operation Council (CCC) - Secretariat
 Economic Commission for Europe (ECE)
 European Trade Promotion Organizations Conference (ETPO)
 General Agreement on Tariffs and Trade (GATT)
 International Air Transport Association (IATA)
 International Chamber of Shipping (ICS)
 International Standard Organization (ISO)
 International Union of Railways (UIC)
 North Atlantic Treaty Organization (NATO)
 United Nations Statistical Office (UNSO)

A. THE PROLIFERATION OF PRODUCT CLASSIFICATION SYSTEMS

Since the close of World War II, a significant number of product classification systems have emerged as instruments for regulating, recording, and measuring economic activity, both at national and international levels. At the national level product nomenclatures are used for the imposition of customs tariffs, the collection of data on imports and exports, the determination of freight charges for each mode of carrier, and the collection of statistics on the volume of domestic production and/or shipments. Some countries, including the United States, use separate systems for each specific purpose. Other countries have adopted the Brussels Tariff Nomenclature (BTN) and the Standard International Trade Classification (SITC) as the basis for the imposition of customs duties and the collection of data on imports and exports. These two systems have also been employed by a number of countries for collecting information on domestic production. However, where the BTN and SITC have been adopted, each country has created subheadings which frequently differ from those used in other countries, and even differ within each country depending upon the particular aspects of trade (imports, exports, domestic production) for which the system is used. In those cases where the international system has not been employed, concordances are used to report, in terms of the international system, data which were collected under a different system.

Since there is no universally accepted freight tariff classification system, each major mode of carrier maintains its own product code. The

codes employed for freight purposes are markedly different from one another and from those used for customs and statistical purposes.

The major existing classification systems contain significant differences in organization, in the scope of their product classifications, and in the application of interpretative rules, if any, governing these classifications. The methods employed to administer these systems also vary from consistently effective enforcement by qualified personnel to voluntary compliance without means for effective enforcement. Little effort has been made toward maintaining and improving many of these systems to take into account significant changes in economic conditions, technology, and commercial trading practices.

B. THE NEED FOR AN INTERNATIONAL COMMODITY CODE

The use of a multitude of different systems has several important, and often costly, consequences for both national and international trade. The use of discordant national systems for collecting and reporting data on imports, exports, and domestic production and the resulting lack of comparability in international trade data seriously hamper the analysis of trade and production information by trade analysts, economists, business planners, trade negotiators, and policymakers. It has been stated that "incompatible data are useless data." ^{1/} Concordances used to achieve comparability between different codes are not an adequate substitute for the collection and reporting of data under comparable systems, particularly where comparable information is sought at a detailed level of prod-

^{1/} Wassily Leontief, "Theoretical Assumptions and Nonobserved Facts," The American Economic Review. Vol. LXI, No. 1 (March 1971), pp. 1-7.

uct refinement. The difficulties associated with identifying product definitional and other differences between systems and in obtaining sufficient information to reconcile those differences make the use of concordances at their best an unreliable tool in economic analysis. These difficulties are further compounded by the fact that the various systems are ordinarily administered by different organizations or agencies with little or no opportunity for--or inclination toward--substantive coordination between them.

The multiplicity of codes for ship, plane, truck, and rail traffic, for customs tariffs, and for the collection of statistical data on trade also imposes considerable and unnecessary burdens upon traffic managers, freight forwarders, administrative officers, customs brokers, and others concerned with the planning of commercial shipments, the preparation and processing of related trade documentation, and the enforcement of customs and related laws. The difficulties associated with the repetitive reclassification of goods are particularly acute with regard to international shipments involving intermodal transport and the transshipment of goods through the customs territory of several countries. The great number of these codes and their lack of substantive comparability make efforts at introducing cost and time efficiencies in the movement of goods difficult and curtail the effective use of automated data-exchange systems for this purpose.

The benefits of an international commodity code adaptable for a number of generally compatible national and international uses may be summarized as follows:

1. The use of a single system as a base for the collection and reporting of relevant data on imports, exports, and production at the national level would--
 - (a) facilitate the publication of useful trade data;
 - (b) permit more reliable analysis of national trade information; and
 - (c) make feasible the implementation of a centralized and efficient program for the administration and authoritative and enforced interpretation of national systems.
2. The use of a single uniform commodity code adapted for national and international transport purposes could result in--
 - (a) the achievement of a substantial reduction in the costs and time spent in reclassifying goods as they move from the purview of one classification system to another, in the verification of product classifications, and in the administration, without consequent loss of effectiveness, of various classification systems; and
 - (b) the further standardization of transport documentation and the automated transmission of detailed product information by the use of a single product identification number throughout a commercial transaction.
3. The use of a single product code for international trade purposes would--
 - (a) permit the analysis of comparable international trade data;
 - (b) promote a greater degree of certainty and understanding in the negotiation, application, and interpretation of trade agreements; and
 - (c) relieve countries and organizations from the burdens of reporting trade data which were collected under different and discordant systems to international bodies or agencies.

C. CONCEPTS AND PRINCIPLES WHICH SHOULD UNDERLIE THE FORMULATION
OF AN INTERNATIONAL COMMODITY CODE

The difficulties in the formulation of an international commodity code are as manifest as the potential benefits. If completed and implemented, the code would be used by or be of benefit to a substantial cross section of transport, industrial, and governmental interests, including customs administrators, trade statisticians, analysts, economists, policymakers, carriers, importers, exporters, and manufacturers. Input from all these sources would, therefore, be necessary if the system is to satisfy, to the extent practicable, the multitude of interests concerned. The difficulties incident to recognizing numerous and diverse national interests are magnified when considering the formulation of a comprehensive code on an international level. Practical problems of formulation and subsequent implementation, such as reaching agreement on universally accepted product definitions, on terms which have uniformly recognized and understood meanings in international trade, on useful levels of product refinement and in conforming existing tariff systems, trade laws and regulations, and international agreements to the code, are significant.

In directing the Commission to report on the concepts and principles which should underlie the formulation of an international commodity code, the Congress indicated that the code should be "adaptable for modernized tariff nomenclature purposes and for recording, handling, and reporting of transactions in national and international trade" 1/ Thus, the code should serve three fundamental purposes: (1) It should be suitable

1/ Sec. 608(c)(1), Trade Act of 1974 (Pub. L. No. 93-618)(1975).

for use by various countries and customs unions for determining the rights and obligations of importers and exporters as to applicable rates of duty and other import and export restrictions and controls; (2) it should provide the basis for collecting detailed product data regarding each country's imports, exports, and production; and (3) it should facilitate the preparation and processing of transportation documentation.

A characteristic common to most product nomenclatures is that they are intended to capture and to differentiate in varying degrees of specificity the host of articles which enter into commerce. The key to successful development of the system, therefore, lies in the extent to which the products of commerce are set forth in sufficient detail within a complete, systematic, and administrable structure reflective of current and anticipated technologies of production and peculiarities of trade.

The concepts and principles which should underlie the formulation of an international commodity code suitable to satisfy the above purposes are commented on below.

1. It should be complete

The code must comprise a complete system of product descriptions or categories covering all articles of trade. The basic core or framework must provide for the appropriate classification of every known article, as well as articles yet to be developed, under either specific or general categories.

2. It should be systematic

The overall organization of the code is of critical concern since poor organization can make it unnecessarily complex and can unduly ob-

struct the use of the system. To the extent practicable, the various product categories should be systematically arranged in logical sequence and each individual product category identified with its own distinctive number. The organization and the numbering system should be as simple as possible and should be correlated. The use of a nonconsecutive numbering system should also be employed to permit new product classes to be inserted into the system in logical sequence and to avoid undue constriction in the number of possible provisions. A detailed alphabetical index and explanatory materials should also be provided.

3. It should constitute an enforceable legal document

It follows that the core or framework of the code must be organized and formulated as an enforceable legal document capable of adaptation to reflect import and export restrictions and controls and suitable for legislative enactment, administration by customs and transport officers, and judicial review.

4. It should consist of mutually exclusive provisions which are clearly stated

Each product should be provided for in the system in one, and only one, provision. Duplicative and overlapping product categories, although sometimes unavoidable, greatly complicate interpretation and should be kept to a necessary minimum and, then, with their classification priorities clearly expressed. In addition, the wording of the product categories and of the system or organizational framework within which they are set should be plain, clear, and unambiguous so as to insure the prompt classification of merchandise with reasonable certainty and predictability.

5. It should be capable of uniform application

The adoption of the code by a number of nations and organizations would render it a document of significant commercial importance. It is important therefore that it be capable of uniform application. To the extent practicable, articles should be properly classifiable within the system by reference to their intrinsic characteristics, without reliance upon extrinsic factors such as subsequent or intended use or the process of manufacture. In addition, the system should avoid the use of rules of interpretation which are not susceptible of uniform application and which thereby cannot yield uniformity of result.

6. It should conform to the realities of trade

The product distinctions explicitly or implicitly recognized in the system and the product definitions contained therein should be compatible with and reflect accepted international trade practices of product differentiation.

It is important in this respect to note that the objective of a single nomenclature for trade and transport purposes is a means to an end and not an end in itself. Its primary purpose is to improve the procedures for processing commercial transactions and to promote the collection of comparable trade information. These objectives cannot be realized solely from the universal use of the same system, for comparable but meaningless data are as useless as incomparable data. For this reason it is imperative that the code be developed as a modern system, reflective of existing and anticipated concepts of trade practice and responsive to sound principles of product definition and identification.

7. It should be simplified

Care should be taken not to complicate future administration or use by the promulgation of provisions which render the system unduly complex. In seeking the development of a complete system, consideration should be given to the ease with which classification decisions can be made.

8. It should be adaptable for individual uses

It is recognized that the needs to which the code are to respond differ depending upon (1) the specific purposes for which the system is to be applied, and (2) the requirements of the individual user. The code should, therefore, be adaptable to meet the individual requirements of potential users.

D. DEVELOPMENT OF AN INTERNATIONAL COMMODITY CODE

The current confusion arising from the many discordant product codes is not a basis for concluding that the solution lies in the creation of one comprehensive international product nomenclature that would automatically satisfy on a continuing basis the individual requirements of each and every user at both the national and international levels. To the contrary, the development of such a system appears to be impracticable. The differences in trade policy at the national level with respect to regulating imports and exports and obtaining relevant economic data to measure such trade will necessarily impose limitations on the degree of product refinement possible in the international product nomenclature. The refined product detail required for transportation documentation at the international level also introduces structural

nomenclature rigidity which is incompatible with the flexibility requisite to the implementation of requirements of national trade policy and trade analysis.

These conflicts might reasonably be resolved by the development of a basic international commodity code with, for example, four-digit item numbers for product classes to which (1) a national numerical suffix could be added for national trade purposes and (2) an international numerical suffix could be added to provide the necessary product detail for freight documentation purposes. There are distinct advantages to be gained from such an arrangement. The basic international code could be designed to reflect only that degree of product detail or refinement not incompatible with the diverse national trade requirements, thereby permitting each country to retain at the national level the flexibility to adapt the code to that country's unique needs through the use of appropriate national numerical suffixes. On the other hand, for freight documentation purposes, the greater requisite product detail could be provided at the international level with appropriate uniform numerical suffixes for use at both the national and international levels. The basic international code with its various national trade adaptations or suffixes and such nomenclature with its uniform transportation suffixes would require separate identification on invoices and other commercial documents to avoid conflict and confusion in their use.

The following illustrates how the basic international product nomenclature with four-digit item numbers may be adapted with two-digit suffixes for national trade purposes and also for use as an international transport nomenclature: 1/

National Trade Nomenclature		
International commodity code item	National trade suffix	Article description
7862	--	Widgets:
	10	Colored but not drilled.....
	20	Drilled, whether or not colored
	30	Other.....

International Transport Nomenclature		
International commodity code item	International transport suffix	Article description
7862	--	Widgets:
		Not packaged for retail sale:
	10	Oval or round.....
	15	Rectangular or square.....
	20	Other.....
		Packaged for retail sale:
	40	Rectangular or square.....
	80	Other.....

1. Organizational framework of the code

One of the primary considerations in the formulation of the system is organizing its provisions within a framework which permits its adaptability to individual needs and which facilitates its use.

1/ Nothing in the text or in this illustration is intended to suggest the number of digits which should be used in the basic international product nomenclature or in either the national trade suffixes or the international transport suffixes. In all cases, no more and no fewer digits than are essential to the purpose at hand should be utilized.

a. The major subdivisions or schedules.--The subdivision of complete product nomenclatures into a small number of broad, reasonably coherent and logical product schedules is common nomenclature practice that facilitates the user's ability to identify quickly the product classes of interest. The product content of each of the various schedules could be based upon such broad distinctions as the animal, vegetable, or mineral nature of the products, or their status as textiles, chemicals, metals, machines, electrical goods, and so forth.

If the number of these individual schedules is kept at less than 10, it may be possible--as a further assist to the user--to have the first digit of the product's item number the same as the number of the schedule in which the product is provided for. In addition, if there are, say, seven or eight schedules to the complete code, a country using it would be able to provide additional schedules at the national level for special and temporary classification provisions without increasing the number of digits in the basic product numbering system.

b. The benefits of a hierarchical or tabular arrangement.--Inasmuch as many differences in individual needs manifest themselves in the area of necessary levels of product refinement or detail, it is appropriate that the code be developed within a hierarchical or tabular arrangement in which areas of product distinction are initially set forth in broad product classes and subsequently refined in their detail by the creation of subclasses. The subclasses should exhaust, but not extend, the product coverage of the primary heading. The tabular arrangement of the system visually reveals to the user the interrelationships between coordinate and subordinate product headings and facilitates the user's ability to understand and interpret them.

The following illustrates how article provisions are set forth in a hierarchical or tabular scheme:

```

Wood pulp; rag pulp; and other pulps derived
  from cellulosic fibrous materials and suitable
  for papermaking.....
  Mechanically ground wood pulp, except screenings:
    Unbleached.....
    Other.....
  Chemical wood pulp, except screenings:
    Sulfite:
      Unbleached.....
      Other:
        Special alpha and dissolving
        grades.....
        Other.....
    Sulfate:
      Unbleached:
        Hardwood.....
        Softwood.....
      Other:
        Special alpha and dissolving
        grades.....
        Other:
          Hardwood.....
          Softwood.....
    Other.....
  Other.....

```

The use of a tabular system permits the creation of as many levels of product refinement as may be necessary to reflect individual needs.

c. The numbering system.--In the numbering of the article provisions in the system, it is desirable that the use of numerical suffixes be employed to reflect the classification of merchandise at the refined level. An example follows:

```

123.  Metal coins
      40    Gold coins
      60    Silver coins
      80    Other

```

The code number for metal coins would be 123 while the number for gold coins would be 123.40, i.e., the five-digit number formed by appending

the two-digit suffix for gold coins to the three-digit number used to designate the primary or main heading.

The numbering arrangement should not employ more digits than necessary, since too many would increase the margin of error in reporting and would interfere with efforts to accommodate the numbering of further levels of detail that may be introduced at the national level. It is believed that a numbering system in the basic international code which reflected more than one level of primary headings and one level of inferior headings (as illustrated above) would be too cumbersome to adequately accommodate further extension required for national needs. In addition, during the formulation of the basic international nomenclature, effort should be made to maintain a reasonable balance in the number of provisions at each desired level in order to make the most efficient use of the numbering system.

2. The development of product classes

The article provisions contained in the code can be prepared only after a diligent factual investigation by qualified experts. For this purpose, it will be necessary to consult with experts from the world trade community. It is clear that the development of a sound and commercially responsive nomenclature constitutes a highly technical undertaking requiring a considerable amount of factual interchange between persons familiar with the subject matter. It is unlikely, therefore, that a suitable system can be developed through a process of formal meetings. Simply stated, a product code cannot be successfully "negotiated."

It is apparent that during the course of formulating the system problems will continually arise with respect to terminology, standards of product differentiation, and the extent of product refinement or detail which should be recognized at the international level. The inability to resolve these differences would undoubtedly undermine the purposes of the system. Under the circumstances, each potential user must be willing to accept a reasonable degree of accommodation and compromise in the formulation of the system.

3. International body or agency for the development of the code

The breadth of potential applicability of the code necessitates its development under the auspices of an international body or agency whose staff is competent to deal with the technical matters involved and whose membership represents a reasonable geographic and economic cross section of the trading world. The organization should have at its disposal an experienced technical staff which would be responsible for the preparation of drafts of the code.

As noted previously, many of the major existing commodity codes contain significant differences in organization and product classification treatment, undoubtedly as a result of each having been formulated in order to serve its own unique and individual purposes. No existing code, therefore, can fully accommodate the individual needs presently being satisfied by the multitude of existing systems. Under the circumstances, a code suitable for adaptation at national and international levels for customs, statistical, and transport purposes should be formulated as a

new system to insure its responsiveness to the uses for which the code is intended to be employed. Although existing systems may be generally discordant, many evidence useful elements of organization, systematicness, and descriptive technique. Thus, no existing system should be overlooked in the search for useful provisions and techniques for designing and developing the desired international product nomenclature.

4. Process of formulation

The course of the development of the code should include the following:

1. An agreement on standards and guidelines which should control the development of the code.
2. An agreement on an overall organizational outline of the code and its numbering scheme.
3. For each major segment of the code, the convening of groups of experts to prepare initial drafts including appropriate explanatory materials and the adaptations necessary to assimilate freight tariff codes.
4. A period for review and comment by potential users.
5. Examination by technical staff of submitted comments and, when appropriate, the preparation and submission of further drafts.
6. Periodic plenary sessions to review progress.

It is recognized that, as work proceeds, the technical working group by common assent may develop techniques for expediting the work on the product code to insure its completion and adoption at the earliest practicable date.

E. MAINTENANCE AND ADMINISTRATION OF THE INTERNATIONAL CODE

Under the best conditions, unintended and anomalous classifications occur when the realities of trade have been overlooked or misinterpreted in the framing of product categories, or when new products are introduced after the system has been made effective. In addition, it is apparent that once the system is implemented, differences of opinion will arise among the various users as to the classification of specific articles under the system. Differences in the interpretation and application of the system result in inconsistency of classification treatment, which undermines the purposes of a uniform code. Under the circumstances, it is essential that administrative machinery be created for the purposes of (1) achieving uniformity in the application of the system and (2) according periodic, if not continuous, review of the code in order to keep its provisions reflective of technological progress in trade.

At the national level, suitable procedures and facilities would have to be established to provide for the centralized administration of the code and to consider the desirability of proposed amendments to improve the system. In addition, an international supervisory body should be created for the same purposes. The responsibility of this international body should be governed by the terms of a formal convention to insure that the system is properly maintained and kept up to date.

F. FURTHER CONSIDERATIONS

The uniform application of an international commodity code adapted for customs, statistical and transport purposes would represent a significant development toward facilitating trade and trade analysis. However, it would not satisfy all the needs incident to the availability of comparable trade data. During the development of the basic international nomenclature, the related matters of the application of uniform systems of measurement and valuation should not be overlooked.

Appendix B: Written statements from
interested parties, other
than U.S. Government agencies:



4620 FOREST AVENUE • NORWOOD, OHIO 45212 / 513-351-6700

May 20, 1975

Mr. K. R. Mason
Secretary
United States International Trade Commission
Washington, D. C. 20436

Subject: DRAFT REPORT ON CONCEPTS AND PRINCIPLES
WHICH SHOULD UNDERLIE THE FORMULATION OF
AN INTERNATIONAL COMMODITY CODE

Dear Sirs:

The subject is very timely as it would fill an obvious gap in relating import tariff schedules from various countries to a common understanding. It is essential that this work be completed prior to the multinational trade negotiations and should in fact have a priority status in the agenda for those meetings.

The task is considerable but not impossible to accomplish in the allotted time. The ISAC Committees would be a logical group to review proposed product classifications and valuable input could be readily obtained from the Trade Associations, such as the Hydraulic Institute for all pumps. The ultimate step would be acceptance and adoption by ISO as an international standard.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'L. H. Sence'.

L. H. Sence
Manager, Marketing
Industrial Pump Division

LHS/kh



AMERICAN IMPORTERS ASSOCIATION

420 Lexington Avenue, New York, N.Y. 10017

(212) 683-4993

May 16, 1975

United States International
Trade Commission

Attn: Mr. Kenneth R. Mason, Secretary

Dear Mr. Secretary:

In response to the Commission's solicitation of views concerning the draft report in Commission Investigation No. 332-73, On "Concepts and Principles Which Should Underlie the Formulation of An International Commodity Code," the American Importers Association (AIA) submits the following comments.

AIA is an association of more than 1,000 member firms, all of them involved in foreign trade. Our membership consists largely of importers, but includes numerous customs brokers, freight forwarders, attorneys, banks and insurance companies.

First, we urge the Commission to recommend, in its final report to the President and Congress that further period be provided for review and comment by interested parties.

In general, we find ourselves in agreement with much of the philosophical thrust and the stated objectives of the draft report. However, we do want to raise certain issues and to state certain fears which have more to do with speculation about the future, than with the philosophy which should underlie a new commodity code.

We believe that the purpose of a new code should be to find the simplest flexible system of descriptors which will permit goods to move in international trade in the least cumbersome, most expeditious manner. For exporters and importers, this means the simplest descriptors that will move goods easily and quickly via any mode of transportation, through Customs, in any country; one number that can be used on all documents, that will describe an item sufficiently for exporters; importers, transporters and Customs. The U.S. Customs Service is able to do this for duty purposes at the present time with five digits -- it is our belief, therefore, that five digits would represent a limit of what is absolutely necessary. We hope that a system using even fewer digits could be made workable, on the principle that the fewer categories, the less ambiguity. This basic position needs to be repeated, because it may sound odd. We believe that uniformity and reliability of data and the possibility for general acceptance and vigorous enforcement increase as simplicity (fewer digits in a less complex system) is maintained. We believe that ambiguity, unreliability and opportunity for error and misunderstanding increase as the number of digits increase. For instance, using the example in

In the draft report, reliability, uniformity, and ease of reporting (and therefore ease of acceptance and enforcement) would be greater for "Widgets" alone, than for "Widgets, colored", or for "Widgets, colored, but not drilled", etc. ad infinitum. This, of course, questions the typical statistical assumption that more is better, and more detail means more information. We question whether this is always true -- whether, in fact, information can be very good beyond a certain point, and, perhaps even more important, whether it is desirable to go to the lengths of detail to which the United States sometimes goes. For instance, we invite the Commission's attention to the TSUSA headnotes for Schedule 3, Part 3, Subpart A, particularly 3-3-A-1 and 2, wherein reporting and duty-paying capability is provided in several TSUS items for woven cotton textiles according to yarn-size and count, in ninety-some-odd categories. Has such detail proved necessary or desirable? Has it provided better duty-paying results, or better statistical information than 319.01 through 319.07, for instance, which covers the same ground in four TSUS items? Furthermore, the use of a code can be only as good as the input; industry, U.S. or foreign, is not noted for its care, willingness or accuracy in regard to statistics or to numbers. Further still, foreign trade statistical reporting in the U.S. is in a shambles at this moment. FT-246 for December 1973 (year-end figures), has just been published. FT-146, Commodity by country by TSUSA, the only meaningful compilation, was published in documentary form for the first time this year, and then, within a few months, was permanently suspended, and is available only as computer print-out at enormous cost. FT-135, which employs Schedule A, a simplified TSUSA code, was suspended during 1974, and catching-up is still going on. In other words, the U.S. is not publishing, for general use, statistics according to the TSUSA, the finest level of detail, but is publishing--according to Schedule A, a simplified TSUSA arrangement which is less useful to commerce, because transactions are conducted by TSUSA number, and not by Schedule A number.

Despite the very long history and the very high quality of census methodology in the United States, the country has just come through a period of economic travail in which one of the clear facts to emerge was that there is plenty of information, but much of it not very good, and much not useful. No matter how many digits are employed, no matter how "finely tuned" definitions are devised to be, it is still the quality of the input that determines the output -- in other words, more is not necessarily better. The simplest system, the fewest possible number of classifications, will produce the best, most reliable, and most easily compared data. We must also make the point that human error, and the statistical margin of error increase as the number of categories and complexity of system increases. For all of these reasons -- ease of use, ease of application, ease of transmission, avoidance of error, avoidance of statistical margin of error, and uncaring input, and avoidance of unnecessary or complicating detail -- we urge a restricted, simple system.

We believe it is fruitless moreover, to speculate in the report about national needs, or about the complexities of transportation. The draft

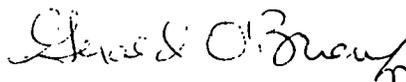
report is quite correct that problems will exist in these two areas, at least. But the report is not directed to "What Can Be Expected as a Result of Developing An International Commodity Code", but rather to "The Concepts and Principles Which Should Underlie The Formulation of An International Commodity Code". We feel that emphasis should be placed on the word "SHOULD"; the goal for which we should strive is the simplest system that is adequate. If we must accept less, either for a while, or in the long run, we can make the necessary adjustments and accommodations; but at this point we need not allow for the realities created by those interested in keeping things the way they are. Hopefully, the trading world is approaching fulfillment of its goal of ending duties on manufactured goods; in time, therefore, governmental financial and customs interest in classification systems will recede. Hopefully, too, under the pressures of containerization and intermodal movement of freight, the trading world is approaching the day when most, if not all freight will move under "FAK" (Freight, All Kinds) rates. Everywhere in the world, including the United States where it may not be legal, freight rates are now being negotiated on the basis of the cost of moving a container -- not on the basis of moving a container of widgets. Rebases, deals, and numerous complex patterns of charging and paying freight rates are being employed, and will proliferate as competition increases in the world's markets and shipping centers. These remarks are as true of airfreight as of seafreight, and as both airplanes and airfreight containers are currently being redesigned for the more expeditious movement of airfreight, we can expect the trend to intensify.

We also urge the Commission to report the need for an administrative center within the U.S. Government to supervise policy, decision and rulemaking procedures, quality control, economic impact, implementation of rules and world compatibility of all statistical efforts.

Lastly, we hope that the Commission's report will emphasize the great need to involve commercial interests in all steps of development of a code. Participation of exporters and importers, particularly, would be crucial to formulation of a meaningful, viable classification system.

We would like to thank the Commission for this opportunity to comment. We look forward to the final report, and hope that the Commission will be strong in its efforts to achieve a unified, simplified commodity classification code that can be a boon to the world's trading nations, to consumers all over the globe, to shippers, carriers, producers, exporters, importers and governments.

Very truly yours,



Gerald O'Brien
Executive Vice President

AMERICAN PETROLEUM
1801 K STREET, NORTHWEST



INSTITUTE
WASHINGTON, D.C. 20006

P. N. GAMMELGARD, *Vice President*

(202) 833-5750

May 19, 1975

Mr. Kenneth R. Mason
Secretary
United States International Trade
Commission
8th & E Streets, N. W.
Washington, DC 20436

Dear Mr. Mason:

The American Petroleum Institute wishes to respond to the United States International Trade Commission's Notice of Release for Public Views (332-73) on the Draft Report on Concepts and Principles Which Should Underlie The Formulation of An International Commodity Code dated April 24, 1975. As it stated in its May 8, 1975 letter to Mr. K. S. Mason, Secretary, United States International Trade Commission, the Institute because of the short time allowed for comment, will deliver only a summary of its views in this statement. It will follow this summary with more detailed comments by June 6, 1975.

The American Petroleum Institute is a voluntary trade association representing all branches of the U. S. petroleum industry throughout the United States. Its membership includes approximately 8,000 individuals and 350 companies in the petroleum industry who are engaged in the production, transportation, marketing, and refining of petroleum and its products. Many of the Institute's members are heavily involved in the domestic and international movement of large volumes of petroleum and its products, and thus have a wide range of experience with differing commodity codes and tariff nomenclatures.

The Institute intends first, to comment in a general fashion on some of the principles, assumptions and objectives of the Draft

Report and second, to point out what it believes are specific problems. The Institute firmly believes that many of the problems it raises can be resolved as long as it has the opportunity to continue working with the Commission through the existing Industry Advisory Committee on Nomenclature and Coding.

The Institute also wishes to point out that it has encouraged its member companies to respond directly to the Commission if they so desire.

GENERAL COMMENTS

The Institute agrees that the existence of a workable, unified commodity code could be of considerable benefit to the United States and to all those engaged in international trade. It commends the Commission for its work on this report. It is apparent that the use of such a code could result in considerable savings in the recording, handling, and reporting of transactions in national and international trade. In this respect, the Institute supports any concept which simplifies trade transactions, meets the needs of sound customs and trade reporting practices, and reflects the interests of the United States and companies involved in its national and international commerce.

The Institute also agrees with the Commission that the "difficulties in the formulation of an international commodity code are as manifest as the potential benefits."¹ This may well understate the situation and the Institute has some reservations. The reservations are based on inherent conflicts among the principles outlined, and the implication that previous and existing efforts in code writing in this area are being ignored.

The Draft Report calls for a complete "system of product descriptions or categories covering all articles of trade."² This is an ideal objective, but it is inherently in conflict with

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1. USITC. Draft Report on Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code.
(Pub. 729) (April 1975) p. 6.
 2. Draft Report p. 6

principle 7,³ which calls for a "simplified" code. In light of the complexity involved in achieving a complete system, simplification as an objective is not well-explained and is misleading.

The Draft Report calls for a code which is capable of "uniform application,"⁴ while being "adaptable for individual uses,"⁵ and "conforming to the realities of international trade."⁶

By outlining these principles, the Commission is proposing a system that, although more rational in some areas, really corresponds to the existing situation in international trade or, no improvement at all. This is meant not so much as a criticism of a noble objective, but as a warning that the practical limits of such an undertaking and even of the principles themselves are not fully realized, even though they are articulated in the report. The Institute questions if one code will ever completely satisfy all national requirements, and if all nations will ever agree on one new code.

The Institute is also concerned that the Commission may unintentionally ignore a large body of existing work in this area and the lessons learned from its preparation. In this regard the Institute believes that much of the work that was devoted to a consideration of the conversion of the Tariff Schedules of the United States Annotated (TSUSA) to the Brussels Tariff Nomenclature (BTN) should be reviewed. Many of the problems encountered in that exercise are similar to those inherent in this current effort. The Institute specifically refers the Commission to its filing of July 29, 1974⁷ and August 29, 1974⁸ with the Commission on the BTN.

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3. Draft Report p. 9
 4. Draft Report p. 8
 5. Draft Report p. 9
 6. Draft Report p. 8
 7. American Petroleum Institute Statement Before the U. S. Tariff Commission, July 29, 1974.
 8. American Petroleum Institute Letter to Mr. K. R. Mason, Secretary, U. S. Tariff Commission, August 29, 1974.

The Institute also brings to the Commission's attention the efforts of the U. S. Department of Transportation in cooperation with the Transportation Data Coordinating Committee.⁹ These two bodies have produced several volumes on a standard transportation commodity description and code system.

The Institute is concerned that the Commission appears to be headed, admittedly at the request of Congress, in a direction which may cause it to overlook existing classification systems. This should not occur, as it gives the impression that the work that went into the TSUSA-BTN project is wasted. The Institute would appreciate Commission clarification of this point, and requests the Commission build this effort on the BTN work, as opposed to beginning from zero on the harmonized code.

Specific Comments

The Institute agrees that the "key to the successful development of the system lies in the extent to which the products of commerce are set forth in sufficient detail within a complete, systematic and administrable structure reflective of current and anticipated technologies of production and peculiarities of trade."¹⁰ However, the Institute questions, with respect to petroleum and its products, whether this can be done. Existing U. S. codes and tariff nomenclature reflect the legitimate, historic peculiarities, and consistencies, of U. S. petroleum commerce. This is especially true for petroleum where a single code number cannot accurately designate the complete spectrum of many seemingly similar, but different, products. A special problem is also raised with regard to the difference between chemically defined organic substances and mineral fuel products, especially as applied to aromatics. In previous code work with the Commission, the petroleum industry identified definitional problems associated with the differences between chemically defined organic substances and mineral fuel products. Work on the BTN offered no solutions and it is doubtful that any would emerge through work on a harmonized code.

9. 1101 17th Street, N. W. Washington, DC

10. Draft Report p. 6

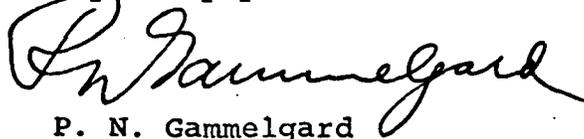
The implication of the definitional problems briefly described above is that incompatibilities between existing codes and a new harmonized code could result in the creation of new import and export categories. These new categories could be violative of traditional petroleum classifications. This, in turn, would create a need to develop new test methods to ensure product classification within the new categories. Since test methods based on years of U. S. experience already exist, this could be an expensive, redundant and not necessarily beneficial effort. A worse possibility is that by acceding to a harmonized code the U. S. might be forced to accept test methods and procedures which in no way recognize traditional American efforts in this field.

These are points the industry has previously raised. They require answers before any success in this new effort is possible with respect to petroleum. Therefore, the Institute makes the following recommendations:

1. The Commission should review existing standards and codes, including the work done on the TSUSA-BTN conversion, and use that work as a starting place for work on recommendations to the Congress and to the President.
2. The Commission's report should reflect industry feeling that any project of this nature will require years of work.
3. The Commission should continue to encourage industry comment on the definitional problems which have persisted during all discussions of this nature for over three years.
4. The Commission should continue to work with the petroleum industry through the already functioning Industry Advisory Committee on Nomenclature and Coding on resolving outstanding definitional problems.

The American Petroleum Institute appreciates the opportunity to comment on this Draft Report. The Institute stands ready to offer its assistance in clarifying matters pertaining to petroleum that will arise through this effort.

Very truly yours,



P. N. Gammelgard

Atlanti..RichfieldCompany

515 South Flower Street
Mailing Address: Box 2679 - T.A.
Los Angeles, California 90051
Telephone 213 486 0765

B-10



Charles B. Arrington, Jr.
Manager
Governmental Affairs Coordination & Policies

May 16, 1975

Mr. Kenneth R. Mason
Secretary
United States International Trade Commission
Washington, D.C. 20436

Re: Draft Report On Concepts And Principles
Which Should Underly The Formulation Of
An International Commodity Code

Gentlemen:

We have reviewed the draft report entitled, "The Concepts And Principles Which Should Underly The Formulation Of An International Commodity Code." In view that you are soliciting commentary on the study, we wish to take this opportunity to do so.

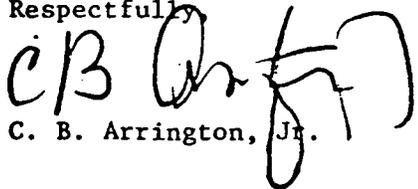
It is our understanding that recently regulations on international classification with regard to hazardous materials (dangerous articles) labeling have been promulgated. The thought came to mind that once the International Commodity Code has been established, there should be some way to relate (cross-reference) the International Commodity Code to the dangerous article tariff. This would greatly simplify the application of both tariffs. This cross-reference could apply both nationally and internationally.

In addition, it would appear that the Trade Commission could also state the nomenclature of the commodities and refer to dangerous article commodities as they apply to different modes of transportation.

We support the intent and purpose of the establishment of an International Commodity Code; our suggestions are offered as a way to simplify its uses through cross-referencing.

With kind regards, I am,

Respectfully,


C. B. Arrington, Jr.

Bancroft

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May 1, 1975

Ms. Bedell
U.S. International Trade Commission
Washington, D.C. 20436

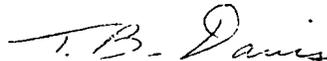
Dear Ms. Bedell and the International Trade Commissioners:

Thank you for the draft report on Investigation 332-73 outlining the goals of a standardized product code. Having read it, we think it an admirable and well organized solution to the many problems in international trade.

Perhaps some attention should be given to quality and/or price distinction between products. In our own case, for instance, the Tretorn Tennis Shoe has no American-made competition and duty controls have no trade-protective purposes, as we stated in our remarks to Commissioners Minchew and Leonard on April 4 in Boston. However, would the proposed product code distinguish this fact or would our shoes be lumped with foreign and domestic shoes selling at half the price and made with inferior material albeit via a similar process?

Possibly this quality distinction should be left to national governments, but a clearly defined product code incorporating some form of quality distinction, in addition to the proposed features, could only be a better and more useful code.

Sincerely,



T. B. Davis (Jr.)
Assistant to President

TBD/jb

This is a true copy.


British Embassy

3100 Massachusetts Avenue NW Washington DC 20008

Telex Domestic USA 89-2370/89-2384

Telex International 64224(WUI)/248308(RCA)/440015(ITT)

Telephone (202) 462-1340

RECEIVED

75 MAY 20 PM 4:59

 Mr Kenneth R Mason
 Secretary

 United States International Trade Commission
 Washington DC 20436

 Your reference **S. INTL. TRADE COMMISSION**

 Our reference **ECOS 21/18/1**

 Date **19 May 1975**

Dear Mr Mason,

Draft report on Investigation No 332-73: Concepts
and Principles which should underline the formulation
of an International Commodity Code

In your notice of release for public views covering the above draft report, you invited interested parties to submit their views by not later than 10 May 1975. Whilst the short time available has not permitted a full evaluation of the report, I have been asked to make the following general comments on behalf of the British Embassy.

The United Kingdom fully supports the concept of a single commodity description and coding system recognised at international level and usable by Customs administrations, carriers and statisticians. Such a single system would reduce the present costs of redescribing goods up to seventeen times in one international transaction; would reduce the subsequent errors (and the cost of verifying and correcting commodity data) which affect the quality of international trade statistics and the application of customs and freight tariffs; and would permit the tele-transmitting of coded commodity information from one country to another.

We fully support the work being undertaken in the Harmonised System Committee (HSC) of the Customs Cooperation Council to develop such a single system from the Brussels Tariff Nomenclature (and the Standard International Trade Classification - revised) whilst recognising that work done to date indicates a need for modifications of the BTN and SITC. We note that a number of changes to the BTN have already been accepted and that a number of further changes are already being seriously considered in the HSC.

We are therefore concerned that the draft ITC report only briefly refers to the work of the HSC and - by implication - rejects its proposed system. In our view the abandonment of the HSC's work would end all hopes of achieving a single international system. Over 130 countries have adopted the BTN for Customs tariff purposes and in our view any completely new system could not replace BTN and thus two international systems would have to be run side by side with the obvious disadvantages to traders, carriers, statisticians etc.

We doubt whether the many national administrations and Governmental and non-Governmental organisations who have been involved in the HSC work would be prepared - or have the resources - to start again. It is also unlikely that any other international body would be able to attract staff of the calibre and expertise built up within the technical team of the CCC - at least without serious delays.

B-13



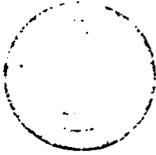
-2-

If the Commission would like the Embassy to elaborate on the above views, please could you let me know.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Julian R. Ebsworth".

J R R Ebsworth
Second Secretary
(Civil Aviation & Shipping)


THE CF MARTIN ORGANISATION

Nazareth, Pennsylvania 18064 • 215-759-2837 • Telex 831323

May 16, 1975

 United States International
 Trade Commission
 Washington, DC 20436

Gentlemen:

RE: Draft Report on Commission Investigation No. 332-73

We definitely agree with your conclusion that a simplified documentation system is essential for both national and international shipping. The current system, with its many duplications of paperwork, results only in increased shipping costs and multiplication of errors on shipping documents. This, in turn, greatly reduces the value of collecting or analyzing these data.

Further, when you are establishing the code framework, we strongly urge you to consider classifying the music industry in much greater detail than is currently being done. We feel strongly that the music industry should be classified by all major product groups, i.e., acoustic guitars, electric guitars, etc., and that these product groups should be further refined to include code numbers for all component parts of these instruments.

We currently import and export raw material, component parts and finished products in the following categories: acoustic guitars, banjos, drums, guitar and banjo strings, and other accessories.

When and if you agree with our conviction that the music industry definitely requires more detailed documentation, we shall be happy to supply you with our recommendations as to detailed product breakdown.

We applaud your intention to simplify and clarify international commodity codes and your foresight in providing simultaneously for national needs.

We appreciate your solicitation of our opinions.

Very truly yours,

THE CF MARTIN ORGANISATION

Robert B. Johnson

RBJ/hhw

RECEIVED
 MAY 21 1975
 U.S. TRADE COMMISSION

THE CHEMICAL MARKETING RESEARCH ASSOCIATION

100 CHURCH STREET • NEW YORK, N.Y. 10007 • AREA CODE 212 Digby 9-1270

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The Pace Company**Ad Hoc Publications Marketing**FRANK S. SCLIANCALEPORE
Union Carbide Corporation

May 15, 1975

The Right Honorable Catherine Bedell
Chairman
United States International Trade Commission
Washington, D. C. 20436

Dear Madame Chairman,

The recent United States International Trade Commission (USITC) Publication (729), The Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code has come to our attention, and we note that the comments on this report have been requested.

This document (USITC 729) impresses us as being an excellent exposition of the importance of such a code in possibly lowering cost and otherwise facilitating the shipment of goods and aiding the collection of compatible data for production, sales, imports, exports, inventories and other pertinent series for all goods for, hopefully, all the countries of the world. The use of the same code for tariff purposes could also have many benefits.

We strongly agree that the United States should participate actively in the development of the code to assure the recognition of the needs of the United States business community. The news has reached us that the initial proposals being considered by the Customs Cooperation Council (CCC) are based on a less logical and natural system, one utilizing at least some portion of the Brussels' Tariff Nomenclature (BTN) and we feel that such a course would be detrimental to the success of the project.

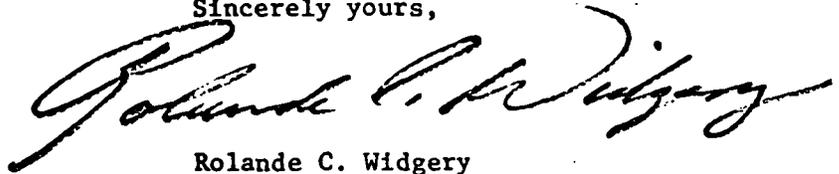
Because of the vital importance the adoption of a desirable international commodity code can have on the chemical and chemical process industries, we feel that is highly important that the

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United States representation at the meetings of the CCC include a highly competent individual, who is not only knowledgeable concerning the chemical industry and its classification problems, but also a strong negotiator or a team of strong negotiators -- prepared to take a firm position on the adoption of this or a very similar code.

Further progress in the promotion of the United States position may require contact of the ITC with various bodies representing United States industry. As Chairman of the Government Data Sources Committee of the Chemical Marketing Research Association -- a body whose purpose is to "cooperate with Government Agencies to develop and improve statistical and other data of interest to the chemical industry" -- I am happy to offer the assistance of our committee in this important area.

Sincerely yours,



Rolande C. Widgery
Chairman
Chemical Marketing Research Association
Government Data Source, Committee

Please address any future correspondence to:

Mr. Rolande C. Widgery
Director--Industry & Government Relations
Gulf Oil Chemicals Company
P. O. Box 1166
Pittsburgh, Pennsylvania 15230

RCW:keg



Baltimore, Maryland 21201

May 19, 1975

Mr. Kenneth R. Mason
Secretary
U.S. International Trade Commission
Washington, D.C. 20436

Office of International Trade
U.S. INTL. TRADE COMMISSION
75 MAY 19 PM
RECEIVED

Dear Mr. Mason:

This is in response to request for views on USITC Publication 729, draft report on Investigation No. 332-73, entitled "The Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code."

These views are submitted as those of the Standard Transportation Commodity Code (STCC) Technical Committee which administers and maintains the STCC, utilized by shippers and carriers in the documentation of domestic transportation, and the regular reporting of transportation statistics to the Federal regulatory agency.

The STCC has been in use since 1963 and has nationwide acceptance as the commodity code used daily in identifying the multitude of land shipments moving throughout the U.S. The STCC has come a long way since 1963, having been refined and modernized, and continues to be responsive to everyday changing transportation needs. It has been recognized as the base transportation commodity code by both the Department of Transportation (DOT) and the Transportation Data Coordinating Committee (TDCC). It is built on the Standard Industrial Classification (SIC) and, as such, has an hierarchy directly relatable to producing industry and to production statistics. It has been adopted by the Interstate Commerce Commission (ICC) for commodity statistics of the rail and motor carrier industry. Since January 1, 1964, transportation statistics have been compiled and reported to the ICC on the STCC basis.

Costs for development and the continuing maintenance of the STCC have been borne completely by the users (private sector) with not one dollar of government funds ever being involved. The STCC users, carriers, and shippers have invested millions of dollars in its development and maintenance and, thus, have a true vested interest in its continued use. The STCC has proven to be an excellent working, live tool for identification of commodities moving in domestic and foreign trade transportation.

The STCC Technical Committee, the group responsible for maintenance of the code, is an intermodal organization comprised of representatives of railroads, motor carriers, the shipping public through the National Industrial Traffic League representation, and observers from DOT and ICC. The Technical Committee has worked closely with the airline representatives who use the code in a limited way and has extended an open invitation to that industry for Technical Committee membership when desired.

Because of the fact that less than 5% of the land common carriers' annual tonnage involves international trade, the needs of domestic transportation must be paramount. The domestic surface carriers have invested millions of dollars in the development and refinement of the STCC over the last decade. This code has proven itself in the everyday sphere of commodity identification through the surface transportation industry, and it follows that the STC codes and descriptions must control the relationship of domestic commodity identifiers to international code identifiers. The cost of making any change in the commodity coding system would be prohibitive, and a massive change such as proposed by USITC would be disastrous.

Through their representatives on the STCC Technical Committee, shippers and carriers alike have expressed great concern that consideration is being given to the development of a new universal commodity code and descriptor list which could supplant the STCC. The ability to describe a shipment moving in domestic or international transportation is an integral part of the pricing function performed by carrier and shipper traffic officers. The establishment of any universal official commodity description would inhibit this function and place upon domestic producers and transportation agencies the burden of incorporating in their computer files future changes in commodity descriptions used beyond the continental limits of the U.S. This would be an intolerable situation and would place an unjustifiable burden upon domestic shippers and transportation agencies. The freedom of the domestic producer and transportation agent to make or not to make changes must be a domestic decision not delayed nor influenced solely by international considerations. For these reasons, it is strongly urged that the present structure and integrity of the STCC be maintained.

All of the above is to give you an idea of the real world existence of the STCC. It has become a vital part of the everyday activity of domestic land carriers in identifying commodities moving in transportation, pricing these movements, billing these movements, and recording and analyzing these movements for many marketing and statistical needs.

Your draft report gives no recognition of these facts. It appears totally ignorant of the "real world" domestic commodity code - the STCC. I enclose a copy of the current STCC for your reference.

It would be a tremendous waste of Federal funds to develop a new domestic commodity code when the STCC is being successfully utilized throughout the U.S. today.

The STCC Technical Committee fully appreciates the need for a universal international commodity code and cooperated fully with Transportation Data Coordinating Committee (TDCC) in its drafting of such a code under contract to DOT. The TDCC used the STCC as its base code to develop a bridge to arrive at an international harmonized commodity descriptor list. This project was endorsed by the STCC Technical Committee with the understanding that the descriptor list developed by TDCC under contract with DOT would continue to be used as a "bridge code" with no detrimental effects on the STCC. The completed project bridges between STCC, the Brussels Trade Nomenclature, and the Standard International Trade Classification (Revised). There is no mention in the USITC draft report of the DOT effort nor of the present OMB cooperation to expand the bridge to TSUSA.

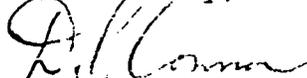
In P.L. 93-618, Sec. 608, (e) Statistical Enumeration states:

"(b) In carrying out the responsibilities under section 484(e), Tariff Act of 1930 and other pertinent statutes, the Secretary of Commerce and the United States International Trade Commission shall conduct jointly a study of existing commodity classification systems with a view to identifying the appropriate principles and concepts which should guide the organization and development of an enumeration of articles which would result in comparability of United States import, production, and export data. The Secretary and the United States International Trade Commission shall submit a report to both Houses of Congress and to the President with respect to such study no later than August 1, 1975."

The draft report certainly does not evidence any study of "existing commodity classification systems" as charged within the law. In fact, in reading further under Sec. 608, it appears that the draft report is not responsive at all to Sec. 608.

The STCC Technical Committee strongly recommends that (1) the STCC must be protected in its present framework, and (2) any proposed international commodity code be made directly relatable to the existing domestic commodity code - the STCC.

Yours truly,



D. P. Connor, Chairman
STCC Technical Committee

B-20
CONSTRUCTION MACHINERY GROUP

Clark International Marketing S.A.

21 May 9 1975

P.O. Box 333
Benton Harbor, Michigan 49022 U.S.A.

19 May 1975
JKE/r - 169
Misc./7

Mr. Kenneth R. Mason, Secretary
United States International Trade Commission
Washington, D. C.

Dear Mr. Mason:

Subject: International Commodity Code Development

A copy of "The Concepts and Principles Which Should Underlie the Formulation of an International Commodity," draft report on investigation number 332-73 prepared by the United States International Trade Commission, has been made available to Clark Equipment Company, Construction Machinery Group--International.

Clark International Marketing recognizes the need for the development of an international commodity code as indicated in your draft report. We are particularly desirous of the development of a code that clearly defines categories within classifications and that does not require frequent re-definition of those categories.

Sincerely,

CLARK INTERNATIONAL MARKETING S.A.

(Mrs) Janet Essig

Janet Essig
Administrative Manager
Construction Machinery Group

cc: F. W. Sanders, Washington

P. S. Mr. F. W. Sanders, Director, may be contacted for future input at:

Clark Equipment Company
Suite 1103, Wire Building
1000 Vermont Avenue, N. W.
Washington, D. C. 20005



COTTON INCORPORATED
SOUTH BEND, INDIANA 46708

15 May 1975

Mr. Kenneth R. Mason
Secretary
U. S. International Trade Commission
Washington D. C. 20436

Dear Mr. Mason:

We would like to submit comment on the principles which should underlie the development of a commodity code that will serve modernized tariff needs. We offer the following comment to rectify an inequality that works to the ultimate disadvantage of U. S. cotton producers. Since our company is supported by U. S. cotton producers and carries out research and marketing programs here and abroad on their behalf, we feel obligated and qualified to comment.

As you develop revised nomenclature, we urge that you correct a disparity which can best be described by the following typical case in point:

The U. S. garment manufacturing industry purchases cotton textile goods for use in making apparel. These goods are made by U. S. textile mills from cotton grown here by U. S. farmers. The goods are cut into patterned pieces here in the U. S. and are ready for sewing into apparel. However, a substantial portion of these cut pieces are shipped out of the country, to Mexico for example, for sewing. When completed, the garments are returned to the U. S. for sale by U. S. apparel firms.

Mason, Mr. Kenneth R.
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15 May 1975

What has happened, however, is that this all-cotton sewn apparel soon reaches an import quota ceiling and it no longer is advantageous for U. S. apparel manufacturers to continue the above practice. Instead of stopping, apparel manufacturers switch to blended fabrics, 50% cotton/50% polyester, because, as we understand it, such a blend can be classified either as cotton or as synthetic. Manufacturers elect to classify it as "synthetic" and since synthetic apparel enjoys a larger import quota, they are growing in preference. This preference, in turn, is conveyed to U. S. textile mills, some of whom prefer to run only one type of goods. As you can see, the unequal quota situation creates a situation that eventually works to the disadvantage of U. S. cotton producers.

We ask that you consider the above inequality in your tariff adjustments and nomenclature so that U. S. cotton is not unfairly penalized in relation to synthetic fibers. Thank you.

Sincerely,


Robert J. Boslet
Vice President, Administration
Assistant to the President

RJB/bdsm

Council of
European & Japanese
National
Shipowners'
Associations

WASHINGTON, D. C. REPRESENTATIVE
PETER G. SANDLUND
919 18TH STREET N.W.
WASHINGTON, D. C. 20006
TELEPHONE (202) 293-1717
1718

LONDON, ENGLAND

May 19, 1975

U. S. International Trade Commission
Tariff Commission Building
8th and E Streets, N. W.
Washington, D. C. 20436

Attention: Mr. Kenneth R. Mason,
Secretary

Re: ITC Commission Investigation
No. 332-73

Gentlemen:

We refer to the Commission's Notice in the April 30, 1975,
issue of the Federal Register, Page 18846.

The Council of European & Japanese National Shipowners'
Associations (CENSA)^{1/} represents numerous carriers, includ-
ing carriers operating to and from United States ports, and
whose tariff and documentation coding systems are directly
affected by these proposals. While the technical aspects
of this matter are not within the terms of reference for
CENSA, the subject matter and its consequences are of vital
importance to the CENSA members. CENSA consequently wishes
to bring to your attention the substantial international
efforts and accomplishments in this area, as well as the
potentially negative ramifications of your draft proposals.

CENSA supports in principle the current efforts towards
simplification of documentation and tariff nomenclature.
It believes, however, that such work must continue to be
conducted on an international basis and be mindful of and
give constructive regard to the very considerable efforts and

^{1/} The Council of European & Japanese National Shipowners'
Associations (CENSA) is comprised of the National Shipowners'
Associations of Belgium, Denmark, Finland, France, Federal
Republic of Germany, Greece, Italy, Japan, Netherlands, Norway,
Sweden, and the United Kingdom and individual liner/container
consortia from most of these countries.

accomplishments to date of various international bodies.

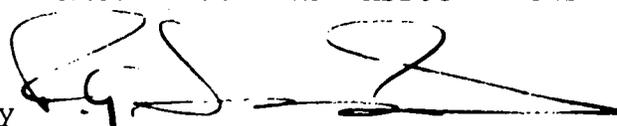
Important accomplishments have been achieved by the Harmonized Systems Committee under the auspices of the Customs Cooperation Council. The United States Department of Transportation is participating in this and other international efforts on this subject as the coordinating agency for and on behalf of the United States Government pursuant to OMB Circular A-86 of September 1, 1971, as amended. It is our understanding that the Harmonized Systems Committee has extensively considered and rejected the concept of establishing a totally new international commodity coding.

Consistent with these international efforts, ocean carriers and their conferences have themselves embarked on a major effort of considerable expense to rationalize their tariffs on the basis of the international SITC and BTN coding systems. Indeed some conferences, at the expense of hundreds of thousands of dollars, have taken the three-digit SITC system and extended it into a compatible nine-digit system.

We believe that a unilateral approach on a totally new system of commodity coding and tariff simplification would be counterproductive to the needs and objectives of both public and private sectors of world commerce: We, therefore, urge the Commission to consult further with private industry, as well as with the Department of Transportation in its capacity as liaison for the United States Government on this subject, prior to producing its final report to the President and the Congress.

Respectfully submitted,

COUNCIL OF EUROPEAN & JAPANESE
NATIONAL SHIPOWNERS' ASSOCIATIONS

By 

PETER G. SANDLUND
WASHINGTON, D. C. REPRESENTATIVE.

B-25

DELEGATION OF THE COMMISSION OF THE EUROPEAN COMMUNITIES

May 20, 1975.

By Hand

Mr. Kenneth R. Mason, Secretary
United States International
Trade Commission
Washington, D.C. 20436

Dear Mr. Mason:

Enclosed are nineteen copies of an aide memoire which was delivered by a representative of the Commission of the European Communities in Brussels to the U.S. Mission to the European Communities on May 14, 1975.

This communication is submitted in connection with the International Trade Commission's investigation No. 332-73.

Sincerely,

L

J.-P. Leng
Trade Counselor.

By AD

Draft report of the US International Trade Commission on the concepts and principles which should underlie the formulation of an international commodity code.

Comments of the Commission of the European Communities

1. The Commission of the European Communities has received the draft report of the US International Trade Commission on the concepts and principles which should underlie the formulation of an international commodity code. The Commission welcomes the opportunity to comment on the draft before it is finalized but because of delay in receipt of the draft document and the early deadline for the submission of comments it is not in a position to give a considered and detailed appraisal of the report. The Commission considers it important, however, to make a number of comments on certain fundamental points.
2. The Commission is dismayed that such slight acknowledgement is given in the draft to the work of the Customs Cooperation Council over the past 5 years on the development of a harmonized commodity description and coding system for use in international trade. Although the draft is by no means clear on the point, by implication it appears to reject the CCC's harmonized commodity code and to advocate a completely fresh start. The Commission does not believe that the Government of the United States of America would wish to make such a proposition in international circles and suggests that the draft report should be modified to avoid any such impression.
3. The Harmonized Commodity Description and Coding System of the Customs Cooperation Council (CCC) has as its base the Brussels Tariff Nomenclature (BTN). Other possible alternatives, and indeed the possibility of making a completely fresh start, were considered by the CCC's Commodity Coding Study Group (the predecessor of the Harmonized System Committee) at the very outset of its work in 1970/71. It came to the conclusion that although the BTN was not perfect basis for the development of an international trade commodity code there was no realistic alternative starting point since the BTN was at the time used by well over 100 countries as the basis for their customs tariffs and trade statistics nomenclatures, was directly correlated on a one for one basis with the United Nations Standard International Trade Classification (SITC) and was also used by numerous international carriers as a basis for their tariffs. The United States Government was a full member of that Study Group and shares the responsibility for the decision to develop the Harmonized System from the BTN.

4. It is understood that the number of countries now using the BTN now stands at 132. As will be seen from the annexed list, apart from the 'Eastern bloc' and India, which is planning to adopt the BTN, the USA and Canada are the only member countries of the United Nations of any significance in international trade which have not so far adopted the BTN as the basis for their customs tariffs. Given that wide acceptance by customs administrations is a 'sine qua non' for the success of an international commodity code and that the BTN has become an integral part of the tariff legislation of the majority of significant trading countries, the Commission sees no realistic way of developing an international commodity code except from the BTN.
5. There is a close link between the development by the Customs Cooperation Council of the 'harmonized system' and the Multilateral Trade Negotiations (MTN) which are currently taking place in Geneva. It is generally agreed that non-tariff barriers will be an important element in the MTN, and tariff nomenclatures have already been identified as a major area for discussion in this context. Given the number of countries already using the BTN there will clearly be very strong pressure on those important trading countries which do not currently use it to adopt the BTN as the basis for their customs tariffs. It is understood that for the time being the United States of America is not in a position to adopt the BTN because, after considerable detailed analysis and discussion between governmental and trade interests, it has come to the conclusion that the BTN is in many cases not adapted to current industrial and commercial requirements and is, as a consequence, in need of modernization.
6. The Commission shares the desire of the United States of America to see the BTN modernized in conformity with the latest industrial and commercial requirements. This need has, moreover, been recognized by the Customs Cooperation Council and it has been agreed that proposals for modernization made by the Harmonized Systems Committee will be sympathetically considered. The Commission is prepared to give its full support to realistic and justified proposals to amend the BTN which the Government of the United States of America may wish to submit to the Harmonized System Committee.
7. The Commission and the Secretariat of the Customs Cooperation Council have on numerous occasions over the past 18 months expressed to representatives of the United States of America their willingness to consider sympathetically reasoned suggestions to modernise the BTN and they have been eagerly awaiting the submission of concrete proposals. Unfortunately the United States of America has not so far seen fit to present such proposals.

8. The draft report of the International Trade Commission makes an overwhelming case for the development of an international commodity code. Given the range of interests to be catered for and the complexity of the problems involved it is clear that whatever basis were adopted the results would not be fully satisfactory for all potential users. The United States of America shared the decision in 1970 to develop such a code from the BTN and has subsequently been one of the most active participants in the work in the Customs Cooperation Council, firstly of the Commodity Coding Study Group and then of its successor the Harmonized Systems Committee. Furthermore, the BTN based harmonized system is being developed in full conformity with the basic concepts and principles set out in section C of the US International Trade Commission's draft report.
9. The progress of the Harmonized System Committee has been slower than had been hoped mainly because of the emphasis which has been placed upon the development of the so-called 'descriptor list'. It is the opinion of the Commission that the task of the Committee could be considerably simplified and its progress accelerated if the United States of America would agree that absolute priority should be given to the development of the so-called 'structured nomenclature' and that the detailed descriptor list should be developed after the completion of the priority task.
10. The Commission firmly believes that the objective of developing a flexible international commodity code of the kind envisaged in the draft report can only be achieved in practice through the completion of the harmonized system currently under development in the Customs Cooperation Council. The Commission therefore urges the Government of the United States of America to continue its positive and active participation in the work of the Harmonized System Committee and to this end to agree on the following basic policy guidelines.

The early development of an international commodity code is of major importance to international trade and should be pursued with the utmost vigour.

Although the BTN may not be a perfect basis for the development of such a code it is, in practice, the only realistic basis given its wide international use.

The BTN is in need of modernization and that reasoned proposals for the modification of specified headings should be presented to the Harmonized System Committee without further delay.

Priority should be given by the Harmonized System Committee to the development of the structured nomenclature.

11. The Commission hopes that the Government of the United States will be able to agree the basic policy guidelines set out above and that any report which may finally be submitted to Congress and the President will take full account of these guidelines and of other relevant arguments developed in this aide memoire.

Brussels, 14 May 1975

UN MEMBER STATES NOT APPLYING THE BRUSSELS
TARIFF NOMENCLATURE

Afghanistan
Albania
Bahamas
Bahrain
Bhutan
Burma
Byelorussian SSR
Canada
Costa Rica
Democratic Yemen
El Salvador
Ethiopia
German Democratic Republic
Guatemala
Honduras
India
Kuwait
Maldives
Mongolia
Nepal
Nicaragua
Oman
Panama
Peoples Republic China
Qatar
Ukrainian SSR
Union of Soviet Socialist Republics
United Arab Emirates
United States
Yemen



 DISTILLED SPIRITS COUNCIL OF THE UNITED STATES, INC.

1300 PENNSYLVANIA BUILDING

WASHINGTON, D. C. 20004

202-628-3544

May 21, 1975

Mr. Kenneth R. Mason, Secretary
 United States International Trade Commission
 8th & E Streets, N. W.
 Washington, D. C. 20436

In re: Draft Report 332-73

Dear Mr. Mason:

The Distilled Spirits Council of the United States, Inc., is the national trade association for the beverage distilling industry. Members of this association produce more than ninety percent of all domestic distilled spirits. The Council came into existence in March, 1973 as a result of a merger of the Distilled Spirits Institute, Inc., Licensed Beverage Industries, Inc., and the Bourbon Institute, Inc. The first listed corporation was Washington, D. C. based while the latter two maintained offices in New York City.

This industry understands and appreciates the value of code standardization. Some fifteen years ago, under sponsorship of the Distilled Spirits Institute, an industry committee was formed to study and develop a standard coding system for alcohol beverages. This committee consisted of representatives from federal and state governments, suppliers, importers and wholesalers.

In 1967 a standard coding system for distilled spirits products was completed. Subsequently, the code has been extended to cover wine products. At present some 16,000 distilled spirits products and 45,000 wines have been classified and assigned a unique numeric code identification.

We have found that this system known as the Universal Numeric Coding System for Alcohol Beverages (UNIMERC) has proven qualifications, having been in use or in process of adoption by the following:

1. Bureau of Alcohol, Tobacco & Firearms, Treasury Department
8 years of classifying some 400,000 label approvals.
2. States: Colorado - 4 years - internal audit
Oklahoma - 3 years - internal audit
Missouri (1975) - price posting
Maryland (1975) - price posting and audit
Pennsylvania - label approval
Connecticut - label approval

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Mr. Kenneth R. Mason
May 21, 1975

New York - label approval
Kansas - label approval
Illinois - label approval
Virginia - under consideration
Ohio - under consideration
South Carolina - under consideration
West Virginia - under consideration

3. Suppliers, Importers and Wholesalers of alcohol beverages.

Thus, we are encouraged that this system is becoming more and more acceptable to those who manufacture and distribute alcohol beverage products.

In the coding of alcohol beverages, it is pertinent to add that classes of this industry's products are defined by federal law and regulations as well as by the individual states. Regulations governing this industry's operations are peculiar to this industry and must be considered to preserve its operations on an intelligent and economically sound basis. This was the target we set up in developing the coding system referred to above.

A copy of the structure of the "UNIMERC" system is attached.

In response to your "Notice of Release of Public Views, Draft Report 332-73" dated April 24, 1975, it is obvious from the foregoing that this industry endorses standard coding of commodities in both domestic and international trade. We do, however, respectfully request that when the Commission approaches consideration of alcohol beverages, that this industry be granted an opportunity to express, written or orally, its views on this important undertaking.

Respectfully submitted,



Walter R. Brown
DISCUS Liaison
Uniform Code Committee of the
Alcohol Beverage Industry

WRB:rf

Universal Coding of Alcoholic Beverages

Class and Type of Product (Columns Required 3)

Class	Domestic 00-49	Type Imported 50-99
1. WINE	00 Straight Whisky 01 Straight Bourbon Whisky 02 Straight Rye Whisky 03 Straight Corn Whisky 04 05 06 07 08 09 Other Straight Whisky	50 Scotch Whisky 51 Scotch Whisky F B 52 Scotch Whisky U S B 53 54 55 56 57 58 59
2. SPIRITS	10 Whisky Bottled in Bond 11 Bourbon Whisky BIB 12 Rye Whisky BIB 13 Corn Whisky BIB 14 15 16 17 18 19 Other Whiskies BIB	60 Canadian Whisky 61 Canadian Whisky F B 62 Canadian Whisky U S B 63 64 65 66 67 68 69
3. LIQUOR	20 Straight Blends 21 Straight Bourbon Blends 22 Straight Rye Blends 23 Straight Corn Blends 24 25 26 27 28 29 Other Straight Blends	70 Irish Whisky 71 Irish Whisky F B 72 Irish Whisky U S B 73 74 75 76 77 78 79
4. BRANDY	30 Whisky Blends 31 Blended Bourbon Whisky 32 Blended Rye Whisky 33 Blended Corn Whisky 34 Blended Light Whisky*** 35 36 37 Blended Whisky 38 39 Other Whisky Blends	80 81 82 83 84 85 86 87 88 89
5. COGNAC, LIQUEURS & SPECIALTIES	40 Whisky 41 Bourbon Whisky 42 Rye Whisky 43 Corn Whisky 44 Light Whisky*** 45 46 Whisky Proprietary* 47 Spirit Whisky** 48 Diluted Whisky 49 Other	90 Other Imported Whiskies 91 Other Imported Whiskies F B 92 Other Imported Whiskies U S B 93 94 95 96 97 98 99
6. COCKTAILS & MIXED DRINKS		
7. MINE		
8. BEER & MISTERS LIQUEURS		

F B—Foreign Bottled
U S B—U.S. Bottled

*146—Proprietary brands include such brands as Jack Daniels, Dickel, Embassy Club, Michters, etc.
**147—Spirit whisky is defined as a mixture of neutral spirits and not less than 5 percent by volume of whisky but less than 20 percent by volume of straight whisky.
*** Standard effective July 1, 1972

Universal Coding of Alcoholic Beverages

Class and Type of Product (Columns Required 3)

Class	Domestic 00-49	Type Imported 50-99
1. WHISKY	00 Distilled Gin 01 Dry, London Dry 02 03 04 05 06 07 08 09 Other	50 Distilled Gin 51 Dry, London Dry F B 52 Dry, London Dry U S B 53 54 55 56 57 58 Other Gin F B 59 Other Gin U S B
2. GIN	10 Gin 11 Dry, London Dry 12 13 14 15 16 17 18 19 Other	60 Gin 61 Dry, London Dry F B 62 Dry, London Dry U S B 63 64 65 66 67 68 Other Gin F B 69 Other Gin U S B
3. VODKA		
4. GUM		
5. BRANDY	20 21 22 23 24 25 26 27 28 29	70 71 72 73 74 75 76 77 78 79
6. CORDIALS LIQUEURS & SPECIALTIES	30 Gin—Flavored* 31 Gin—Mint Flavored 32 Gin—Orange Flavored 33 Gin—Lemon Flavored 34 35 36 37 38 39 Other Gin—Flavored	80 81 82 83 84 85 86 87 88 89
7. COCKTAILS & MIXED DRINKS		
8. WINE	40 41 42 43 44 45 46 47 48 Diluted Gin 49	90 91 92 93 94 95 96 97 98 99
9. BEER & MISCELLANEOUS		

F B—Foreign Bottled
U S B—U.S. Bottled

A-2 *These products contain less than 2.5% sugar and are 70 proof or more. (Products containing 2.5% or more sugar, see Cordials.)

Universal Coding of Alcoholic Beverages

Class and Type of Product (Columns Required 3)

Class	Domestic 00-49	Type Imported 50-99
1. WHISKY	00 Vodka 01 80-89 Proof 02 03 04 05 06 07 08 09	50 Vodka 51 80-89 Proof 52 53 54 55 56 57 58 59
2. GIN		
3. VODKA	10 Vodka 11 90-99 Proof 12 13 14 15 16 17 18 19	60 Vodka 61 90-99 Proof 62 63 64 65 66 67 68 69
4. RUM		
5. BRANDY	20 Vodka 21 100 Proof Up 22 23 24 25 26 27 28 29	70 Vodka 71 100 Proof Up 72 73 74 75 76 77 78 79
6. CORDIALS, LIQUEURS & SPECIALTIES	30 Vodka—Flavored* 31 Vodka—Orange Flavored 32 Vodka—Grape Flavored 33 Vodka—Lime Flavored 34 Vodka—Lemon Flavored 35 Vodka—Cherry Flavored 36 Vodka—Chocolate Flavored 37 Vodka—Mint Flavored 38 Vodka—Peppermint Flavored 39 Vodka—Other Flavored	80 Vodka—Flavored* 81 Vodka—Orange Flavored 82 Vodka—Grape Flavored 83 Vodka—Lime Flavored 84 Vodka—Lemon Flavored 85 Vodka—Cherry Flavored 86 Vodka—Chocolate Flavored 87 Vodka—Mint Flavored 88 Vodka—Peppermint Flavored 89 Vodka—Other Flavored
7. COCKTAILS & MIXED DRINKS		
8. WINE	40 Other 41 42 43 44 45 46 47 48 Diluted Vodka 49	90 Other 91 92 93 94 95 96 97 98 99
9. BEER & MISCELLANEOUS		

*These products contain less than 2.5% sugar and are 70 proof or more. (Products containing 2.5% or more sugar, see Cordials.)

Universal Coding of Alcoholic Beverages

Class and Type of Product (Columns Required 3)

Class	Domestic 00-49	Type Imported 50-99
1. WHISKY	01 Scotch Whisky 02 Irish Whisky 03 Canadian 04 New England 05 06 07 08 09 Other	50 Foreign Whisky 51 Canadian Whisky F.B. 52 Canadian Whisky U.S.B. 53 Canadian Whisky Gold F.B. 54 Canadian Whisky Gold U.S.B. 55 56 57 58 59 Other
2. GIN		
3. VODKA	10 U.S. Vodka (Gold) 11 Puerto Rican 12 Virgin Islands 13 Hawaiian 14 New England 15 16 17 18 19 Other	60 Foreign Vodka (Cont.) 61 Jamaican Rum F.B. 62 Jamaican Rum U.S.B. 63 64 65 66 67 68 69 Other
4. RUM		
5. BRANDY	20 21 22 23 24 25 26 27 28 29	70 Foreign Brandy (Cont.) 71 Guianan Brandy F.B. 72 Guianan Brandy U.S.B. 73 Dutch Guianan F.B. 74 Dutch Guianan U.S.B. 75 French Guianan F.B. 76 French Guianan U.S.B. 77 78 79
6. CORDIALS LIQUEURS & SPECIALTIES	30 31 32 33 34 35 36 37 38	80 81 82 83 84 85 86 87 88 89
7. COCKTAILS & MIXED DRINKS	40 41 42 43 44 45 46 47 48	90 91 92 93 94 95 96 97 98 99
8. WINE	50 51 52 53 54 55 56 57 58 59	60 61 62 63 64 65 66 67 68 69
9. BEER & MISCELLANEOUS	60 61 62 63 64 65 66 67 68 69	70 71 72 73 74 75 76 77 78 79

F B—Foreign Bottled
U S B—U.S. Bottled

A-4 *Organized but otherwise unincorporated duty free territory of U.S. List under domestic rum although labeled as being imported.

Universal Coding of Alcoholic Beverages

Class and Type of Product (Columns Required 3)

Class	Domestic 00-49	Type Imported 50-99
1. WHISKY	00 California Grape Brandy 01 Brandy 02 Dried Brandy 03 Lees Brandy 04 Pomace or Marc Brand. 05 Residue Brandy 06 Neutral Brandy 07 08 09 Other Brandy	50 French Brandy 51 Cognac—F B 52 Cognac—U.S B 53 Armagnac F B 54 Armagnac U.S B 55 56 57 58 Other French Brandy F B 59 Other French Brandy U.S B
2. GIN		
3. VODKA	10 New York Grape Brandy 11 Brandy 12 Dried Brandy 13 Lees Brandy 14 Pomace or Marc Brandy 15 Residue Brandy 16 Neutral Brandy 17 18 19 Other Brandy	60 Other Foreign Brandy 61 Italian Grape Brandy F B 62 Italian Grape Brandy U.S B 63 Spanish Grape Brandy F B 64 Spanish Grape Brandy U.S B 65 Portuguese Grape Brandy F B 66 Portuguese Grape Brandy U.S B 67 Greek Grape Brandy F B 68 Greek Grape Brandy U.S B 69
4. RUM		
5. BRANDY	20 Other Dom. Grape Brandy 21 Brandy 22 Dried Brandy 23 Lees Brandy 24 Pomace or Marc Brandy 25 Residue Brandy 26 Neutral Brandy 27 28 29 Other Brandy	70 Other Foreign Brandy (Cont.) 71 German Grape Brandy F B 72 German Grape Brandy U.S B 73 Australian Grape Brandy F B 74 Australian Grape Brandy U.S B 75 S. African Grape Brandy F B 76 S. African Grape Brandy U.S B 77 78 79
6. CORDIALS LIQUEURS & SPECIALTIES	30 Brandy—Flavored* 31 Brandy—Apricot Flavored 32 Brandy—Blackberry Flavored 33 Brandy—Peach Flavored 34 Brandy—Cherry Flavored 35 Brandy—Ginger Flavored 36 37 38 39 Other Brandy Flavored	80 Other Foreign Brandy (Cont.) 81 82 83 84 85 86 87 88 Other Grape Brandy F B 89 Other Grape Brandy U.S B
7. COCKTAILS & MIXED DRINKS		
8. WINE	40 Fruit Brandy 41 Apple Brandy 42 Cherry Brandy 43 Plum Brandy 44 45 Blended Apple Jack 46 47 48 Diluted Brandy 49 Other Fruit Brandy	90 Foreign Fruit Brandy 91 Apple Brandy 92 Cherry Brandy 93 Plum Brandy 94 95 Blended Apple Jack 96 97 98 99 Other Fruit Brandy
9. BEER & MISCELLANEOUS		

F B—Foreign Bottled
U.S B—U.S. Bottled

* These products contain less than 2.5% sugar. These Brandy's may be made from any fruit and are 70 proof or more. (Products containing 2.5% or more sugar, see Cordials.)

Universal Coding of Alcoholic Beverages

Class and Type of Product (Columns Required 3)

Class	Domestic 00-49	Type Imported 50-99
1. WHISKY	00 Cordials (Fruits & Peels) 01 Fruit Flavored Liqueurs 02 03 Curacao 04 Triple Sec 05 Sloe Gin 06 Rock & Rye (Etc.) 07 08 09 Other (Fruits & Peels)	50 Cordials (Fruits & Peels) 51 Fruit Flavored Liqueurs 52 53 Curacao 54 Triple Sec 55 Sloe Gin 56 Rock & Rye (Etc.) 57 58 59 Other (Fruits & Peels)
2. GIN		
3. VODKA		
4. RUM		
5. BRANDY		
6. CORDIALS, LIQUEURS & SPECIALTIES	10 Cordials (Herbs & Seeds) 11 Aniseeds 12 Coffee (Cafe) 13 Kummel 14 Peppermint Schnapps 15 16 17 18 19 Other (Herbs & Seeds)	60 Cordials (Herbs & Seeds) 61 Aniseeds 62 Coffee (Cafe) 63 Kummel 64 Peppermint Schnapps 65 66 67 68 69 Other (Herbs & Seeds)
7. COCKTAILS & MIXED DRINKS	20 Cordials (Cremes) 21 Creme de Cacao White 22 Creme de Cacao Brown 23 Creme de Menthe White 24 Creme de Menthe Green 25 Creme de Almond (Noyaux) 26 27 28 29 Other (Cremes)	70 Cordials (Cremes) 71 Creme de Cacao White 72 Creme de Cacao Brown 73 Creme de Menthe White 74 Creme de Menthe Green 75 Creme de Almond (Noyaux) 76 77 78 79 Other (Cremes)
8. WINE		
9. BEER & MISCELLANEOUS		
	30 Flavored Brandy 31 Apricot Flavored Brandy 32 Blackberry Flavored Brandy 33 Peach Flavored Brandy 34 Cherry Flavored Brandy 35 Ginger Flavored Brandy 36 37 38 39 Other Flavored Brandy	80 Flavored Brandy 81 Apricot Flavored Brandy 82 Blackberry Flavored Brandy 83 Peach Flavored Brandy 84 Cherry Flavored Brandy 85 Ginger Flavored Brandy 86 87 88 89 Other Flavored Brandy
	40 Specialties & Proprieties 41 Whisky Specialties 42 Gin Specialties 43 Vodka Specialties 44 Rum Specialties 45 Liqueurs (Whisky) 46 Liqueurs (Gin) 47 Liqueurs (Vodka) 48 Liqueurs (Rum) 49 Other Specialties & Proprieties	90 Specialties & Proprieties 91 Whisky Specialties 92 Gin Specialties 93 Vodka Specialties 94 Rum Specialties 95 Liqueurs (Whisky) 96 Liqueurs (Gin) 97 Liqueurs (Vodka) 98 Liqueurs (Rum) 99 Other Specialties & Proprieties

¹ 45 thru 48 and 95 thru 98 are modifications of standard class, type and brand names to qualify for specialized markets.

² Proprietary brands (649) shall include such products as Pimm's Cup, Southern Comfort, etc.; (699) Cherry Herring, Chartreuse, etc.

A-6 ^{*} Will include Rock & Bourbon, Rock & Rum, Rock & Brandy, bottled at not less than 48 proof.

Universal Coding of Alcoholic Beverages

Class and Type of Product (Columns Required 3)

Class	Domestic 00-49	Type Imported 50-99
1. WHISKY	00 Cocktails 48 Proof Up 01 Whisky Manhattan 02 Whisky Old Fashioned 03 Whisky Sour 04 Margarita 05 06 Gin Martini 07 Gin Sour 08 09	50 Cocktails 48 Proof Up 51 Whisky Manhattan 52 Whisky Old Fashioned 53 Whisky Sour 54 Margarita 55 56 Gin Martini 57 Gin Sour 58 59
2. GIN		
3. VODKA	10 Cocktails 48 Proof Up (Cont.) 11 Vodka Martini 12 Vodka Sour 13 14 Daiquiri 15 16 Brandy Sling 17 Brandy Side Car 18 19 Other	60 Cocktails 48 Proof Up (Cont.) 61 Vodka Martini 62 Vodka Sour 63 64 Daiquiri 65 66 Brandy Sling 67 Brandy Side Car 68 69 Other
4. RUM		
5. BRANDY	20 Cocktails Under 48 Proof 21 Whisky Manhattan 22 Whisky Old Fashioned 23 Whisky Sour 24 Margarita 25 26 Gin Martini 27 Gin Sour 28 29	70 Cocktails Under 48 Proof 71 Whisky Manhattan 72 Whisky Old Fashioned 73 Whisky Sour 74 Margarita 75 76 Gin Martini 77 Gin Sour 78 79
6. CORDIALS, LIQUEURS & SPECIALTIES		
7. COCKTAILS & MIXED DRINKS	30 Cocktails Under 48 Proof (Cont.) 31 Vodka Martini 32 Vodka Sour 33 34 Daiquiri 35 36 Brandy Sling 37 Brandy Side Car 38 39 Other	80 Cocktails Under 48 Proof (Cont.) 81 Vodka Martini 82 Vodka Sour 83 84 Daiquiri 85 86 Brandy Sling 87 Brandy Side Car 88 89 Other
8. WINE		
9. BEER & MISCELLANEOUS	40 Mixed Drink and Beer 41 Screw Driver 42 Collins 43 Bloody Mary 44 45 46 47 Egg Nog 48 49 Other	90 Mixed Drink and Beer 91 Screw Driver 92 Collins 93 Bloody Mary 94 95 96 97 Egg Nog 98 99 Other

Universal Coding of Alcoholic Beverages

Class and Type of Product (Columns Required 3)

Class	Domestic 00-49	Type Imported 50-99
1. WHISKY	<p>WINE CODE PRESENTLY BEING DEVELOPED WILL BE CARRIED SEPARATELY</p>	
2. GIN		
3. VODKA		
4. RUM		
5. BRANDY		
6. CORDIALS, LIQUEURS & SPECIALTIES		
7. COCKTAILS & MIXED DRINKS		
8. WINE		
9. BEER & MISCELLANEOUS		

Universal Coding of Alcoholic Beverages

Class and Type of Product (Columns Required 3)

Class	Domestic 00-49	Type Imported 50-99
1. WHISKY	00 Beer & Malt Beverages 01 Beer 02 Ale 03 Malt Liquor 04 Stout 05 Porter 06 Malt Beverages Specialties 07 Cereal Beverages - Near Beer 08 09 Other	50 Beer & Malt Beverages 51 Beer 52 Ale 53 Malt Liquor 54 Stout 55 Porter 56 Malt Beverages Specialties 57 Cereal Beverages - Near Beer 58 59 Other
2. GIN		
3. VODKA	10 11 12 13 14 15 16 17 18 19	60 61 62 63 64 65 66 67 68 Grain Spirits** 69
4. RUM		
5. BRANDY	20 Miscellaneous Distilled Spirits 21 Neutral Spirits - Grain 22 Neutral Spirits - Fruit 23 Neutral Spirits - Cane 24 Neutral Spirits - Vegetable 25 26 Bitters - Beverage 27 Tequila 28 Grain Spirits** 29 Other	70 Miscellaneous Distilled Spirits 71 Neutral Spirits - Grain 72 Neutral Spirits - Fruit 73 Neutral Spirits - Cane 74 Neutral Spirits - Vegetable 75 76 Bitters - Beverage 77 Tequila F.B. 78 Tequila U.S.G. 79 Other
6. CORDIALS, LIQUEURS & SPECIALTIES		
7. COCKTAILS & MIXED DRINKS	30 Miscellaneous Wine 31 Sake 32 33 34 35 36 37 38 39 Other	40 Miscellaneous Wine 41 Sake 42 43 44 45 46 47 48 49 Other
8. WINE	40 Non-Alcoholic Wine 41 42 43 44 45 46 47 48 49	90 Non-Alcoholic Wine 91 92 93 94 95 96 97 98 99
9. BEER & MISCELLANEOUS		

*If these products contain 2.5% or more sugar or sweetening by weight, such product should be listed under Cordials.

** Standard effective July 1, 1972

Universal Coding of Alcoholic Beverages

Proof of Product (Columns Required 4)

The Task Force approved as a code for PROOF the actual proof of product eliminating the decimal and carrying such proof to four (4) places or columns. In the production field, hundredths or second digit to right of decimal would be rounded to nearest tenths.

The proof coding as follows:

24°	Proof =	0240
48°	Proof =	0480
80°	Proof =	0800
86.6°	Proof =	0866
100°	Proof =	1000
124.6°	Proof =	1246

To determine percent alcoholic content of a product divide proof by two (2).

Age of Product (Columns Required 1)

At the Task Force Meeting held January 18-19, 1966, it was agreed that the AGE Code did not adequately cover all alcoholic beverages, particularly, RUM and BRANDY. It was unanimously agreed that the following would be more consistent in coding Age.

- 0 = NAS (No Age Stated)
- 1 = Under two (2) years of age or age disclaimer
- 2 = From two (2) to three (3) years of age
- 3 = From three (3) to four (4) years of age
- 4 = From four (4) to five (5) years of age
- 5 = From five (5) to six (6) years of age
- 6 = From six (6) to seven (7) years of age
- 7 = From seven (7) to eight (8) years of age
- 8 = From *eight (8) to ten (10)* years of age
- 9 = From ten (10) years of age and up

It should be noted that the NAS (No Age Stated) will indicate whisky, rum, brandy or any other distilled spirit where a minimum age is required by law or regulation and where, **WHEN SUCH REQUIRE-**
A-10 MENT IS MET, NO AGE STATEMENT IS REQUIRED.

Universal Coding of Alcoholic Beverages

Products by Container Size (Columns Required 2)

Size Coding—By Ounces

00—Barrel—50 Gal.	30— 32.0—Quart	70— 8.0—½ Pint
01—Keg—31 Gal. (3968 oz)	31— 30.73	71
02—½ Keg	32— 30.0	72— 7.0
03—¼ Keg	33	73— 6.5
04—⅛ Keg	34	74— 6.4
05—627.2	35	75
06—384.0	36	76— 6.0
07—208.0	37	77
08—156.0	38— 26.0	78— 5.0
09—153.6	39	79
10—128.0—Gal.	40— 25.6—Fifth	80— 4.0—¼ Pint
11	41— 25.5 & ¾ Liter	81
12—115.0	42— 25.0	82— 3.0
13	43	83
14	44— 24.0 & .71 Liter	84— 2.5
15—104.0	45— 23.0	85— 2.0
16—102.4	46— 22.0	86
17— 96.0	47	87
18	48— 20.0	88
19	49	89
20— 64.0—½ Gal.	50— 16.0—Pint	90— 1.6—Miniature
21	51	91— 1.5
22— 52.0	52	92— 1.44
23— 51.2—51.0	53	93— 1.25
24— 50.0	54— 15.0	94
25— 40.0	55	95
26— 38.41	56	96
27	57	97— 1.0
28— 33.85	58— 13.0	98
29	59	99
	60— 12.8—4/5 Pint	
	61— 12.5	
	62— 12.0	
	63— 11.5	
	64— 11.0	
	65	
	66— 10.0	
	67	
	68— 9.0	
	69	

Universal Coding of Alcoholic Beverages

Special Packaging (Columns Required 1)

Study by the Task Force revealed *many kinds of special packaging*, (not quantity or number of bottles) including: decanters, prewraps, prewrap cases, special pouring caps, etc. The Task Force, however, feeling that most of the special packaging is an internal problem of a particular company decided that the code, at this time, would carry only those items that are carried by most companies. As the other items not carried become significant in the market, each would be assigned a code. For the present the following SPECIAL PACKAGING code was adopted:

- 0 = Regular Package
- 1 = Decanters—Full Cases
- 2 = Decanters—Partial Cases
- 3 = Prewraps—Full Cases
- 4 = Prewraps—Partial Cases
- 5 = Unassigned
- 6 = Unassigned
- 7 = Unassigned
- 8 = Unassigned
- 9 = Other

929 Miscellaneous Packaging: (Not to be confused with "9 = Other" above)

Miscellaneous packaging for the purpose of this code shall indicate cases or mixed Classes and/or Types of Distilled Spirits. The Task Force agreed that this item needed special treatment and assigned it to Class 9, Type 29 to contain such mixed cases of spirits.

UNIVERSAL NUMERIC CODE FOR ALCOHOLIC BEVERAGES
GLOSSARY

DISTILLED SPIRITS - CLASS AND TYPE

100-149 DOMESTIC WHISKY

100-109 STRAIGHT WHISKY. "Straight Whisky" is an alcoholic distillate from a fermented mash of grain, distilled at not exceeding 160° proof and withdrawn from the cistern room of the distillery at not more than 1250 proof and not less than 80° proof and, except for straight corn whisky, is aged for not less than two years in charred new oak containers.

101 Straight Bourbon Whisky. Is "Straight Whisky" distilled from a fermented mash of grain of which not less than 51 percent is corn grain.

102 Straight Rye Whisky. Is "Straight Whisky" distilled from a fermented mash of grain of which not less than 51 percent is rye grain.

103 Straight Corn Whisky. Is "Straight Whisky" distilled from a fermented mash of grain of which not less than 80 percent is corn grain, aged for not less than two years in uncharred oak containers or reused charred oak containers, and not subjected, in the process of distillation, or otherwise, to treatment with charred wood.

109 Other Straight Whisky. Shall include straight whiskies not otherwise specified herein.

110-119 WHISKY BOTTLED IN BOND. Is whisky that has been stored in wood for at least four years and bottled at 100° proof. This whisky is bottled in accordance with Sec. 5233 of the I.R.C. (the Bottling-in-Bond Act), and is identified by the green strip stamp over the mouth of the bottle.

111 Bourbon Whisky-Bottled in Bond. Is bourbon whisky bottled in accordance with Sec. 5233 of the I.R.C. Also includes straight bourbon whisky so bottled.

112 Rye Whisky-Bottled in Bond. Is rye whisky bottled in accordance with Sec. 5233 of the I.R.C. Also includes straight rye whisky so bottled.

113 Corn Whisky-Bottled in Bond. Is straight corn whisky that has been aged for not less than four years in uncharred or reused oak containers, and bottled in accordance with Sec. 5233 of the I.R.C.

119 Other Whiskies-Bottled in Bond. Are whiskies or straight whiskies bottled in accordance with Sec. 5233 of the I.R.C.

120-129 STRAIGHT BLENDS. Are mixtures of straight whiskies only.

121 Straight Bourbon Blends. Are mixtures of straight bourbon whiskies designated as "a blend of straight bourbon whiskies" or "blended straight bourbon whiskies."

122 Straight Rye Blends. Are mixtures of straight rye whiskies designated as "a blend of straight rye whiskies" or "blended straight rye whiskies."

123 Straight Corn Blends. Are mixtures of straight corn whiskies designated as "a blend of straight corn whiskies" or "blended straight corn whiskies."

129 Other Straight Blends of Whiskies. Are mixtures of straight whiskies the components of which are not entirely of one type, designated as "a blend of straight whiskies" or "blended straight whiskies." Products in this type containing as much as 51 percent of one type of straight whisky may be designated "Bourbon (Rye) (Corn)-a blend of straight whiskies."

130-139 WHISKY BLENDS. Are mixtures which contain straight whiskies and separately or in a combination other whiskies or neutral spirits.

131 Blended Bourbon Whisky. (Bourbon Whisky-A Blend) Is blended whisky which contains not less than 51 percent by volume of straight bourbon whisky.

150-199 IMPORTED WHISKY

150-159 SCOTCH WHISKY. "Scotch Whisky" is a distinctive product of Scotland, manufactured in compliance with the laws of Great Britain regulating the manufacture of "Scotch Whisky" for consumption in Great Britain, containing no distilled spirits less than three years old. If such product as so manufactured is a mixture of distilled spirits, it must be designated as "Blended Scotch Whisky" or "Scotch Whisky-A Blend."

151 Scotch Whisky-Foreign Bottled. Is "Scotch Whisky" as defined above; shipped to the United States in bottles.

152 Scotch Whisky-U. S. Bottled. Is "Scotch Whisky" as defined above; shipped to the United States in bulk and bottled domestically.

160-169 CANADIAN WHISKY. "Canadian Whisky" is a distinctive product of Canada, manufactured in Canada in compliance with the laws of Canada regulating the manufacture of whisky for consumption in Canada, and containing no distilled spirits less than two years old. If such product as so manufactured is a mixture of distilled spirits, it must be designated as "Blended Canadian Whisky" or "Canadian Whisky-A Blend."

161 Canadian Whisky-Foreign Bottled. Is "Canadian Whisky" as defined above; shipped to the United States in bottles.

162 Canadian Whisky-U. S. Bottled. Is "Canadian Whisky" as defined above; shipped to the United States in bulk and bottled domestically.

170-179 IRISH WHISKY. "Irish Whisky" is a distinctive product of Ireland manufactured either in the Irish Free State or in Northern Ireland in compliance with their laws regulating the manufacture of "Irish Whisky" for home consumption, and containing no distilled spirits less than three years old. If such product as so manufactured is a mixture of distilled spirits, it must be designated as "Blended Irish Whisky" or "Irish Whisky-A Blend."

171 Irish Whisky-Foreign Bottled. Is "Irish Whisky" as defined above; shipped to the United States in bottles.

172 Irish Whisky-U. S. Bottled. Is "Irish Whisky" as defined above; shipped to the United States in bulk and bottled domestically.

180-189 (Unassigned)

UNIVERSAL NUMERIC CODE FOR ALCOHOLIC BEVERAGES
GLOSSARY

DISTILLED SPIRITS - CLASS AND TYPE

100-149 DOMESTIC WHISKY (Continued)

150-199 IMPORTED WHISKY (Continued)

130-139 WHISKY BLENDS. (Continued)

132 Blended Rye Whisky. (Rye Whisky-A Blend) Is blended whisky which contains not less than 51 percent by volume of straight rye whisky.

133 Blended Corn Whisky. (Corn Whisky-A Blend) Is blended whisky which contains not less than 51 percent by volume of straight corn whisky.

134 Blended Light Whisky. (Light Whisky-A Blend) Is a blend of not more than 19 percent straight whisky and light whisky.

137 Blended Whisky. (Whisky-A Blend) Is a mixture which contains at least 20 percent by volume of 100° proof straight whiskey and, separately or in combination, whisky or neutral spirits.

139 Other Whisky Blends. Are "whisky blends" not otherwise specified herein.

140-149 WHISKY. An alcoholic distillate from a fermented mash of grain distilled at less than 190° proof in such manner that the distillate possesses the taste, aroma, and characteristics generally attributed to whisky, and withdrawn from the distillery at not more than 125° proof and not less than 80° proof, whether or not such proof is further reduced prior to bottling, to not less than 80° proof.

141 Bourbon Whisky. Is "Whisky" which has been distilled at not exceeding 160° proof from a fermented mash of not less than 51 percent corn grain, stored in charred new oak containers for less than two years.

142 Rye Whisky. Is "Whisky" which has been distilled at not exceeding 160° proof from a fermented mash of not less than 51 percent rye grain, stored in charred new oak containers for less than two years.

143 Corn Whisky. Is "Whisky" which has been distilled at not exceeding 160° proof from a fermented mash of not less than 80 percent corn grain, unaged, or, if aged, stored in uncharred oak containers, or reused charred oak containers for less than two years, and not subjected in the process of distillation or otherwise, to treatment with charred wood.

144 Light Whisky. Is "Whisky" produced in the United States at more than 160° proof, on or after January 26, 1968, and stored in used or uncharred new oak containers; and also includes mixtures of such whiskies.

146 Whisky-Proprietary. Proprietary brands of Whisky" are whiskies which are produced in compliance with U. S. standards but are subjected to certain proprietary processes.

147 Spirit Whisky. Is a mixture of neutral spirits and not less than five percent by volume of "Whisky" or "Straight Whisky" but less than 20 percent by volume of "Straight Whisky."

149 Other Whisky. Any "Whisky" of a type not otherwise specified herein.

190-199 OTHER IMPORTED WHISKIES. Are whiskies of foreign origin not individually named above.

191 Other Foreign Whiskies-Foreign Bottled. Are whiskies shipped to the United States in bottles.

192 Other Foreign Whiskies-U. S. Bottled. Are whiskies shipped to the United States in bulk and bottled domestically.

UNIVERSAL NUMERIC CODE FOR ALCOHOLIC BEVERAGES
GLOSSARY

DISTILLED SPIRITS - CLASS AND TYPE

200-249 DOMESTIC GIN

200-209 DISTILLED GIN. Is a distillate obtained by original distillation from mash, or by the redistillation of distilled spirits, over or with juniper berries and other aromatics customarily used in the production of gin, and deriving its main characteristic flavor from juniper berries and reduced at time of bottling to not less than 80° proof; and includes mixtures solely of such distillates.

201 Dry, London Dry: "Dry," "London Dry Gin," are the types of gin so described and designated "Distilled" gin.

209 Other: Any other "Distilled Gin," "Dry," "London Dry Gin," not otherwise defined herein.

210-219 GIN. Is a product obtained by original distillation from mash, or by mixing neutral spirits with or over juniper berries and other aromatics, or with or over extracts derived from infusions, percolations, or maceration of such materials, and includes mixtures of gin and neutral spirits. It shall derive its main characteristic flavor from juniper berries and be bottled at not less than 80° proof. (Not entitled to be designated as "Distilled").

211 Dry, London Dry. "Dry," "London Dry Gin," are the types of gin so described and designated gin.

219 Other. Any other "Gin," "Dry," "London Dry Gin," not otherwise defined herein.

220-229 (Unassigned)

230-239 GIN - FLAVORED. Is a product made from gin to which fruit and other flavors have been added; bottled at not less than 70° proof, and containing sugar, or dextrose, or both in an amount less than 2.5% by weight of the finished product.

231 Gin - Mint Flavored. Is "Gin Flavored" with mint flavoring added.

232 Gin - Orange Flavored. Is "Gin Flavored" with orange flavoring added.

233 Gin - Lemon Flavored. Is "Gin Flavored" with lemon flavoring added.

239 Other Gin - Flavored. Any other "Gin Flavored" product not otherwise defined herein.

240-249 (Unassigned)

250-299 IMPORTED GIN

250-259 DISTILLED GIN. "Dry Gin," "London Dry Gin," are types of gin known under such designations, and designated as "Distilled Gin."

251 Dry, London Dry-Foreign Bottled. Is "Dry Gin," "London Dry Gin," shipped to the U. S. in bottles.

252 Dry, London Dry-U. S. Bottled. Is "Dry," "London Dry Gin," shipped to the U. S. in bulk and bottled domestically.

258 Other Gin-Foreign Bottled. Is foreign gin not otherwise described herein; shipped to the U. S. in bottles.

259 Other Gin-U. S. Bottled. Is foreign gin not otherwise described herein; shipped to the U. S. in bulk and bottled domestically.

260-269 GIN. Is "Gin" as distinguished from "Distilled Gin."

261 Dry, London Dry-Foreign Bottled. Is "Gin" shipped to the U. S. in bottles.

262 Dry, London Dry-U. S. Bottled. Is "Gin" shipped to the U. S. in bulk and bottled domestically.

268 Other Gin-Foreign Bottled. Is foreign "Gin" not otherwise described herein; shipped to the U. S. in bottles.

269 Other Gin-U. S. Bottled. Is foreign "Gin" not otherwise described herein, shipped to the U. S. in bulk and bottled domestically.

270-279 (Unassigned)

280-289 (Unassigned)

290-299 (Unassigned)

UNIVERSAL NUMERIC CODE FOR ALCOHOLIC BEVERAGES
GLOSSARY

DISTILLED SPIRITS - CLASS AND TYPE

300-349 DOMESTIC VODKA

300-309 VODKA (80 to 90 Proof). Is neutral spirits distilled from any material at or above 190° proof, reduced to not less than 80° proof but less than 90° proof and after such reduction in proof, so treated, if necessary, as to be without distinctive character, aroma or taste.

301 Vodka. 80° Proof to 90° Proof.

310-319 VODKA (90 to 100 Proof). As defined above except that it is reduced to not less than 90° proof but less than 100° proof.

311 Vodka. 90° Proof to 100° Proof.

320-329 VODKA. 100 Proof and Up. As defined above except that it is reduced to not less than 100° proof.

321 Vodka. 100 Proof and Up.

330-339 VODKA - FLAVORED. Is vodka as defined above to which flavoring material is added, bottled at not less than 70° proof and containing less than 2.5% sugar or other sweetening by volume. (Products containing 2.5% or more sugar, see Cordials.)

331 Vodka - Orange Flavored. Is vodka to which orange flavoring has been added.

332 Vodka - Grape Flavored. Is vodka to which grape flavoring has been added.

333 Vodka - Lime Flavored. Is vodka to which lime flavoring has been added.

334 Vodka - Lemon Flavored. Is vodka to which lemon flavoring has been added.

335 Vodka - Cherry Flavored. Is vodka to which cherry flavoring has been added.

336 Vodka - Chocolate Flavored. Is vodka to which chocolate flavoring has been added.

337 Vodka - Mint Flavored. Is vodka to which mint flavoring has been added.

338 Vodka - Peppermint Flavored. Is vodka to which peppermint flavoring has been added.

339 Vodka - Other Flavored. Any flavored vodkas not individually defined above.

340-349 OTHER DOMESTIC VODKA. Vodka not otherwise defined above.

350-399 IMPORTED VODKA

350-359 VODKA-IMPORTED 80-89 PROOF. Is imported vodka bottled at not less than 80° proof but less than 90° proof.

351 Vodka-Imported 80-89 Proof. Foreign Bottled.

352 Vodka-Imported 80-89 Proof. U. S. Bottled.

360-369 VODKA-IMPORTED 90-99 PROOF. Is imported vodka bottled at not less than 90° proof but less than 100° proof.

361 Vodka-Imported 90-99 Proof. Foreign Bottled.

362 Vodka-Imported 90-99 Proof. U. S. Bottled.

370-379 VODKA-IMPORTED 100 PROOF UP. Is imported vodka bottled at not less than 100° proof.

371 Vodka-Imported 100 Proof Up. Foreign Bottled.

372 Vodka-Imported 100 Proof Up. U. S. Bottled.

380-389 VODKA-IMPORTED - FLAVORED. Is imported flavored vodka bottled at not less than 70° proof and containing less than 2.5% sugar or other sweetening by volume. (Products containing 2.5% or more sugar, see Cordials.)

381 Vodka - Orange Flavored. Is imported vodka to which orange flavoring has been added.

382 Vodka - Grape Flavored. Is imported vodka to which grape flavoring has been added.

383 Vodka - Lime Flavored. Is imported vodka to which lime flavoring has been added.

384 Vodka - Lemon Flavored. Is imported vodka to which lemon flavoring has been added.

385 Vodka - Cherry Flavored. Is imported vodka to which cherry flavoring has been added.

386 Vodka - Chocolate Flavored. Is imported vodka to which chocolate flavoring has been added.

387 Vodka - Mint Flavored. Is imported vodka to which mint flavoring has been added.

388 Vodka - Peppermint Flavored. Is imported vodka to which peppermint flavoring has been added.

389 Vodka - Other Flavored. Imported vodkas with flavoring added and not defined above.

390-399 OTHER VODKA-IMPORTED. Shall include imported vodkas not otherwise defined herein.

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DISTILLED SPIRITS - CLASS AND TYPE

400-449 U. S. RUM. Is any alcoholic distillate from the fermented juice of sugarcane, sugarcane molasses, or other sugarcane by-products, distilled at less than 190° proof (whether or not such proof is further reduced prior to bottling to not less than 80° proof) in such manner that the distillate possesses the taste, aroma, and characteristics generally attributed to rum; and includes mixtures solely of such distillates.

400-409 U. S. RUM. (WHITE) Is rum as defined above and is white in color.

401 Puerto Rican Rum, White. Is rum as defined above, white in color; produced in Puerto Rico.

402 Virgin Islands Rum, White. Is rum as defined above white in color; produced in the Virgin Islands.

403 Hawaiian Rum, White. Is rum as defined above, white in color; produced in Hawaii.

404 New England Rum, White. Is rum as defined above white in color; except that it is distilled at less than 190° proof in the New England section of the U. S.

409 Other U. S. Rum, White. Any domestic rum, white in color; not otherwise defined above.

410-419 U. S. RUM (GOLD). As defined above except that it is gold in color.

411 Puerto Rican Rum, Gold. Is rum as defined above gold in color; produced in Puerto Rico.

412 Virgin Islands Rum, Gold. Is rum as defined above gold in color; produced in the Virgin Islands.

413 Hawaiian Rum, Gold. Is rum as defined above, gold in color; produced in Hawaii.

414 New England Rum, Gold. Is rum as defined above, gold in color; except that it is distilled at less than 190° proof in the New England section of the U. S.

419 Other U. S. Rum, Gold. Any domestic rum, gold in color, not otherwise defined herein.

420-429 (Unassigned.)

430-439 (Unassigned.)

440-449 (Unassigned.)

450-499 FOREIGN RUM. As defined in U. S. Rum.

450-459 CUBAN RUM, WHITE OR GOLD. Is rum as defined herein, white or gold in color; produced in Cuba.

451 Cuban Rum, White, Foreign Bottled. Is rum as defined herein, white in color; produced in Cuba and shipped to the U. S. in bottles.

452 Cuban Rum, White, U. S. Bottled. Is rum as defined herein, white in color; produced in Cuba and shipped to the U. S. in bulk and bottled domestically.

453 Cuban Rum, Gold, Foreign Bottled. Is rum as defined herein, gold in color; produced in Cuba and shipped to the U. S. in bottles.

454 Cuban Rum, Gold, U. S. Bottled. Is rum as defined herein, gold in color; produced in Cuba and shipped to the U. S. in bulk and bottled domestically.

459 Other Cuban Rum. Any other Cuban rum not defined herein.

460-469 JAMAICAN RUM. Is rum as defined herein, produced in Jamaica and shipped to the U. S. in bottles or bulk.

461 Jamaican Rum, Foreign Bottled. Is rum as defined produced in Jamaica and shipped to the U. S. in bottles.

462 Jamaican Rum, U. S. Bottled. Is rum as defined produced in Jamaica and shipped to the U. S. in bulk and bottled domestically.

469 Other Jamaican Rum. Is rum as defined herein, produced in Jamaica but not listed above.

470-479 GUIANAN RUM. Is rum as defined herein, produced in one of the Guianas and shipped to the U. S. in bulk or in bottles.

471 Guianan Rum, Foreign Bottled. Is rum as defined herein, produced in Guiana and shipped to the U. S. in bottles.

472 Guianan Rum, U. S. Bottled. Is rum as defined herein, produced in Guiana and shipped to the U. S. in bulk and bottled domestically.

473 Dutch Guianan Rum, Foreign Bottled. Is rum as defined herein, produced in Dutch Guiana and shipped to the U. S. in bottles.

474 Dutch Guianan Rum, U. S. Bottled. Is rum as defined herein, produced in Dutch Guiana and shipped to the U. S. in bulk and bottled domestically.

475 French Guianan Rum, Foreign Bottled. Is rum as defined herein, produced in French Guiana and shipped to the U. S. in bottles.

476 French Guianan Rum, U. S. Bottled. Is rum as defined herein, produced in French Guiana and shipped to the U. S. in bulk and bottled domestically.

480-489 (Unassigned.)

490 OTHER FOREIGN RUM. Is rum as defined herein, produced in any foreign country not listed above.

491 Other Foreign Rum. Is rum as defined herein produced in any foreign country not listed above and shipped to the U. S. in bottles.

492 Other Foreign Rum. Is rum as defined herein produced in any foreign country not listed above and shipped to the U. S. in bulk and bottled domestically.

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GLOSSARY

DISTILLED SPIRITS - CLASS AND TYPE

500-549 DOMESTIC BRANDY. "Brandy" is a grape distillate, or a mixture of distillates, obtained solely from the fermented juice, mash or wine of fruit, or from the residue thereof, distilled at less than 190° proof in such a manner as to possess the taste, aroma and characteristic generally attributed to "Brandy" and bottled at not less than 80° proof and aged in wood for not less than 2 years.

500-509 CALIFORNIA GRAPE BRANDY.

501 Brandy. Is grape "brandy" as defined in 500-549 produced in the state of California from grapes.

502 Dried Brandy. Is grape "brandy" produced in the state of California from raisins, or raisin wine and designated as "Raisin Brandy."

503 Lees Brandy. Is grape "brandy" produced in the state of California from the lees of standard grapes and designated as "Lees Brandy."

504 Pomace or Marc Brandy. Is grape "brandy" produced in the state of California distilled from the skin and pulp of sound, ripe grapes, after the withdrawal of the juice or wine therefrom, and designated as "Pomace Brandy" or "Marc Brandy." Grape Pomace Brandy may be designated as "Grappa" or "Grappa Brandy."

505 Residue Brandy. Is grape "brandy" produced in the state of California wholly or in part from the residue of grapes or grape wine, and designated as "Residue Brandy."

506 Neutral Brandy. Is grape "brandy" produced at more than 170° proof, but less than 190° proof and designated in the same manner as if distilled at a lower proof, except that the designation is qualified by the word "Neutral Brandy," "Neutral Grape Lees Brandy," or "Neutral Grape Pomace Brandy."

509 Other Brandy. Is grape "brandy" produced in the state of California not otherwise defined above.

510-519 NEW YORK GRAPE BRANDY.

511 Brandy. Is grape "brandy" as defined in 500-549 produced in the state of New York.

512 Dried Brandy. Is grape "brandy" produced in the state of New York from raisins, or raisin wine and designated "Raisin Brandy."

513 Lees Brandy. Is grape "brandy" produced in the state of New York; distilled from the lees of standard grapes and designated as "Lees Brandy."

514 Pomace or Marc Brandy. Is grape "brandy" produced in the state of New York; distilled from the skin and pulp of sound, ripe, grapes, after the withdrawal of the juice or wine therefrom, and designated as "Pomace Brandy" or "Marc Brandy." "Grape Pomace Brandy" may be designated as "Grappa" or "Grappa Brandy."

515 Residue Brandy. Is grape "brandy" produced in the state of New York; distilled wholly or in part from the residue of grapes or grape wine, and designated as "Residue Brandy."

516 Neutral Brandy. Is grape "brandy" produced in the state of New York; distilled at more than 170° proof, but less than 190° proof and designated in the same manner as if distilled at a lower proof, except that the designation is qualified by the word "Neutral" e.g., "Neutral Brandy," "Neutral Grape Lees Brandy," or "Neutral Grape Pomace Brandy."

519 Other Brandy. Is grape "brandy" produced in the state of New York not otherwise defined above.

550-599 IMPORTED BRANDY. Is "brandy" produced in a foreign country and shall meet the standards as required by the laws and regulations of the jurisdictions in which produced.

550-559 FRENCH BRANDY.

551 Cognac-Foreign Bottled. "Cognac" or "Cognac (Grape) Brandy," is grape brandy distilled in the Cognac region of France and shipped to the U. S. in bottles.

552 Cognac-U. S. Bottled. Is "brandy" as defined in 551 but shipped to the U. S. in bulk and bottled domestically..

553 Armagnac-Foreign Bottled. "Armagnac" or "Armagnac (Grape) Brandy," is grape brandy distilled in the Armagnac region of France and shipped to the U. S. in bottles.

554 Armagnac-U. S. Bottled. Is "brandy" as defined in 553 but shipped to the U. S. in bulk and bottled domestically.

558 Other French Brandies-Foreign Bottled. French brandies not otherwise defined; shipped to the U. S. in bottles.

559 Other French Brandies-U. S. Bottled. French brandies not otherwise defined; shipped to the U. S. in bulk and bottled domestically.

560 OTHER FOREIGN BRANDY.

561 Italian Grape Brandy-Foreign Bottled. Is "brandy" produced in Italy and shipped to the U. S. in bottles.

562 Italian Grape Brandy-U. S. Bottled. Is "brandy" as defined in 561; shipped to the U. S. in bulk and bottled domestically.

563 Spanish Grape Brandy-Foreign Bottled. Is "brandy" produced in Spain and shipped to the U. S. in bottles..

564 Spanish Grape Brandy-U. S. Bottled. Is "brandy" as defined in 563; shipped to the U. S. in bulk and bottled domestically.

565 Portuguese Grape Brandy-Foreign Bottled. Is "brandy" produced in Portugal and shipped to the U. S. in bottles.

566 Portuguese Grape Brandy-U. S. Bottled. Is "brandy" as defined in 565; shipped to the U. S. in bulk and bottled domestically.

567 Greek Grape Brandy-Foreign Bottled. Is "brandy" produced in Greece and shipped to the U. S. in bottles..

568 Greek Grape Brandy-U. S. Bottled. Is "brandy" as defined in 567; shipped to the U. S. in bulk and bottled domestically.

570 OTHER FOREIGN BRANDY (Continued)

571 German Grape Brandy-Foreign Bottled. Is "brandy" produced in Germany and shipped to the U. S. in bottles.

572 German Grape Brandy-U. S. Bottled. Is "brandy" as defined in 571; shipped to the U. S. in bulk and bottled domestically.

573 Australian Grape Brandy-Foreign Bottled. Is "brandy" produced in Australia and shipped to the U. S. in bottles.

574 Australian Grape Brandy-U. S. Bottled. Is "brandy" as defined in 573; shipped to the U. S. in bulk and bottled domestically.

575 South African Grape Brandy-Foreign Bottled. Is "brandy" produced in South Africa and shipped to the U. S. in bottles.

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DISTILLED SPIRITS - CLASS AND TYPE

520 OTHER DOMESTIC GRAPE BRANDY. (Excludes California and New York Brandies.)

- 521 Brandy.** Is grape "brandy" as defined in 500-549.
- 522 Dried Brandy.** Is "brandy" produced from raisins, or raisin wine and designated as "Raisin Brandy."
- 523 Lees Brandy.** Is grape "brandy" distilled from the lees of standard grapes and designated as "Lees Brandy."
- 524 Pomace or Marc Brandy.** Is grape "brandy" distilled from the skin and pulp of sound, ripe, grapes, after the withdrawal of the juice or wine therefrom, and designated as "Pomace Brandy" or "Marc Brandy." "Grape Pomace Brandy" may be designated as "Grappa" or "Grappa Brandy."
- 525 Residue Brandy.** Is grape "brandy" distilled wholly or in part from the residue of grapes or grape wine, and designated as "Residue Brandy."
- 526 Neutral Brandy.** Is "brandy" distilled at more than 170° proof, but less than 190° proof and designated in the same manner as if distilled at a lower proof, except that the designation is qualified by the word "Neutral" e.g., "Neutral Brandy," "Neutral Grape Lees Brandy," or "Neutral Grape Pomace Brandy."
- 529 Other Brandy.** Is grape "brandy" not otherwise defined above.

530 BRANDY-FLAVORED. Is a product made from a base of grape brandy or one of the types of neutral fruit brandy to which has been added flavoring, and if sweetened sugar, in an amount less than 2.5% by weight of the finished product and bottled at not less than 70° proof.

- 531 Brandy-Apricot Flavored.** Is "brandy flavored" as defined in 530 to which apricot flavoring has been added.
- 532 Brandy-Blackberry Flavored.** Is "brandy flavored" as defined in 530 to which blackberry flavoring has been added.
- 533 Brandy-Peach Flavored.** Is "brandy flavored" as defined in 530 to which peach flavoring has been added.
- 534 Brandy-Cherry Flavored.** Is "brandy flavored" as defined in 530 to which cherry flavoring has been added.
- 535 Brandy-Ginger Flavored.** Is "brandy flavored" as defined in 530 to which ginger flavoring has been added.
- 539 Other Brandy Flavored.** Flavored brandies not individually named above will be grouped in this category.

540 FRUIT BRANDY. (Distilled from other than grapes).

- 541 Apple Brandy.** Is "brandy" as defined in 500-549 distilled solely from apples or from standard apple wine. This type includes those products known as "Applejack."
- 542 Cherry Brandy.** Is "brandy" as defined in 500-549 distilled solely from cherries or cherry wine. This type also includes cherry brandy marketed under the name of "Kirschwasser."
- 543 Plum Brandy.** Is "brandy" as defined in 500-549 distilled solely from plums or plum wine. This type also includes plum brandy marketed under the name "Slivovitz."
- 549 Other Fruit Brandy.** Any other fruit brandy not otherwise defined herein.

570 OTHER FOREIGN BRANDY (Continued)

576 South African Grape Brandy-U. S. Bottled. Is "brandy" as defined in 575; shipped to the U. S. in bulk and bottled domestically.

580 OTHER FOREIGN BRANDY (Continued)

588 Other Grape Brandy-Foreign Bottled. Is "grape brandy" not otherwise specified; shipped to the U. S. in bottles.

589 Other Grape Brandy-U. S. Bottled. Is "grape brandy" not otherwise specified; shipped to the U. S. in bulk and bottled domestically.

590 FOREIGN FRUIT BRANDY.

- 591 Apple Brandy.** Is "brandy" produced in foreign countries from apples or apple cider and includes such products as "Calvados."
- 592 Cherry Brandy.** Is "brandy" produced in foreign countries from cherries and includes such products as "Kirschwasser."
- 593 Plum Brandy.** Is "brandy" distilled from a fermented mash of plums, in foreign countries, and includes such products as "Slivovitz."
- 599 Other Fruit Brandy.** Is "brandy" produced in foreign countries not specifically defined above.

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DISTILLED SPIRITS - CLASS AND TYPE

600-649 CORDIALS AND/OR LIQUEURS. Are Products obtained by mixing or redistilling neutral spirits, brandy, gin, or other distilled spirits with or over fruit, flowers, plants or pure juices therefrom infusion, percolations, or maceration of such materials and containing sugar, or dextrose, or both, in an amount not less than 2.5% by weight of the finished product.

600-609 CORDIALS AND/OR LIQUEURS -(FRUITS AND PEELS). Fruit Cordials: Sweetened liquor consisting of natural fruit flavors added to a distilled spirits base, or other distilled spirits. Peels: Flavor derived from the rind of citrus fruit added to a distilled spirits base.

601 Fruit Flavored Liqueurs. Sweetened liquor consisting of natural fruit flavors added to a distilled spirits base. (Includes Nectars).

603 Curacao. Orange cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

604 Triple Sec. A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

605 Sloe Gin. A cordial or liqueur as defined in 600-649, with the main characteristic flavoring derived from the sloe berry.

606 Rock & Rye (Etc.) Is a liqueur bottled at not less than 48° proof, in which, not less than 51%, on a proof basis, of the distilled spirits used is of the type from which the name is derived, rock & rye with a rye base, rock & bourbon with a bourbon base, rock & brandy with a brandy base, etc., and containing rock candy or sugar syrup, with or without the addition of fruit, fruit juices or other natural flavoring materials.

609 Other. Shall include any cordials and/or liqueurs (fruits and peels) not otherwise specified herein.

610-619 CORDIALS AND/OR LIQUEURS -(HERBS AND SEEDS). A cordial or liqueur made from a combination of numerous herbs, seeds, roots, and flowers and not labeled as a creme.

611 Anisette. A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

612 Coffee (Café - Creme de Coffee or Café). A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

613 Kummel. A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

614 Peppermint Schnapps. A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

619 Other. Shall include any cordials and/or liqueurs (herbs and seeds) not otherwise specified herein.

620 CORDIALS AND/OR LIQUEURS (CREMES). Cordials and/or liqueurs labeled as cremes identified by the name of the fruit or plant responsible for its flavor.

621 Creme de Cacao White. A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

622 Creme De Cacao Brown. A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

650-699 CORDIALS AND/OR LIQUEURS - IMPORTED.

650 CORDIALS AND/OR LIQUEURS-(FRUITS AND PEELS) IMPORTED. Are cordials and/or liqueurs (fruits and peels) of foreign origin and defined above; shipped to the U. S. in bottles.

651 Fruit Flavored Liqueurs. Are "Fruit Flavored Liqueurs" of foreign origin as defined above; shipped to the U. S. in bottles. (Includes nectars).

653 Curacao. Is "Curacao" as defined above; shipped to the U. S. in bottles.

654 Triple Sec. Is "Triple Sec" as defined above; shipped to the U. S. in bottles.

655 Sloe Gin. Is "Sloe Gin" as defined above; shipped to the U. S. in bottles.

656 Rock & Rye (Etc.) Is "Rock & Rye" as defined above; shipped to the U. S. in bottles.

659 Other. Other cordials and/or liqueurs - (fruits and peels) of foreign origin not individually named above; shipped to the U. S. in bottles.

660 CORDIALS AND/OR LIQUEURS-(HERBS AND SEEDS) IMPORTED. Are cordials and/or liqueurs-(herbs and seeds) of foreign origin as defined above; shipped to the U. S. in bottles.

661 Anisette. Is "Anisette" as defined above; shipped to the U. S. in bottles.

662 Coffee (Cafe - & Creme de Coffee or Cafe. Is "Coffee" as defined above; shipped to the U. S. in bottles.

663 Kummel. Is "Kummel" as defined above; shipped to the U. S. in bottles.

664 Peppermint Schnapps. Is "Peppermint Schnapps" as defined above; shipped to the U. S. in bottles.

669 Other. Other cordials and/or liqueurs - (herbs and seeds) of foreign origin not individually named above shipped to the U. S. in bottles.

670 CORDIALS AND/OR LIQUEURS-(CREMES) IMPORTED. Are cordials and/or liqueurs- (cremes) of foreign origin as defined above; shipped to the U. S. in bottles.

671 Creme de Cacao White. Is "Creme de Cacao White" as defined above; shipped to the U. S. in bottles.

672 Creme de Cacao Brown. Is "Creme de Cacao Brown" as defined above; shipped to the U. S. in bottles.

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DISTILLED SPIRITS - CLASS AND TYPE

620 CORDIALS AND/OR LIQUEURS (CREMES) (Continued).

623 Creme De Menthe White. A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

624 Creme de Menthe Green. A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

625 Creme de Almond (Noyaux). A cordial or liqueur as defined in 600-649, having the characteristics of such products as known to the trade.

629 Other. Shall include any cordials and/or liqueurs (Cremes) not otherwise specified herein.

630 FLAVORED BRANDY. Is a cordial having a "brandy" or "neutral brandy" base in which fruit or other flavoring has been added, and bottled at not less than 70° proof and containing not less than 2.5% sugar by weight.

631 Apricot Flavored Brandy.

632 Blackberry Flavored Brandy.

633 Peach Flavored Brandy.

634 Cherry Flavored Brandy.

635 Ginger Flavored Brandy.

639 Other Flavored Brandy. Shall include any other "flavored brandy" not otherwise specified herein.

640 SPECIALTIES INCLUDING PROPRIETARIES. A liqueur and/or cordial as defined in 600-649 consisting of types which are in most cases "specialty" and/or proprietary items produced under registered trademark brands by only one house, but significant enough in the market place to warrant being classified as "specialty" and/or "proprietary" types.

641 Whisky Specialties.

642 Gin Specialties. Fruit flavored gins containing in excess of 2.5% sugar by weight shall be grouped in this category.

643 Vodka Specialties. Fruit flavored vodkas containing in excess of 2.5% sugar by weight shall be grouped in this category.

644 Rum Specialties.

645 Liqueurs (Whisky). Is "Rye Liqueur." "Bourbon Liqueur." (rye or bourbon cordials) are liqueurs, bottled, at not less than 60° proof, in which not less than 51%, on a proof basis of the distilled spirits used are, respectively, rye or bourbon whisky, straight rye or straight bourbon whisky, or whisky distilled from a rye or bourbon mash, and which possesses a predominant, characteristic bourbon or rye flavor derived from such whisky.

646 Liqueurs (Gin). Are modifications of standard class, type and brand names to qualify for specialized markets.

647 Liqueurs (Vodka). Are modifications of standard class, type and brand names to qualify for specialized markets.

648 Liqueurs (Rum). Are modifications of standard class, type and brand names to qualify for specialized markets.

649 Other Specialties Including Proprietaries. Any other "specialty" and/or "proprietary" not otherwise defined herein.

670 CORDIALS AND/OR LIQUEURS (CREMES) IMPORTED (Continued).

673 Creme de Menthe White. Is "Creme de Menthe White" as defined above; shipped to the U. S. in bottles.

674 Creme de Menthe Green. Is "Creme de Menthe Green" as defined above; shipped to the U. S. in bottles.

675 Creme de Almond (Noyaux). Is "Creme de Almond" (Noyaux) as defined above; shipped to the U.S. in bottles.

679 Other. Other cordials and/or liqueurs (cremes) of foreign origin not individually named above; shipped to the U. S. in bottles.

680 FLAVORED BRANDY.

681 Apricot Flavored Brandy.

682 Blackberry Flavored Brandy.

683 Peach Flavored Brandy.

684 Cherry Flavored Brandy.

685 Ginger Flavored Brandy.

689 Other Flavored Brandy.

690 SPECIALTIES INCLUDING PROPRIETARIES IMPORTED. Cordials and/or liqueurs as defined in 640 but of foreign origin; shipped to the U.S. in bottles.

691 Whisky Specialties.

692 Gin Specialties. Fruit Flavored gins of foreign origin containing in excess of 2.5% sugar by weight shall be grouped in this category.

693 Vodka Specialties. Fruit Flavored vodkas of foreign origin containing in excess of 2.5% sugar by weight shall be grouped in this category.

694 Rum Specialties.

695 Liqueurs (Whisky). Are modifications of standard class, type, and brand names to qualify for specialized markets; shipped to the U. S. in bottles.

696 Liqueurs. (Gin). Are modifications of standard class, type and brand names to qualify for specialized markets; shipped to the U. S. in bottles.

697 Liqueurs (Vodka). Are modifications of standard class, types and brand names to qualify for specialized markets; shipped to the U. S. in bottles.

698 Liqueurs (Rum). Are modifications of standard class, types and brand names to qualify for specialized markets; shipped to the U. S. in bottles.

699 Other Specialties Including Proprietaries Imported. Any other "Specialty" and/or "Proprietary" of foreign origin not otherwise defined herein.

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DISTILLED SPIRITS - CLASS AND TYPE

700-749 COCKTAILS, MIXED DRINKS AND HIGH BALLS.
This class of alcoholic beverages is derived by mixing one or more of the other classes: Whisky, Gin, Vodka, Rum, Brandy, Cordials, Wine or Beer with or without flavorings, eggs, non-alcoholic beverages, juices or water.

700 COCKTAILS 48° PROOF UP.

701 Whisky Manhattan. Whisky with sweet vermouth and bitters. (For dry manhattan use dry vermouth). Product is 48° proof and up.

702 Whisky Old Fashioned. Whisky with bitters, sugar and water. Product is 48° proof and up.

703 Whisky Sour. Whisky with citrus fruit juice and sugar. Product is 48° proof and up.

704 Margarita. Tequila with citrus fruit juice, triple sec and sugar. Product is 48° proof and up.

706 Gin Martini. Gin with dry vermouth. Product is 48° proof and up.

707 Gin Sour. Gin with citrus fruit juice and sugar. Product is 48° proof and up.

710 COCKTAILS 48° PROOF AND UP (Continued).

711 Vodka Martini. Vodka with dry vermouth. Product is 48° proof and up.

712 Vodka Sour. Vodka with citrus fruit juice and sugar. Product is 48° proof and up.

714 Daiquiri. Rum with citrus fruit juice and sugar. Product is 48° proof and up.

716 Brandy Stinger. Brandy with white creme de menthe. Product is 48° proof and up.

717 Brandy Side Car. Brandy with citrus fruit juice and triple sec. Product is 48° proof and up.

719 Other. Any cocktail made with a distilled spirit not otherwise specified herein. Product is 48° proof and up.

720 COCKTAILS UNDER 48° PROOF.

721 Whisky Manhattan. Whisky with sweet vermouth and bitters. (For dry manhattan use dry vermouth). Product is under 48° proof.

722 Whisky Old Fashioned. Whisky with bitters, sugar and water. Product is under 48° proof.

723 Whisky Sour. Whisky with citrus fruit juice and sugar. Product is under 48° proof.

724 Margarita. Tequila with citrus fruit juice, triple sec and sugar. Product is under 48° proof.

726 Gin Martini. Gin with dry vermouth. Product is under 48° proof.

727 Gin Sour. Gin with citrus fruit juice and sugar. Product is under 48° proof.

730 COCKTAILS UNDER 48° PROOF (Continued).

731 Vodka Martini. Vodka with dry vermouth. Product is under 48° proof.

732 Vodka Sour. Vodka with citrus fruit juice and sugar. Product is under 48° proof.

734 Daiquiri. Rum with citrus fruit juice and sugar. Product is under 48° proof.

736 Brandy Stinger. Brandy and white creme de menthe. Product is under 48° proof.

739 Other. Any cocktail made with a distilled spirit not otherwise defined herein. Product is under 48° proof.

750-799 COCKTAILS, MIXED DRINKS AND HIGH BALLS - IMPORTED.

(For future use.)

740 MIXED DRINKS - HIGH BALLS.

741 Screwdriver. Vodka mixed with orange juice.

742 Collins. Any basic liquor with citrus fruit juice, sugar and soda.

743 Bloody Mary. Vodka and tomato juice.

747 Egg Nog. Milk, eggs and sugar combined with distilled spirits to produce a drink having the characteristics of egg nog.

749 Other. Any mixed drink or highball not otherwise specified herein.

UNIVERSAL NUMERIC CODE FOR ALCOHOLIC BEVERAGES

GLOSSARY

WINE - BEER MISCELLANEOUS

800-849 WINES - DOMESTIC.

(For future use.)

900-949 BEER AND MISCELLANEOUS.900 BEER & MALT BEVERAGES. A liquor fermented from cereals and malt, flavored with hops.909 Other. Any product not falling into the beer and malt beverage category but closely related to these products.910-919 (For future use.)920-929 MISCELLANEOUS DISTILLED SPIRITS.921 Neutral Spirits - Grain. Are distilled spirits produced from grain at or above 190° proof, whether or not such proof is subsequently reduced.922 Neutral Spirits - Fruits. Are distilled spirits produced from fruits at or above 190° proof, whether or not such proof is subsequently reduced.923 Neutral Spirits - Cane. Are distilled spirits produced from cane at or above 190° proof, whether or not such proof is subsequently reduced.924 Neutral Spirits - Vegetable. Are distilled spirits produced from vegetables at or above 190° proof, whether or not such proof is subsequently reduced.925 Neutral Spirits - Petroleum. Are distilled spirits produced from petroleum at or above 190° proof, whether or not such proof is subsequently reduced.926 Bitters - Beverage. Bitters are made from formulae which are closely guarded proprietary secrets. They are the result, both of infusion and distillation processes applied to aromatic plants, seeds, herbs, barks, roots and fruits, all blended on a spirit base.927 Tequila. A distillate of the fermented juice of the Maguey plant (a variety of cactus).928 Grain Spirits. Are neutral spirits distilled from a fermented mash of grain and stored in oak containers.929 Other Miscellaneous Distilled Spirits. Are other miscellaneous distilled spirits not otherwise defined herein.930 MISCELLANEOUS WINE.

(To be used with Class 8 - Wine.)

940-949 NON-ALCOHOLIC MIXES.

(This category for internal use by companies.)

850-899 WINES - IMPORTED950-999 BEER AND MISCELLANEOUS - IMPORTED.950 BEER AND MALT BEVERAGES - IMPORTED. A liquor fermented from cereals and malt, flavored with hops; shipped to the U. S. in bottles.959 Other Beer & Malt Beverages - Imported. Any product not falling into the beer and malt beverage category but closely related to these products; shipped to the U. S. in bottles.960 (For future use.)970 MISCELLANEOUS DISTILLED SPIRITS - IMPORTED971 Neutral Spirits - Grain - Imported. Are distilled spirits produced from grain at or above 190° proof, whether or not such proof is subsequently reduced; shipped to the U. S. in bottles.972 Neutral Spirits - Fruits - Imported. Are distilled spirits produced from fruits at or above 190° proof, whether or not such proof is subsequently reduced; shipped to the U. S. in bottles.973 Neutral Spirits - Cane - Imported. Are distilled spirits produced from cane at or above 190° proof, whether or not such proof is subsequently reduced; shipped to the U. S. in bottles.974 Neutral Spirits - Vegetable - Imported. Are distilled spirits produced from vegetables at or above 190° proof, whether or not such proof is subsequently reduced; shipped to the U. S. in bottles.975 Neutral Spirits - Petroleum - Imported. Are distilled spirits produced from petroleum at or above 190° proof, whether or not such proof is subsequently reduced; shipped to the U. S. in bottles.976 Bitters - Beverage - Imported. Bitters are made from formulae which are closely guarded proprietary secrets. They are the result, both of infusion and distillation processes applied to aromatic plants, seeds, herbs, barks, roots and fruits, all blended on a spirit base; shipped to the U. S. in bottles.977 Tequila - Foreign Bottled. A distillate of the fermented juice of the Maguey plant (a variety of cactus). No geographic restrictions; shipped to the U. S. in bottles.978 Tequila - U. S. Bottled. A distillate of the fermented juice of the Maguey plant (a variety of cactus). No geographic restrictions; shipped to the U. S. in bulk and bottled domestically.980 MISCELLANEOUS WINE - IMPORTED989 Other Miscellaneous Wine - Imported.990 NON-ALCOHOLIC MIXES - IMPORTED

(This category for internal use by users.)

DONOHUE AND DONOHUE

COUNSELLORS AT LAW

26 BROADWAY

NEW YORK, N. Y. 10004

TELEPHONE 212-269-2330

CABLE ADDRESS "TARIFFLAW" NEW YORK

United States International Trade Commission
8th & E Streets, N.W.
Washington, D.C. 20436

May 21, 1975

File: 2202-28

Re: Investigation No. 332-73

Gentlemen:

We respond to your invitation to submit views on the draft report on Investigation No. 332-73 which concerns the formulation of an international commodity code (draft report). We respectfully submit that the adoption of such a code is at present unnecessary, would be costly and time-consuming to an extent outweighing any anticipated benefit, and would be contrary to the best interests of the United States in that its enforcement would result in the diminution of national sovereignty.

The draft report asserts on page 2, "Little effort has been made towards maintaining and improving any of these systems (major classification systems) to take into account significant changes in economic conditions, technology, and commercial trading practices." It cannot be said that this is the case with respect to the Tariff Schedules of the United States. These schedules, enacted in 1963, replaced the schedules which had been in effect for 33 years under the

Tariff Act of 1930. The current schedules were adopted to correct problems which had arisen under the old schedules precisely like those referred to in the draft report. The Tariff Classification Study of 1960 which was five years in preparation sets forth in its Submitting Report the nature of these problems and how they are to be remedied by the current schedules. Among other things the submitting report states:

the proposed revised schedules with their better organization and development of commodity descriptions, each having its own distinctive citation by item number, are much better suited to the development of useful import statisticsthe use in the proposed schedules of a tabular arrangement or system for the classification provisions, with superior tariff descriptions subdivided into inferior descriptions, adds greatly to clarity and furnishes immediate answers to various questions concerning the relative specificity of provisions."

It might be suggested that the present tabular system needs improvement or that the compilation of meaningful trade statistics is not as satisfactory as may be desired, however, it should be realized that the current classification system is still relatively young. It was drafted with great effort and care and its administration since 1963 has not disclosed any fundamental inadequacies. The new schedules are not offered primarily to improve our internal system of classifying merchandise for duty purposes. Their claimed benefits are

that they will facilitate statistical reporting because they will be in uniform use. But the problems involving statistics have been caused by the non-uniform methods of compiling and reporting them used by the nations who exchange this information. For example, value information is confusing if it is based on f.o.b. prices in some instances and c.i.f. values in others. It is equally confusing if it reflects current prices in some cases and, in others, total values, converted at averaged rates of exchange and divided again to reach an average unit value. Statistics on volume of exports or imports lose significance when, in some cases, they include goods manufactured in and imported from third countries for export as exports and goods returned after having been exported from the home market as imports, rather than from the categorization of merchandise pursuant to any particular tariff schedule scheme.

The submitting report states that the current schedules were influenced by other classification systems, especially the Brussels Nomenclature which is the standard of the European Economic Community and the Standard Industrial Classification Manual. Thus, they are patterned after international codes and trade terminologies in use when they were drafted. The new code claims no greater advantages. East-West trade is

just now beginning. The adoption of a new code that would provide for the new problems that may emerge from said trade might be appropriate after any such problems develop. It is scarcely appropriate now, when the problems are undefined.

The draft report states that the use of multiple systems is costly especially in regard to data collection and analysis. The development of a new system would be so costly in terms of the time involved in development and implementation as to outweigh any potential benefit. This is especially true in view of the fact that it may be necessary to develop another commodity code in the not too distant future if the volume of East-West trade increases as expected. The draft report quite rightly identifies problems which will emerge in the development of an international commodity code which include the developing of new product definitions where current definitions are universally accepted, agreement as to the most useful level of product refinements, and, the conforming of existing laws and regulations to the new code. These problems should not be minimized and should be carefully balanced against any possible benefit especially as to Customs administrators and importers. The time and expense involved in the reeducation alone of these two groups would

be enormous as well as the concomitant inefficiency and waste during a transitional period.

The draft report states that an international commodity code must be susceptible of uniform application and enforcement and suggests that an international supervisory body created by convention for this purpose should be established. The scope of the authority of such a body is not delineated but it is obvious that for such a body to be effective it must have the ultimate power of judicial review. For the United States to adopt the proposed code and then authorize an international body to interpret and administer it would be an unconstitutional delegation of congressional power to regulate foreign commerce and an improper relinquishment of a portion of our national sovereignty. This is not comparable to our participation in the General Agreement on Tariffs and Trade, subscribed to by executive agreement or to a treaty obligation undertaken after ratification by the Senate. The former is useful in implementing our Government's free trade policy but is not superior to the Constitution and laws of the United States. The latter, though the supreme law of the land if properly ratified and subject to interpretation by the International Court of Justice, does not derogate from our national sovereignty.

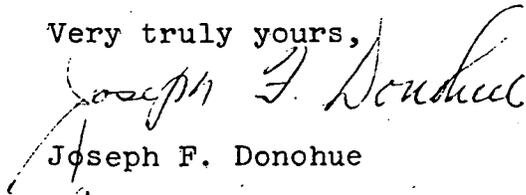
Treaties generally relate to external concerns of the nation. Hereinvolved is a proposed body of law controlling matters of internal concern. An international body of the type envisioned here would be properly analogous to the European Court of Justice. That court in Costa v. E.N.E.L., 1968 C.M.L.R. 267 stated that the member states had restricted their sovereign rights and created a body of law applicable both to their nationals and to themselves over which the European Court of Justice has the power of judicial review under Article 177 of the Treaty of Rome. The importance of this case is that it indicated that the Treaty of Rome had established a new body of law different from national and international law which must prevail over even subsequently enacted national legislation when in conflict therewith. In the United States, it is well settled that where a treaty is inconsistent with an Act of Congress the one later in point of time must prevail. Of special interest is the establishment of a Customs Union under the treaty which provides for, inter alia, the elimination of Customs duties among the member states. Among the numerous Customs cases decided by the European Court of Justice is Van Gend en Loos v. Nederlandse Tariefcommissie, 1963 C.M.L.R. 105 where the court struck down the imposition of an 8% rate of duty on ureaformaldehyde under the reclassified Dutch

tariff schedules because the reclassification of that item was found to be in conflict with the "standstill" provision of the treaty. If the principles enunciated in the above cases were applied to the United States it would mean that not only would Congress be prohibited from future tariff reclassifications to protect our national interests but that decisions of the Customs Court and the Court of Customs and Patent Appeals in deciding classification questions utilizing a well developed body of domestic interpretive law would be subject to the approval of an international body. Moreover, for an importer or American manufacturer to effectively present their views on a classification question they would have to travel to Geneva or The Hague or wherever the international authority happens to be located. The expense involved would be such as to foreclose all but those claims which involve large sums of money. It is submitted that the American people would strongly disapprove even the slightest relinquishment of our national sovereignty and that American importers as well as American manufacturers would object to having the legal ramifications of their business decisions subject to the vicissitudes of an international tribunal.

For the above reasons it is respectfully submitted that the International Trade Commission should conclude in

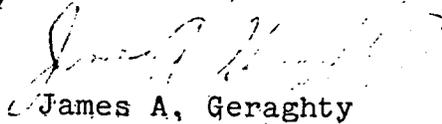
its report to both Houses of Congress and to the President that the formulation of an international commodity code and of an international body for its maintenance and administration is unnecessary, excessively expensive, and a potential threat to the power of Congress in the regulation of foreign commerce as well as to the power of the American judiciary to interpret laws directly applicable in the United States according to our well developed principles of Anglo-American jurisprudence.

Very truly yours,



Joseph F. Donohue

JFD:kg



James A. Geraghty

ELECTRONIC INDUSTRIES ASSOCIATION



2001 EYE STREET, N. W.
WASHINGTON, D. C. 20006

May 20, 1975

TELEPHONE: (202) 639-2200
CABLES: ELECTRON WASHINGTON DC

V. J. ADDUCI
PRESIDENT

Catherine Bedell, Chairman
U.S. International Trade Commission
Washington, DC 20436

Comments on ITC
Investigation 332-73

Dear Madam Chairman:

The Commission's Notice issued April 24 and dated May 1 invited comments on its draft "Concepts and Principles Which Should Underlie the Formulation of an INTERNATIONAL COMMODITY CLASSIFICATION CODE." This letter compiles the comments of the Electronic Industries Association (EIA). Our Association's membership consists of 240 companies manufacturing electronic products in the United States. In 1974, the electronic industries produced over \$34 billions worth of components, equipment and systems in the USA; in 1973, over \$33 billions worth. Despite the recession, our industries sold more in 1974 than in 1973.

In 1974, as many as 1,234,000 Americans were employed directly by all companies making electronic products...70,000 MORE than in 1973. To our direct employment, add an additional 1 million Americans employed by materials suppliers, by wholesalers and distributors, by retail stores, and by repair shops...because of the electronic products they handle. That is to say: we represent the livelihood of 2.2 million Americans and, hence, conservatively, the purchasing power of over 5 million consumers.

Our industries' comments on an International Commodity Classification Code are important, because they are extremely active internationally. The USA exported nearly \$5 billions worth of electronics during 1974. On this score as well, we did significantly better than the previous year, when our exports were less than \$4 billions. About 15% of our production is exported and, it is estimated, approximately 150,000 of our workers are employed because of exportation.

Our comments follow:

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MAY 21 AM 9:30

1. We recommend that the Commission's draft, particularly page 9, be revised so as to distinguish simplification from brevity. A classification and numbering system is simple to apply only if it contains enough items to serve the purpose of annotation, if each item is described so that it can be separated from others in the field, and if various parties will interpret the description uniformly. Brevity is counterproductive if it results in lack of clarity; if perplexed, many parties will show their merchandise as "Not Elsewhere Classified". Brevity is counterproductive if it is accomplished by merely condensing more merchandise into fewer items; our industries would not want to sacrifice any of the items in the field of electronic products now identified in the U.S. nomenclature.

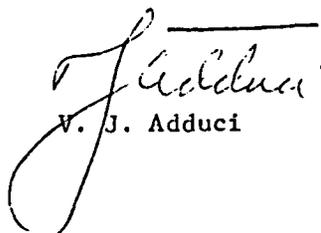
2. We commend the Commission on the language in its draft, particularly on page 7, permitting the insertion of new product classifications. The electronic industries have long struggled to obtain the field of classification and annotation existing in the U.S. nomenclature; and we presently enjoy the privilege of annual review so as to add new items for classification and annotation. Any international code should enable the continuance of these practices without imposing more delay (because of, for example, ratification by many other nations) than is presently entailed in U.S. procedures.

3. We commend the Commission on the language in its draft, particularly on page 6, providing for articles yet to be developed.

4. Although the Commission's draft makes no reference to the influence of BTN on the International Commodity Classification Code, it must be recognized that both are being developed within the Customs Cooperation Council. Therefore, other nations participant in the Code Harmonization Committee might persist with a presumption that the initial digits of the Code should be BTN's four digits. We recommend that the BTN be revised and modernized to cope with the complexity of today's high-technology products before BTN's digits be accepted as an integral part of the Code.

In conclusion, we wish to express our gratitude for the opportunity to comment on the Commission's draft and to ask that you regard our Association as willing and ready to assist you and the Commission's representatives to the Customs Cooperation Council in the evolution of a suitable International Commodity Classification Code.

Very truly yours,


V. J. Adduci

May 20, 1975

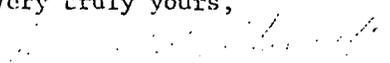
Mr. Kenneth R. Mason, Secretary
U.S. International Trade Commission
Washington, D.C. 20436

Dear Sir:

This will acknowledge copy of the Draft Report on Investigation No. 332-73 on the Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code.

We urge the continuation of the formulation of an international commodity code. As the report has indicated, the code would be of benefit to importers, exporters and manufacturers. We urge its continuation and sincerely hope that something definitive can be resolved in the not too distant future.

Very truly yours,


Michael G. Shevchik
Vice President - Administration

MGS/nmv

FAR EAST CONFERENCE

40 RECTOR STREET
NEW YORK, N. Y. 10006

May 16, 1975

GERALD J. FLYNN
Chairman

Area Code 212
Telephone: 269-9073-4-5-6

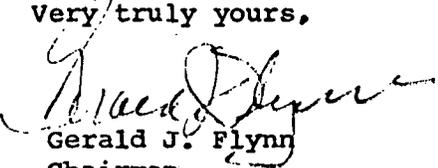
Mr. A. Parks, Director
Industry Division
8th & E Streets, Room 160
Washington, D.C. 20436

International Commodity Code

Dear Mr. Parks:

The enclosed comments are submitted in response to the notice which appeared in the Federal Register under date of April 30, 1975, wherein the International Trade Commission solicits the views of all interested parties with respect to the draft report released in connection with the Commission Investigation No. 332-73, initiated on February 4, 1975 in accordance with section 608(c) (1) of the trade Act of 1974.

Very truly yours,



Gerald J. Flynn
Chairman

GJF:af

cc: Mr. Robert Best, Senate Finance Committee
cc: Mr. Robert Lamar, House Ways & Means Committee
cc: Ms. Shirley Kallek
Bureau of the Census

1. The Far East Conference and the Pacific Westbound Conference have been in the forefront of the maritime industry in the analysis of the problems of reconciling tariff codes with the principal external coding system with which it must operate, the U.S. SITC-based Schedule B system for exports. This is the only system by which data on total and share freight movements are available in sufficient detail for analysis in the standard and special reports of the Bureau of Census. As it is both a classification and a statistical system, the FEC and PWC after the expenditure of considerable time and money have put their tariffs on a Schedule B system with totally compatible descriptions and coding. Other conferences are moving in this direction while others have adopted the SITC system in part to avoid the connotations of a "U.S." system.
2. The inadequacy of concordances is less in their usefulness than in the almost constant lack of comparability of the systems by which data is collected, classified and reported. Concordances would appear to be of considerable value in structuring data according to the various codes that may be required for national needs and purposes and for the international interfaces as long as operating with comparable discrete units. Modern data processing techniques and equipment greatly facilitate the interchange one to the other so that frequently the data collected under one system can be reported directly under another. Moreover, whatever the limitations

of past and present systems and whatever system(s) adopted, concordances will have a role in maintaining the continuity of the historical and statistical record.

3. The full benefits of a single uniform commodity code which could be adapted for national and international transport purposes can be obtained only if at the same time the following conditions are met:

- a) Full compatibility and direct translation with the system used for the collection and reporting of data on imports, exports and production at the national level and with that required for international interchange;
- b) Comprehension and unique coding capability of all possible products, e.g. hundreds of thousands of organic chemicals and compounds, and alternatively a compatible building block structure for generically categorizing those products that do not move in international trade or that transporters do not choose to rate individually.

The magnitude of the above problems is discussed in A Study to Develop a System for Standardizing Commodity Descriptions and Codes, Department of Transportation (Publication PB192613).

For example, it is pointed out that in the case of the railroad industry, despite 63,000 commodities summarized 14,000 uniquely coded entries for the railroads' Standard Transportation Commodity

Code (STCC), only a limited percentage of goods are moving under such codes; similarly with the National Motor Freight Classification.

4. The development of a commodity code according to the principles and concepts which should underlie its formulation, provided with the full exchange of and weight to the ideas nationally on production, exports and imports, will itself require a time frame considerably beyond that provided by the Trade Act of 1974. A more extended time frame for such an effort is suggested by the experience with the revisions for the Tariff Classification Act of 1962 or with the study for the realignment of the TSUSA with the BTN. In view of the considerable past and ongoing work in the international sphere, for example, through the United Nations and the Customs Cooperation Council and in view of the U.S. position as only one albeit largest trading partner, it can not be expected that one peculiarly U.S. code, particularly if it is an offshoot of previous U.S. tariff schedules, will meet the criteria for a true international code or will receive automatic acceptance by the other 100 or so trading partners. Thus if the process described for the development of a true international commodity code is to be followed, comprehension of international interests will add considerably more to the time frame. While current systems are not wholly adequate, they are operational and most all have been refined to the extent they feasibly can be. Abrupt, substantial change under an accelerated time frame would

unquestionably sacrifice appropriate consideration to the concepts and principles and thereby may well result in a system so crude and dubious as to defer adoption and utilization.

5. In the discussion of international product nomenclature, Part A, it should be noted that substantial cooperation has been achieved at the international level through the International Standard Industrial Classification of All Economic Activities (ISIC), the United Nations 4-digit building block counterpart to the U.S. Standard Industrial Classification (SIC). Concordance provide correlations 5-digit SITC to 4-digit ISIC and 4-digit ISIC to 5-digit SITC, with product class breakdowns as appropriate one to the other.

The U.S. has been for some years updating and refining its classification and statistical systems and/or related concordances to provide greater correlation with such international systems, namely, Schedule A and B with the SITC and SIC with the ISIC. See for example U.S. Department of Commerce Bureau of Census-Paper No.20, Correlation between United States and International Standard Industrial Classification, and the U.S. Foreign Trade Statistics Classification and Cross-Classifications 1970.

Gerald J. Flynn, Chairman
Far East Conference
Suite 1610 - 40 Rector Street
New York, New York 10006

Florida Fruit & Vegetable Association

a non-profit co-operative association



May 14, 1975

Mr. Kenneth R. Mason, Secretary
 United States International Trade Commission
 Eighth and E Streets
 Washington, D.C. 20436

Subject: Notice of Release for Public Views (332-73)

Dear Mr. Mason:

This will acknowledge with thanks the subject notice with copy of the draft report on concepts and principles which should underlie the formulation of an international commodity code, on which you are soliciting my views. I have read with care and interest the subject draft report, which in my opinion is very worthwhile and something very much in need at this time.

Over the years I have observed the problem of increasing confusion and even misunderstandings for the lack of uniformity and standardization in this area. Your report very ably points to these problem areas and their suggested resolution.

Understandably this is quite an undertaking which will require the efforts and work of many knowledgeable people to deal with the technical matters involved, as well as the geographic and economic cross section of the trading world it will have to serve. My only input at this time would be to suggest, as I am sure it is the objective of this undertaking, that the final work product will have simplified the system of nomenclature and classification and improved the comparability of the matters with which we are dealing. It also should be designed to lend itself to computerization since not only business but government is relying heavily on the data processing equipment for sorting out the ever-increasing volume of information and statistics with which we have to work. Our industry has had the experience of seeing the updating and modernization of many of the subjects with which we have to deal, such as crop reporting information, grades and standards, weather reporting and others, all of which after appropriate revisions have proved to be of great value in helping to simplify our activities.

Needless to say the only major hurdle you may encounter in effecting the improvements which are being sought in this project may be the resistance of some of those who have become so used to doing things the old way that it takes a little time to get them to see the benefit of changes which are an improvement over past methods.

Trusting the above is indicative of our interest and support, I am

Sincerely yours,

Joffre C. David

Joffre C. David
 Secretary-Treasurer

RECEIVED
 75 MAY 16 PM 4:11
 OFFICE OF THE SECRETARY
 U.S. INTL. TRADE COMMISSION

B-73

GRAUBARD, MOSKOVITZ & MCCAULEY

1629 K STREET, N. W.

WASHINGTON, D. C. 20006

NEW YORK OFFICE
348 PARK AVENUE
NEW YORK, N. Y. 10022

TEL: 298-4700
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May 16, 1975

Kenneth R. Mason
Secretary
The International Trade Commission
8th & E Streets, N. W.
Washington, D. C. 20436

Dear Mr. Mason:

This letter is in response to the International Trade Commission's release of April 24, 1975, inviting interested parties to submit written statements on the Draft Report on The Concepts and Principles which Should Underlie the Formulation of an International Commodity Code (Commission Investigation No. 332-73 initiated pursuant to §608(c) of the Trade Act of 1974 and under authority of §332(g) of the Tariff Act of 1930, as amended).

The American Institute for Imported Steel ("Institute"), 420 Lexington Avenue, New York, New York, an association of over forty companies engaged in the international trade in steel and steel products, recognizes the need for the formulation of an international commodity code appropriate for modernized tariff nomenclature for use by all trading nations of the world. Moreover, the Institute notes that such an effective recording, handling and reporting system for trade transactions would not be merely desirable, but indeed is a necessary requirement if business in our increasingly interdependent world is to be carried on in an orderly fashion. The Institute, soon to celebrate its twenty-fifth anniversary, has long supported the cause of trade liberalization by the removal of barriers to such trade. Thus, the Institute endorses this effort to develop an international system which could replace the various customs classification systems now employed by nations, the effect of which is to impede the movement of goods between nations.

Office of the Secretary
U.S. International Trade Commission
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GRAUBARD, MOSKOVITZ & MCCAULEY

Kenneth R. Mason

Page 2

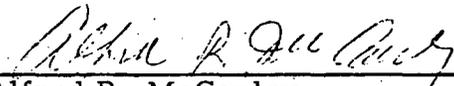
May 16, 1975

The Institute also urges the full participation by the International Trade Commission in the work of the Harmonized Systems Committee of the Customs Cooperation Council which, under authority of the European Community, such other major trading nations as Australia, Japan and the United States, together with various international organizations, is working to develop a universal, modern harmonization of customs administration, valuation and tariff classification. By working with the Harmonized Systems Committee, the Institute expects that the development of a modern, international system of commodity classification will be more easily effectuated.

The Institute has reviewed the Draft Report of the International Trade Commission which sets out a charter for the establishment of a new international commodity code to be based on sound principles and concepts of customs nomenclature. The Institute fully supports the thrust of the Commission's Draft Report which it finds is totally compatible with its own objectives. The Institute believes that the implementation of such a new international commodity classification system, based on the principles and concepts outlined by the Commission in its Draft Report, will permit the most efficient interchange of resources between nations, will advance the cause of liberal trade and will provide benefits to people not only within the United States but also throughout the world.

Respectfully submitted,

Graubard Moskowitz & McCauley

By 
Alfred R. McCauley
Counsel to the American Institute
for Imported Steel, Inc.

ARM/jc

Gulf Oil Chemicals Company

William C. Roher
President

Gulf Building
Pittsburgh, Pa. 15230

May 16, 1975

The Right Honorable Catherine Bedell
Chairman
United States International Trade Commission
Washington, D. C. 20436

Dear Madame Chairman:

In reply to your request for comments on USITC 729 (The Concepts and Principles Which should Underlie the Formulation of an International Commodity Code), we congratulate the Commission on the preparation of a clear statement of the need for an International Commodity Code and suggestions as to an appropriate and flexible scheme on which such a code could be based. We have no suggestions as to changes in the document. We would, however, like to make some comments on the role of the United States in participating in negotiations to establish the code.

Our company is a major supplier of chemicals both in the United States and worldwide, and as such, we feel that it and most other companies would benefit from the adoption of codes, such as that proposed by transportation suppliers in lowering their costs and speeding shipments where these must now be reclassified by each shipper. We also appreciate the value of such a code in simplifying tariff matters and expediting the collection and processing of data on production, trade, inventories, etc., for all the countries participating.

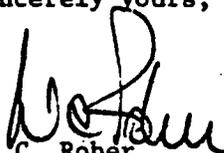
We understand that in negotiations already in progress at the Customs Cooperation Council (CCC) sessions on this topic now being held in Brussels, several European representatives are considering the use of the Brussels Tariff Nomenclature (BTN), which we feel has many shortcomings. Obviously, as the United States is one of the few major industrial countries which does not utilize the BTN for our tariff system, we realize it may be difficult for the United States representatives sent to CCC meetings in Brussels, to obtain acceptance of the numerical system proposed in the USITC 729 or similar system free from the weaknesses of the BTN. We hope, therefore, that an individual can be chosen to represent the United States, who is a very able negotiator and one not easily deterred.

B-76

Because of the large numbers, vast variety and complexity of relationships and structure of chemical products, we feel it to be advisable for the United States to be represented by an individual who has also a thorough knowledge of the chemical industry and its products.

In closing, we wish you success in carrying forward the interests of the United States in this important area.

Sincerely yours,



W. C. Roher

RCW:keg

HARRISCOMMUNICATIONS AND
INFORMATION HANDLING

May 7, 1975

75 MAY 9 AM 10-07

Kenneth R. Mason
Secretary to the Commission
United States International Trade Commission
Washington, D. C. 20436

Dear Mr. Mason:

After reviewing the draft report concerning the formulation of an international commodity code system, the Harris Corporation is in complete agreement with the U. S. International Trade Commission concerning both the need for such a system and the concepts and principles highlighted in this draft.

In view of the numerous coding systems available and the inherent problems in comparisons between different coding classifications, an international commodity code would not only simplify the classification and reclassification processes, but also would provide a format for analysis of international trade data on a comparable basis.

Although the draft outlines the major concepts that should be considered in the formulation of an international commodity code, there are two areas which we believe should be given special emphasis:

1. The coding system should be structured as simple as possible. However, the product categories should be formulated in such a way that different products in both use and technology are not consolidated into the same classification category. For example, in the Schedule A classification system, category 714300 includes both accounting machines, computers and other data processing equipment. As a result, the delineation of only computer imports is not possible using the Schedule A classification and the Department of Commerce publication FT135, U. S. Imports.
2. Prior to the structuring of an international commodity code, the countries involved and the various international organizations responsible for international trade statistics should express a 100% commitment to the use of such a system. This requirement is necessary in order to provide comparable international trade statistics.

Thank you for offering the Harris Corporation the opportunity to respond to the draft report. We hope that an international commodity code system is in operation in the foreseeable future.

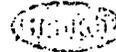
Respectfully,

Richard A. Taylor

Richard A. Taylor,
Market Analyst

RAT/pv

Henkel Inc. 480 Alfred Avenue, Teaneck, New Jersey 07666



May 12, 1975

U.S. TARIFF COMMISSION

RECEIVED

MAY 14 1975

OFFICE OF CHAIRMAN

The Honorable Catherine Bedell
Chairman
United States International Trade Commission
Washington, D.C. 20436

Dear Madam:

The Chemical Marketing Research Association's (CMRA) Government Data Source Committee Chairman, Mr. R.P. Widgery, brought to our attention USITC Publication (729) "The Concepts and Principles Which Should Underlie the Formulation of An International Commodity Code" and that comments were requested. We have not had the opportunity to scan this document; however, Mr. Widgery's review and summary familiarized us with the pertinent points.

We concur with Mr. Widgery's conclusion that the development of a logical and uniform international commodity code would facilitate the collection of comparable data on the production, domestic sales, exports, imports and inventories of all goods and in particular chemicals and allied products. Also, the adoption of such a code would probably reduce costs since its use would expedite the shipment of goods.

The United States should participate in the development of a practical code which recognizes the needs of the U.S. and international trading community. Therefore, we encourage the promotion of the concepts and principles set forth in USITC Publication 729 at the meetings of the Customs Cooperation Council (CCC). Finally, the importance of having an individual knowledgeable in the chemical and allied products industry and with its classification problems cannot be stressed too strongly.

Thank you.

Sincerely yours,

C.T. Connolly
C.T. Connolly

Manager, Market Research
(Member CMRA Government Data Source Com.)

cc: Mr. R.P. Widgery
Gulf Oil Chemicals Company
Gulf Building
Pittsburgh, Pa. 15230

Mr. K. Nolte, General Manager
Corporate Export Department
Henkel Inc.

U.S. TARIFF COMMISSION
MAY 14 PM 3:30
OFFICE OF CHAIRMAN

LESLIE FOODS
DIVISION OF LESLIE SALT CO.

May 15, 1975

United States International Trade Commission
Kenneth R. Mason, Secretary to the Commission
Washington, DC 20436

Dear Mr. Mason:

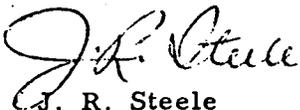
The Transportation and Distribution Committee of the Salt Institute has taken the position of not being opposed of an international commodity code tariff as long as the international code will not conflict with the national code as it is presently set up on salt and salt products in the Standard Transportation Commodity Code Tariff No. 1-A (hereafter referred to as STCC Tariff No. 1-A.)

To have two separate commodity code tariffs, one for national, and the other for international, is leading to the possibility of not complete unification; and this is something we would oppose. A copy of the STCC Tariff No. 1-A pertaining to salt is attached for your information.

For clarification on the Salt Institute, it is a non-profit association supported by the worlds major salt producers. Its members are located in Europe, Canada, and the United States. The Salt Institute office is located at 206 North Washington Street, Alexandria, VA 22314. Phone: 549-4648, area code 703.

Sincerely yours,

LESLIE FOODS
Division of Leslie Salt Co.



J. R. Steele
Customer Service &
Traffic Manager

JRS/ml

Attachment

cc: R. W. Murphy
All members of the Salt Institute

U.S. INTERNATIONAL TRADE COMMISSION

75 MAY 23 AM 9:49

RECORDED

B-80
STCC TARIFF No. 1-A - SECTION 1

Description	STCC	Description	STCC	Description	STCC
Safety caps, hats or helmets, of military, nec, metal	34 619 69	Salad ingredients (salad mix), cnstg of fish, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 314 38	Salt holders (feeders), of synthetic plastic	35 228 25
Safety caps, hats or helmets, of military, nec, synthetic plastic	30 713 48	Salad ingredients (salad mix), cnstg of fruit, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 341 21	Salt holders (feeders), synthetic plastic	35 228 25
Safety cord or fuse, explosive	28 921 22	Salad ingredients (salad mix), cnstg of meats, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 132 16	Salt rakers, iron, kd	34 239 49
Safety flares, highway, solidified fuel, or explosives or fireworks	28 993 69	Salad ingredients (salad mix), cnstg of vegetables, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 342 41	Salt refuse	40 251 68
Safety fuse, explosive	28 921 22	Salad mix (salad ingredients), cnstg of dairy products, fish, fruit, meats or vegetables combined, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 999 78	Salt shaker caps, brass or steel	34 619 61
Safety gates, railway	24 997 40	Salad mix (salad ingredients), cnstg of fish, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 259 81	Salt shakers, metal, of steel	34 612 20
Safety helmets, of military, nec, synthetic plastic	30 713 46	Salad mix (salad ingredients), cnstg of fruit, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 314 36	Salted or fresh meats & packing house products	20 999 93
Safety or feeding tables & seats, baby	25 181 25	Salad mix (salad ingredients), cnstg of meats, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 314 36	Salt, aniline (aniline hydrochloride)	28 186 48
Safety plates, running board, auto, steel or steel & rubber, fabric or composition combined	37 147 62	Salad mix (salad ingredients), cnstg of vegetables, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 342 41	Salt, by-product from manufacture of caustic soda	28 999 80
Safety racks, tire inflation, steel, su, viz, articles of welded construction consisting of steel plate base, not less than 5/16 inch thick and not thinner than 12 gauge steel tubing members	35 899 60	Salad mix (salad ingredients), cnstg of dairy products, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 999 78	Salt, celery, garlic or onion flavored	20 997 20
Safety razor frames, gold or silver plated	39 141 37	Salad mix (salad ingredients), cnstg of fish, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 259 81	Salt, common (sodium chloride), cnstg of borax, disodium phosphate & sodium sulphate, not to exceed 8%, suitable only for curing or drying lumber, not as a wood preservative, in blocks	28 991 18
Safety razor frames, not gold or silver plated	34 215 17	Salad mix (salad ingredients), cnstg of fruit, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 314 36	Salt, common (sodium chloride), cnstg of borax, disodium phosphate & sodium sulphate, not to exceed 8%, suitable only for curing or drying lumber, not as a wood preservative, in packages	28 991 17
Safety seat belts or straps	23 999 60	Salad mix (salad ingredients), cnstg of meats, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 132 16	Salt, common (sodium chloride), containing a mixture of food curing or flavoring ingredients, whether or not subjected to actual smoking processes or chemically treated to simulate smoked salt	28 991 15
Safety shield tires, inner, rubber, for installation in vehicle riding tires only	30 111 15	Salad mix (salad ingredients), cnstg of vegetables, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 342 41	Salt, common (sodium chloride), in bulk & packages	28 991 18
Safety sides, bed, metal	34 993 11	Salad oil, liquid, nec	20 961 30	Salt, common (sodium chloride), in bulk	28 991 12
Safety sides, bed, wood	24 214 23	Salads, fish, macaroni, meat or vegetable	20 999 48	Salt, common, in mxcl of bulk & packages	28 991 13
Safety spare tires, inner, rubber, for installation in vehicle riding tires only	30 111 15	Salads, fresh vegetable	20 999 56	Salt, common (sodium chloride), in packages	28 991 11
Safety squibs, explosive	28 921 52	Salads, frozen	20 381 15	Salt, common (sodium chloride), iodized or sulphurized	28 991 45
Safety valve weights, iron	34 298 47	Salad, fruit, canned or preserved	20 331 11	Salt, common (sodium chloride), phosphated or calcium phosphated	28 991 40
Safflower oil foots, sediments or tank bottoms, liquid or solidified	20 939 47	Salad, fruit, frozen, semi-frozen or chilled	20 371 50	Salt-garlic	20 997 20
Safflower oil sediments, liquid or solidified	20 939 47	Salads, macaroni	20 999 48	Salt, livestock, medicated, not more than 30 pct medicinal elements	28 991 25
Safflower oil tank bottoms, liquid or solidified	20 939 47	Salads, meat	20 999 48	Salt, onion flavored	20 997 20
Safflower seed oil cake screenings	20 939 14	Salads, vegetable	20 999 48	Salt, rock	14 715 10
Safflower seed oil cake, crushed or ground	20 939 14	Salamanders, contractors portable, iron, kd, bodies taken apart & nested	34 339 15	Salted wine (wine, flavoring or seasoning)	20 871 50
Safflower seed oil cake, inc crushed or ground cake, or cake screenings	20 939 14	Salamanders, contractors portable, iron, su	34 339 13	Salt-peter, chile (sodium (soda) nitrate, caliche or soda niter)	28 123 36
Safflower seed oil meal	20 939 14	Salamanders, furnace, iors	34 339 85	Salt-peter (potassium nitrate), crude	14 713 30
Safflower seed oil, liquid or solidified	20 933 43	Sales boards, fibreboard	26 499 72	Salt-peter (potassium nitrate), of crude	28 125 36
Safflower (carthamus) seeds	01 149 35	Sales certificates, paper or paperboard, having exchange value	27 419 40	Salts, aluminum, nec	28 195 49
Sage brush ashes	40 112 40	Sales checks or tickets, paper, nec, printed	27 415 45	Salts, amine or sodium, (2, 4-d (2, 4-dichlorophenoxyacetic acid)	28 799 63
Sage, dried	01 915 22	Sales coupons, paper or paperboard, having exchange value	27 419 40	Salts, amine or sodium, 2, 4-dichlorophenoxyacetic acid (2, 4-d)	28 799 63
Saggers, broken (shard)	40 271 50	Salesmens hand sample cases	31 611 49	Salts, amine or sodium, 2, 4, 5-t (2, 4, 5-trichlorophenoxyacetic acid)	28 799 63
Saggers, pottery	35 599 12	Salesmens samples, of boots, shoes, caps, hats, china or porcelainware, nec, or earthenware or stoneware, nec	39 998 51	Salts, amine or sodium, 2, 4, 5-t (2, 4, 5-trichlorophenoxyacetic acid (2, 4, 5-t)	28 799 63
Sago	20 466 35	Salicylic acid	28 186 36	Salts, antimony, liquid, nec	28 199 48
Sago flour	20 419 75	Saline intravenous solutions	28 311 58	Salts, antimony, of liquid, nec	28 199 49
Sago leaves	39 621 46	Saline solutions, intravenous inc.nutritional or anticoagulant	28 311 58	Salts, bath, medicated or perfumed	28 441 10
Sail boats, with power installed	37 321 10	Saline solutions, nec	28 311 72	Salts, bromine, crude, nec, for treating ores	14 719 15
Sail boats, without power	37 329 34	Salmon eggs, fish bait, canned, pickled or preserved	20 421 70	Salts, cadmium, nec	28 199 51
Sailboards, plastic, with masts, sails, centerboards (daggerboards) or rudders separated from body or hull	37 329 80	Salmon, fresh, frozen or not frozen, not processed	09 121 10	Salts, calcium or lime, nec	28 126 50
Sails	23 944 10	Salsify, fresh or green	01 319 90	Salts, cobalt, nec	28 199 52
Sails, boat, of worn out	23 944 15	Salsify, fresh or green, cold pack (frozen)	20 373 61	Salts, cyanogen, crude, nec	14 719 93
Sajo lumber	24 211 51	Salt cake (sodium sulfate, crude)	28 123 55	Salts, double manure	14 713 25
Sal ammoniac (ammonium chloride or muriate, or muriate of ammonia)	28 191 25	Salt feeders (holders), of synthetic plastic	35 228 26	Salts, epsom	28 126 56
Sal ammoniac skimmings	40 251 46	Salt feeders (holders), synthetic plastic	35 228 25	Salts, fished	28 199 89
Sal chalybis, less than 40% water	28 195 68			Salts, glaubers	28 123 56
Sal chalybis, not less than 40% water	28 195 69			Salts, heat transfer or brazing	28 999 35
Sal soda (sodium carbonate, decahydrate)	28 123 49			Salts, lima, nec	14 713 26
Salad base, dry	20 354 10			Salts, manure	28 199 91
Salad dressing	20 354 15				
Salad dressing preparations, dry	20 354 10				
Salad ingredients (salad mix), cnstg of dairy products, fish, fruit, meats or vegetables combined, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 999 78				
Salad ingredients (salad mix), cnstg of dairy products, with or without other ingredients, freeze-dried, canned, weighing not less than 15 lb per cubic foot	20 259 81				

B-81
HOWARD A. LEVY

ATTORNEY AT LAW

SUITE 727

17 BATTERY PLACE
NEW YORK, N. Y. 10004

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RCA-232895
CABLE: TRANCONFER

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ANAF
74 ST. JAMES'S ST.
LONDON SW1A 1PS
TEL: (01) 930-9652
TELEX: 918960

WASHINGTON, D. C.
TEL: (301) 933-2593

May 16, 1975

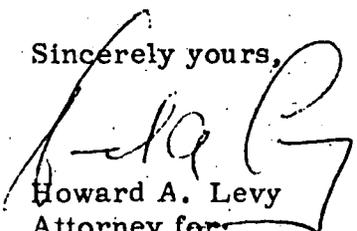
Kenneth R. Mason, Secretary
U. S. International Trade Commission
Washington, D. C. 20436

Dear Mr. Mason:

Re: Trade Commission Investigation No. 332-73,
Draft Report on Concepts and Principles
Which Should Underlie the Formulation of an
International Commodity Code

Please be advised that the Pacific Coast European
Freight Conference subscribes to and joins in the statement of the
"America - Europe Conferences" filed with the Commission on
May 16, 1975.

Sincerely yours,


Howard A. Levy
Attorney for:

Pacific Coast European Conference

HAL/jc

RECEIVED
MAY 19 1975
MAY 19 10 27

BEFORE THE UNITED STATES
INTERNATIONAL TRADE COMMISSION

-----X
DRAFT REPORT ON .
CONCEPTS AND PRINCIPLES .
WHICH SHOULD UNDERLIE THE . Trade Commission
FORMULATION OF AN INTERNATIONAL . Investigation
COMMODITY CODE . No. 332-73
-----X

STATEMENT OF

ASSOCIATED NORTH ATLANTIC FREIGHT CONFERENCES
NORTH ATLANTIC UNITED KINGDOM FREIGHT
CONFERENCE
NORTH ATLANTIC CONTINENTAL FREIGHT
CONFERENCE
NORTH ATLANTIC BALTIC FREIGHT CONFERENCE
NORTH ATLANTIC FRENCH ATLANTIC FREIGHT
CONFERENCE
NORTH ATLANTIC WESTBOUND FREIGHT ASS'N
CONTINENTAL NORTH ATLANTIC WESTBOUND
FREIGHT CONFERENCE
SCANDINAVIA BALTIC/ U. S. NORTH ATLANTIC
FREIGHT CONFERENCE
SOUTH ATLANTIC/NORTH EUROPE RATE AGREEMENT
UNITED KINGDOM U. S. GULF WESTBOUND RATE AGREEMENT
CONTINENTAL/ U. S. GULF WESTBOUND RATE AGREEMENT
EUROPE PACIFIC RATE AGREEMENT
(THE "AMERICA-EUROPE CONFERENCES")

Suite 727, 17 Battery Place
New York, N. Y. 10004
May 16, 1975

Howard A. Levy
Attorney at Law

BEFORE THE UNITED STATES
INTERNATIONAL TRADE COMMISSION

-----	X	
DRAFT REPORT ON	.	
CONCEPTS AND PRINCIPLES	.	
WHICH SHOULD UNDERLIE THE	.	Trade Commission
FORMULATION OF AN INTERNATIONAL	.	Investigation
COMMODITY CODE	.	No. 332-73
-----	X	

STATEMENT OF THE
AMERICA-EUROPE CONFERENCES

This statement is submitted by the designated
America-Europe Conferences ("AEC") pursuant to the Commission's
Notice of Release for Public Views in this matter dated April 24, 1975. *

It is the essential position of AEC that the Commission's
Draft Report ("the Report") has widely missed both the statutory and
factual mark and should be substantially revised before its presentation
to the Congress and the President of the United States.

* The various conferences joining in this Statement and designated at the
foot thereof are associations of common carriers by water operating in
the foreign commerce of the United States pursuant to agreements approved
by the Federal Maritime Commission pursuant to Section 15 of the
Shipping Act, 1916.

The Report has, we contend, exceeded the scope of the Commission's mandate under Section 608(c) of the Trade Act, 1974 (PL 93-618, January 3, 1975) and, in so doing, has laid the ground work for irreparable damage to the very cause it espouses, i. e. international commodity coding. We shall endeavor to demonstrate this major point in the comments which follow.

The terminal defect of the Report is buried deep in its core under Part D, Paragraph 3, whereat it declares:

"Under the circumstances, a code suitable for adoption at national and international levels for customs, statistical, and transport purposes should be formulated as a new system to insure its responsiveness to the uses for which the code is intended to be employed."
(Emphasis supplied) Report at pp. 15-16.

This conclusion, which goes beyond the Commission's statutory mission, so poisons the well as to contaminate the entire Report. Indeed, taken in the context of the whole, it would appear that the Report was drafted for the purpose of supporting and justifying the preconceived notion that an entirely new system of international commodity coding was necessary and desirable.

Nothing could be further from the truth. The fact is that years of effort have been devoted to the development of an international commodity coding system based on the widely recognized principles

summarized in Part C of the Report and the concept of "a new system" of coding has been fully considered and flatly rejected by the Harmonized System Committee (HSC) of the Customs Cooperation Council (CCC).

The CCC, which is an intergovernmental organization, was established to consider matters relating to customs administration, tariff classification and commodity valuation. It has delegated to HSC the task of developing a harmonized commodity description and coding system (HCC) and has endowed HSC with one of the most representative, expert and diverse membership bases ever assembled. In addition to the individual membership of leading trading countries, including the United States, HSC also includes the United Nations; the Economic Commission of Europe; the International Chamber of Europe; the International Chamber of Shipping; NATO; GATT; IATA; and the International Union of Railways among others.

The work of HSC, which is based on the Standard International Trade Classification (SITC) and the compatible Brussels Trade Nomenclature (BTN) represents an outstanding and remarkable example of international cooperation at its best. Moreover, in reliance upon the integrity and soundness of the work of HSC, a substantial segment of the world community, including both public and private sectors, has marched ahead on the basis of SITC/BTN. To halt or

impede that march would be a disservice to the cause of international cooperation in the formulation and implementation of a universal commodity code.

The Commission was not instructed by Congress to obstruct or undermine the work HSC, but was expressly directed to participate in the United States contribution to the technical work of HSC:

" .to assure the recognition of the needs of the United States business community in the development of a Harmonized Code reflecting sound principles of commodity identification and specification and modern producing methods and trading practices. "
Trade Act, Sec. 608(c)(2).

One does not "contribute" to the technical work of a uniquely expert international committee by advocating that its years of effort be washed down the drain. Moreover, one does not ascertain the "needs of the United States business community" in the isolation of an ivory tower. If the U.S. Business community has been requested to state its relevant needs, it is the best kept Government secret of the decade.

Had the Commission's staff undertaken to obtain the views of the ocean common carrier segment of the U.S. business community, it would have been advised:

1. We support the use of the SITC/BTN systems by HSC and have spent a great deal of money and time coding ocean freight tariffs on that basis;

2. In this effort we have had the staunch support of the Federal Maritime Commission whose rules declare that all tariffs should be coded on the basis of SITC;

3. We have also had the support and invaluable assistance of the U. S. Department of Commerce, the Maritime Administration, Bureau of Census, Department of Transportation and other Federal Agencies;

4. We have enjoyed the support of the shipping public both in the United States and abroad and have been encouraged in our efforts by other Governments, international organizations and industry associations;

5. There is complete compatibility at the three digit level between SITC and Bureau of the Census cargo flow data under Schedules A (imports) and B (exports);

6. The SITC/BTN systems, while imperfect, are under constant review and are being continuously improved and rendered ever more useful, universal and vital to international commerce and industry;

7. The SITC/BTN systems meet the needs of the carriers and their shippers and their abandonment as the nucleus of an international code would be a devastating blow to the ocean shipping industry and foreign trade.

Paramount, however, the inescapable fact is that if the United States elects to pursue an independent path and attempts to legislate conformity to its unilateral determination of a commodity code, it will find itself alone and it will find it has destroyed harmonization and frustrated its own efforts to promote trade between nations.

Moving to the heart of the matter, for we do not submit this Statement for any but the most serious purposes, we are inclined to believe that there is method to the madness of advocating the dismantling of SITC/BTN which is the real thrust of the Commission's draft Report.

That method may stem from a conflict of legislative

purpose and the competing needs of Government objectives. It seems to us that the draft Report lays the foundation for the eventual sponsorship of the TSUSA code on an international basis. Theoretically, the use of such a code could enable the Federal Government to measure the effect a production change in a given industry has on related industries (input/output analysis) and to fashion conclusions regarding the effect of imports on domestic production.

No doubt such economic intelligence could be very useful and could possibly influence governmental actions designed to provide the United States with a favorable balance of trade and international payments.

However, the bona fide labors of HSC to evolve a commodity coding system of the greatest benefit to the greatest number of nations should not be made a sacrificial lamb to the self-serving efforts of the United States to promote its special interests. In passing the Trade Act, Congress charged the Commission with the duty of submitting a report:

"...taking into account how an international commodity code could meet the needs of sound customs and trade reporting practices reflecting the interests of the United States and other countries..." (Emphasis added)
Trade Act, Sec. 608 (c)(1).

That duty is not discharged by rendering the interests of "other countries" subservient to those of the United States. The Commission's Report shows on its face that the interests of "other countries" have received no consideration whatsoever and it is perfectly clear that the Commission's staff has made no effort to even determine what those interests may be.

In short, the Commission's draft Report pursuant to Section 608 (c) of the Trade Act is not a Report responsive to that statute. It ignores:

1. The "needs of the United States business community";
2. The mandate to participate in the "United States contribution to the technical work" of HSC; and
3. The interests of "other countries".

Rather, the draft Report appears to us to be a response to the beat of a different drummer, a foreshadowing perhaps of the Commission's anticipated report pursuant to Section 608(b) of the Trade Act directing the Commission and the Department of Commerce to identify:

"... the appropriate principles and concepts which should guide the organization and development of an enumeration of articles which would result in comparability of United States import, production, and export data." (Emphasis supplied).

Were each nation of the world to approach the subject of international commodity coding with the objective of emerging with a system allowing it to determine the comparability of its own "import, production, and export data" for the obvious purpose of constructing an economic intelligence data bank in order to outwit its trading partners, there would surely be an infinite number of yo-yos and an infinite number of every other article of commerce known to or envisioned by mankind.

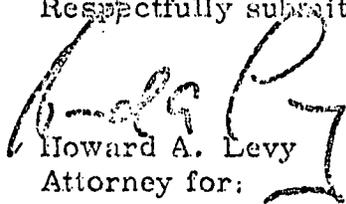
The International Trade Commission should not intertwine the legislative intent of Section 608(c) of the Trade Act with the intent of Section 608(b) and it should prepare and present to the President and to the Congress a final Report with respect to Section 608(c) which is responsive thereto and not to Section 608(b).

We urge the Commission to scrap its draft Report and to re-approach the vital subject of international commodity coding on an objective and meaningful basis. Such a basis should recognize

the superiority, universality, and utility of SITC/BTN and acknowledge the overwhelming consensus that an effort to create a new international system would constitute a crippling, if not fatal, blow to the development of any common system at all.

We appreciate the opportunity the Commission has afforded us to submit this Statement and pray that the Commission will adopt the views we have expressed.

Respectfully submitted,



Howard A. Levy
Attorney for:

Associated North Atlantic Freight Conferences
North Atlantic United Kingdom Freight
Conference

North Atlantic Continental Freight
Conference

North Atlantic Baltic Freight Conference

North Atlantic French Atlantic Freight
Conference

Continental North Atlantic Westbound
Freight Conference

Scandinavia Baltic/U. S. No. Atlantic
Freight Conference

North Atlantic Westbound Freight Association

South Atlantic/North Europe Rate Agreement

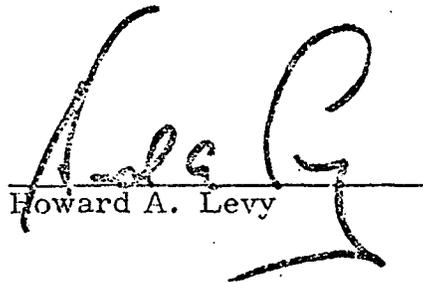
United Kingdom/U. S. Gulf Westbound Rate
Agreement

Continental/U. S. Gulf Westbound Rate Agreement
Europe Pacific Rate Agreement

Suite 727
17 Battery Place
New York, N. Y.
May 16, 1975

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing Statement by mailing via first class mail, postage prepaid, a signed original and nineteen(19) true copies thereof to Kenneth R. Mason, Secretary, United States International Trade Commission, Washington, D.C. 20436, on this 16th day of May, 1975.


Howard A. Levy



B-94

LUGGAGE & LEATHER GOODS MANUFACTURERS OF AMERICA, INC.
220 Fifth Avenue, New York, N. Y. 10001 • LExington 2-3960

May 22, 1974

Mr. Kenneth R. Mason, Secretary
United States International Trade Commission
Washington, D. C. 20436

(332-73)

Re: Draft Report on Concepts and
Principles which should underlie
the formulation of an
International Commodity Code

Dear Mr. Mason:

We regret the unavoidable delay in presenting our views with reference to your Notice of Release for Public Views to the draft report.

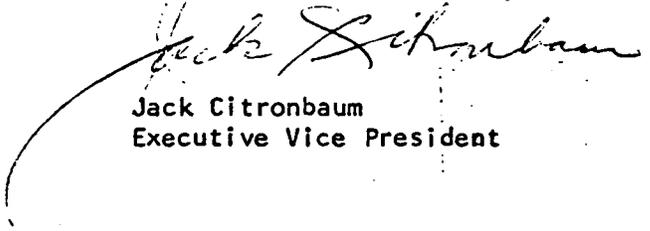
We wish to go on record as being in full accord with the draft report in that it attempts to simplify and make easier the application of the various tariff schedules.

Our industry's tariff schedule is Schedule 7, Part 1, Subpart D, numbers 706.0400 through 706.6045 and needs revision and correction. An opportunity to present our views regarding such revision and correction would be appreciated.

We do regret our failure to abide by the time schedule set forth in your release issued April 24, 1975.

Respectfully yours,

LUGGAGE AND LEATHER GOODS
MANUFACTURERS OF AMERICA, INC.


Jack Citronbaum
Executive Vice President

JC:ss

MILES MILES LABORATORIES, INC.
ELKHART, INDIANA 46514

MARSHALL DIVISION

MAY 23 1975

JAMES F. REYNOLDS
MANAGER, MARKET DEVELOPMENT

PHONE: 219 264-8842

May 19, 1975

Rt. Hon. Catherine Bedell
Chairman
United States International Trade Commission
Washington, D. C. 20436

Dear Madam Chairman:

The recent U. S. International Trade Commission (USITC) Publication (729) "The Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code" has come to my attention and I note that comments on this report have been requested.

As a member of the Chemical Marketing Research Association, I would like to offer my assistance in this project.

Yours very truly,

James F. Reynolds
James F. Reynolds
Manager, Market Development

JFR:bg

RECEIVED

MAY 23 1975

OFFICE OF CHAIRMAN

DIRECTORY OF INDUSTRY CONTACTS FOR USE BY
THE UNITED STATES INTERNATIONAL TRADE COMMISSION

COMPANY NAME Miles Laboratories, Inc.

DIVISION NAME Marschall Division

CONTACT: NAME James F. Reynolds

PHONE NUMBER 219 264-8842 -
(area code) (number) (extension)

ADDRESS 1127 Myrtle St. Elkhart, IN 46514

Areas of Expertise:
Marketing of Food-Additives/Ingredients
Enzyme Markets
Marketing Research

Normal Business Hours 8:00 to 5:00

Alternate contact (for use in emergencies only)

Name None

Position _____

Phone _____
(area code) (number) (extension)

B-96



GENERAL OFFICES • 3M CENTER • SAINT PAUL, MINNESOTA 55101 • TEL. (612) 733-1110

May 14, 1975

U.S. INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436
MAY 28 AM 11:12

United States International Trade Commission
Washington, D. C. 20436

Gentlemen:

Subject: Draft Report on Investigation No. 332-73

Minnesota Mining and Manufacturing Company received on April 30, 1975 your notice of release for public views and subject Draft Report on Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code. In the brief period given before your May 19 requested response date, we have examined the document and find it exceptionally sound and complete within its intended scope and purpose.

The draft report exposes and identifies the problems and waste faced by a multinational company such as ours with respect to classification of material for tariff, freight, and sales statistical purposes. We have had previous correspondence with your agency and others on the need for a single international commodity classification and we are vitally interested in its early development and implementation.

As an illustration of one type of problem, if we were to ship, say, magnetic tape into a foreign country, we must look up its BTN number which is BTN #92.12; then its TSUS number 724.4500, which correlates to SITC #891.20. We also must apply for an export license under SBN #891.2050, for which the SIC number is 36795. None of the above classifications are exactly equal since the inclusions and exclusions vary. Should we ship through one foreign country into another, the problem may compound since each country has variations in structure and/or interpretation.

The concepts and principles in the draft report are those widely recognized in the technical classification field and we commend this professional approach. We note that you also visualize the tremendous diversity of interests, political aspects, and language barriers involved, and would hope that development of a basic system could be well established under a firm commitment to the draft report principles by all participating parties before necessary accommodations take place.

MINNESOTA MINING AND MANUFACTURING COMPANY

B-98

United States International
Trade Commission

May 14, 1975

Finally, the concept for maintenance and administration is a practical solution to the diversity of interests. Carefully worded rules for classification are a necessity to minimize inconsistency of interpretation. Also, enforcement of rules and degree of enforcement must be uniform among the countries.

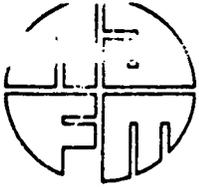
We will be pleased to be kept advised as to progress and activity on this important project.

Minnesota Mining and Manufacturing Company

by

David H. Cochran
David H. Cochran, Manager

Classification & Material Identification Dept.
Information Systems & Data Processing



B-99

FROM THE WASHINGTON OFFICES OF THE
NATIONAL ASSOCIATION OF
FURNITURE MANUFACTURERS, INC.

8401 CONNECTICUT AVE., SUITE 911
WASHINGTON, D.C. 20015
301/657-4442

May 23, 1975

THE UNITED STATES INTERNATIONAL
TRADE COMMISSION
Washington, D.C. 20436

Attention: Mr. Kenneth R. Mason,
Secretary

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Association

Summer and Casual
Furniture Manufacturers
Association

California Furniture
Manufacturers
Association

Gentlemen:

The United States Household Furniture Industry is rapidly entering a new era in which International Trade is becoming very important. While exports have been growing, imports of furniture and furniture parts have been rising at an exceptional rate.

With the realization of new international competition and new international markets, the National Association of Furniture Manufacturers sees the need for an International Commodity Code to allow the industry to better analyze international developments, as well as provide individual furniture manufacturers the background they need to be a formidable force in the international marketplace.

The National Association of Furniture Manufacturers endorses your draft report which was released in connection with Commission Investigation #332-73, in accordance with the Trade Act of 1974. We agree with the report that there is substantial need for such an International Code and, furthermore, with the basic methodology outlined therein. We feel very strongly that the Household Furniture Industry is unique because of the numerous end uses for furniture, the various manufacturing techniques employed in its manufacturer, as well as the many different raw materials and components used. We feel, therefore, that the actual structure of a code for the furniture industry must be based on inputs from members of the industry.

B-100

Our Association would be willing to participate as one representative of the furniture industry in the formulation of an International Commodity Code.

We heartedly support the International Trade Commission's report and hope that we may serve as a vehicle of participation for the United States Household Furniture Industry.

Sincerely,

A handwritten signature in cursive script, appearing to read "John M. Snow".

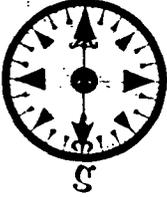
John M. Snow
Executive Vice President

JMS/11

NATIONAL COMMITTEE on INTERNATIONAL TRADE DOCUMENTATION

ARTHUR E. BAYLIS, NATIONAL DIRECTOR

30 EAST FORTY-SECOND STREET, NEW YORK, N. Y. 10017 ; TELEPHONE: 212-687-6261



May 13, 1975

Chairman Catherine Bedell
United States International
Trade Commission
Att'n: Mr. Kenneth R. Mason, Secretary
Washington, DC 20436

Dear Madam Chairman:

The National Committee on International Trade Documentation (NCITD) wishes to avail itself of the invitation contained on your Notice of Release of April 24, 1975 to comment on your Draft Report on Investigation No. 332-73 entitled "The Concepts and Principles Which Should Underlie The Formulation Of An International Commodity Code". Late receipt of the report and the short time limit for filing written statements will necessarily make this summary brief. If permitted later, the NCITD position can be further enlarged and detailed either in writing or at hearings.

NCITD's sole interest is in simplifying international trade documents and related procedures. Our more than 200 supporting member companies, over 250 documentary technicians, six steering committees, and 30 technical project sub committees are all working to eliminate documents, simplify necessary forms, standardize practices and procedures -- and ultimately to make available computerized systems so that international trade data can be interchanged, in coded form, on a world-wide basis. In the foreseeable future we expect to accomplish the goal of reducing to the bare minimum the standard documents necessary to exchange trade data on paper systems. While doing this, we are also heavily involved in helping to program an entirely paperless, ADP, coded alternative for handling the information as parties decide to discard paper systems and to convert to a coded transmission system. It is primarily in this latter context and in our role as an active participant in the designing of the Cargo Data Interchange System (CARDIS) that we address you.

Referring to your draft report, we can fully agree with your preambles and philosophy as to the value of coding in the world today and as seen in the world of the future. However, we must also fully disagree with your conclusions and suggested solutions.

Points of agreement are that:

- (1). There is a great proliferations of codes and classifications.
- (2). There is a need for uniformity, particularly for an international commodity code.
- (3). We should strive for a single system to assist trade, provide reliable information, reduce costs, make available comparable data, and ensure comparable identifications for business, statistics and customs.
- (4). Since there are so many parties involved, uniformity of approach and understanding is very difficult to achieve.
- (5). Any successful international commodity code must be complete, systematic, legally enforceable, clearly defined, uniformly applied, realistic, simple, and acceptable to all parties.
- (6). Development of a commodity code must build in practical flexibility, be simple, practical, understandable and fully capable of covering the universe of the present and foreseeable commodity groupings, chapters, headings, and extensions for detail purpose.

Beyond these agreements with your draft report on fundamental structure and objectives, we must record serious objection to your suggested approach to the future work and solution to the problem.

At the present time the BTN commodity code, which is primarily structured to meet Customs requirements, has stood the test of time for almost 30 years. It is currently being used by about 115 trading nations, with the United States being the only major trading nation abstaining from such usage. Within the last few years, the special international task group referred to on pages i and ii of your draft report has been directed to enlarge, expand and modernize the entire BTN so that it can meet the commodity description needs for the future. There have been hundreds of thousands of man hours and dollars spent on this project and many United States departments and agencies -- including your own Commission -- have been actively involved and are still hoping to bring the project to completion by late 1976 or during 1977. This program of a modernized and expanded BTN is designed to make

this commodity code more descriptive, more encompassing, and more flexible for practical interface, or cross reference, with any other remaining commodity codes that may continue in effect because of national preferences.

In a parallel activity, another world-wide accepted code is being modernized, extended and interfaced with the BTN. This is the trade statistics-oriented code of the United Nations, identified as the SITC. Work to bring this code up-to-date and cross-referenced to the enlarged BTN has had the full support of United Nations members, including the United States.

Therefore, as of this time, the United States, in manpower, money and principle, is supporting actively the current BTN and SITC projects to bring these two coding systems up to date for Customs and statistical purposes, respectively. The fact that the United States has never adopted either of these codes for internal or external use has not deterred our enthusiasm for them, our support for their enlargement and updating, and our continuing studies to interface with them.

For reasons that have never been catalogued, United States coding has never reached the point of accord provided by either BTN or SITC. Instead, the U.S. has been noted in the coding field primarily for its ability to create and to perpetuate a continuing cycle of special purpose, non-related, and non-interfacing codes. From the simple commercial SIC code, the list grows to Schedule B (exports), Schedule A (imports), TSUSA (customs imports), and STCC (domestic and surface transport). In the case of the later STCC code, a great deal of time and expense, supported by the government, has been spent in bringing the U.S. requirements (under the STCC headings) into harmony with the new evolving BTN/SITC structures. Now, for the first time, there is a chance that the mish-mash of U.S. codes can be interfaced internationally without changing the name of our structure, and while benefiting by the world-wide commodity descriptive intelligence that has been put into the new BTN and SITC -- with full U.S. support.

The history of coding work in the United States has been so uncoordinated that it has been impossible to present a solid U.S. position on this subject at international forums. For that reason, the rest of the world has gone diligently along with perfecting the structure and use of BTN and SITC without regard for what the U.S. position, if any, might be. In our discussion of this situation recently at international meetings, it was evident that little concern is being expressed over what the U.S. may do on coding. Our maverick position of the past and our inability to get our own coding house in order has certainly not helped our image in this technical field as far as world leadership is concerned. In this posture, it is wholly untenable to even think that the two leading worldwide coding

modernization programs can now be changed to accommodate a wholly new system, yet undefined and undeveloped, as suggested on pages 15 and 16 of your report. In the real world of today and tomorrow, in the field of coding, the U.S. has a big job to do just to catch up with the rest of the world. This is a far cry from trying to put together a whole new system and then to expect the rest of the world to adopt it.

The responsibilities of your Commission in the field of coding are not to be disputed. With these responsibilities goes the job of covering government, customs, statistical, carrier, banking, forwarder and general business requirements. Since your Commission has recognized (page 16) that "no existing system should be overlooked in the search for useful provisions and techniques for designing and developing the desired international product nomenclature", we submit that your first and major function should begin at home. This is the task of coordinating and combining the wide array of currently existing U.S. codes. A vast amount of work has already been done to expand our many codes to meet modern needs. More is now being continued. Also, effective work is being progressed to create "bridges" or "interface" between these codes and the growing BTN and SITC.

Because of this work being so decentralized and lacking of commonality of purpose, there is a great need for a consolidating of all of our various codes so that the U.S. could then point to a single, expanded, modern system to serve the needs of all parties. Under your Congressional authority, your Commission, we believe, is the logical department of government to perform in that role. Therefore, we urge that you abandon any thought of developing a coding panacea for the entire world, or any expectation that the current users of BTN and SITC are even in the slightest way interested in having you develop a new pattern for them to follow. Instead, we hope that you will employ your talents to bring the confused state of multiple coding systems in the United States into a sharp focus on one modern, expandable and flexible system. Only then can the United States be a full participant in the benefits to be derived from the exchange of coded information relating to international trade in the future.

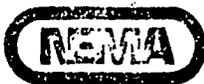
As we intensify our work to help develop a U.S. data and information exchange program such as the proposed CARDIS system, we realize that the need for a solution to this coding problem is NOW. Unless we get our own house in order promptly on coding, much of the other technology in the system will have gone to waste. Therefore, we hope you will not pursue a fruitless path of trying to change the world or of hoping that the coding parade will stop and wait for a U.S. solution to the entire problem. Better that we should move with all haste to simplify and to standardize our own codes and code

requirements. In doing so, the clear obligation to keep these in interface with BTN and SITC would become automatic.

NCITD is available to assist in your program in any practical way, and to present further testimony on this subject if this would be helpful.

Very truly yours,


Arthur E. Baylis
Executive Director



National Electrical Manufacturers Association
155 East 44th Street • New York, N.Y. 10017 • 212-682-1500

A. J. Nesti
Chief Statistician

May 16, 1975

REC'D
MAY 19 10 10 AM '75
U.S. MAIL

Mr. Kenneth R. Mason
Secretary
United States International
Trade Commission
Washington, D. C. 20436

SUBJECT: DRAFT REPORT ON CONCEPTS AND PRINCIPLES WHICH
SHOULD UNDERLIE THE FORMULATION OF AN
INTERNATIONAL COMMODITY CODE

Dear Mr. Mason:

I would first like to compliment the Commission on the very complete picture of both the benefits and the difficulties associated with the proposal of formulating a new Standard International Commodity Code. Next I would like to say that if a code such as is described in the draft is humanly possible, I am sure that not only our industry, but all industries and business in the United States, would benefit and would lend the effort its wholehearted support.

The first problem, therefore, that we feel needs to be discussed and decided upon is whether or not the development of such an international commodity code, as described in the draft, is feasible, and whether the ultimate product would be practical, not from the standpoint of its intention, but rather from the standpoint of its adoption at all levels -- Government and private.

Our organization has spent a great deal of time over the past thirty years working with various Government agencies in attempts at both improving and standardizing various types of industry and commodity classifications. In many of these efforts our Association took the leadership in industry circles in attempting to accomplish improvements in existing classifications. Specifically our efforts were expended on the Standard Industrial Classification of the United States, the more detailed product classifications of the Bureau of the Census, the Schedule B classifications for commodities exported from the United States, the Schedule A classifications for commodities imported into the United States,

Mr. Kenneth R. Mason
Secretary
United States International
Trade Commission

May 16, 1975

and the Standard International Trade Classification. In spite of the work of countless panels, committees, and individuals, on the Government side and on the industry side, we have the present condition of classification described so well in Part A of the Commission's draft.

From the background of our experience, we would submit that some of the major problems might be the following:

- (1) Determining the connection between a classification of industries (for example, the Standard Industrial Classification of the U.S.) and a classification of commodities. On the surface this may not appear to be a major problem. However, our experience has indicated that this is a major controversial classification problem.
- (2) Determining whether our own Governmental agencies would be both receptive and able to work with one standard industry and commodity classification. Our experience in this area has indicated a strong lack of such a possibility.
- (3) Developing acceptable nomenclature for exactly similar products and similar industries as between the various individual countries. Here we have discovered vast differences in nomenclature as well as a resistance to change.
- (4) Pre-determining both the possibility and willingness -- both in terms of physical effort involved and financial problems, involved for the adoption of the final product -- that is, one standard international classification of industries and commodities -- by individual businesses in all countries involved. It would seem to us that this should be the first exploration so that it can be determined, ahead of exhaustive efforts and expense, whether there is a reasonable expectancy of acceptance.
- (5) Pre-determining the acceptable time period for completion of the project. Here again our experience shows that classification chores of this kind are always extremely difficult, extremely controversial, and very time-consuming.

In spite of the problems outlined above, we think the idea of one single international classification is very desirable.

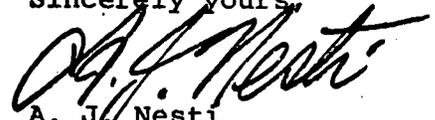
Mr. Kenneth R. Mason
Secretary
United States International
Trade Commission

May 16, 1975

We agree wholeheartedly with all of the benefits of such a classification described on page 4 of the Commission's draft. In fact, the only part of the draft with which we would tend to raise a question would be Part 3 of the listed Concepts and Principles on page 7, which states that the ultimate Standard International Classification "should constitute an enforceable legal document." We think that this particular "principle" could stand some further discussion and clarification.

We would be interested in any further developments on this matter and we certainly would be most willing to contribute whatever help might be needed with respect to our own industry's sector of the project.

Sincerely yours,



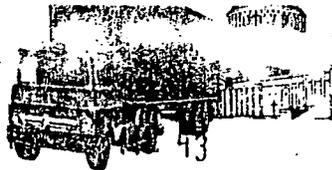
A. J. Nesti
Chief Statistician

AJN/r

Enclosure: 19 Copies

cc: Mr. B. H. Falk, NEMA President
Mr. T. J. Ryan, NEMA Staff

B-109



75 MAY 16 AM 11:43

75 MAY

NATIONAL MOTOR FREIGHT TRAFFIC ASSOCIATION, INC.

A.T.A. Building • 1616 P Street, Northwest • Washington, D.C. 20036 • 202-797-5311

May 12, 1975

United States International Trade Commission
Washington, D. C. 20436

Re: Investigation 332-73

Attention: Mr. Kenneth R. Mason, Secretary

Gentlemen:

We have read your draft report on the concepts and principles which should underlie the formulation of an international commodity code. Although the report title addresses itself to international trade the draft itself makes constant reference to national and international trade.

The National Motor Freight Traffic Association publishes the National Motor Freight Classification. That classification provides ratings for the some 5,000 carriers participating in the publication. We divide the some 11,000 entries in the classification into generics similar to your recommendation in the report. Within each generic we list commodities and further identify them by an item number, again similar to your plan.

For your information we are sending you a copy of the current classification.

Because of the large number of carriers who use the NMFC item number, we have an interest in your report, particularly because of your item 3 on page 7, calling for the code to be an enforceable legal document.

We concur that your goal is a commendable one and because of our carriers' interest, we ask that we be made a party of record for any future releases on the subject.

Yours truly,
NATIONAL MOTOR FREIGHT TRAFFIC ASSOCIATION, INC.

Richard H. Winchcliff, Executive Director

RHH:lo
Encl.

B-110

EDWARD H. POLLACI, JR., LL.M.

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RSVP

April 26, 1975

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FED. AGENCIES - ASSOCIATES

copy: Hon. JP. Addabbo
Oversight File

Hon. Kenneth R. Mason, Secretary
US International Trade Commission
8th & E sts NW
Washington, DC 20436

Dear Sir:-

Reference is to your Release of April 23, 1975 concerning Japanese imports concerning the impact on US Industry and the USA electorate-workers in the industry. The report in my opinion does not encourage the staff of our Treasury Department to pursue effectively its statutory duty to investigate this matter.

With respect to the release 332-73-Notice of Release for public views concerning your DRAFT REPORT ON CONCEPTS AND PRINCIPLES WHICH SHOULD UNDERLIE THE FORMULATION OF THE INTERNATIONAL COMMODITY CODE-in my opinion this is another thrust against the electorate of the USA with respect to our tragedy of unemployment along with the new thrust to establish the foreign ideology the metric system which policies in my opinion are doing their best to destroy our employment base in the USA.

Reference is to page 2 of the plastic release-I would greatly appreciate your allowing to me a copy of the Report ITC Publication 727. Thanking you in advance for it,

Respectfully yours,

Edward H. Pollaci, Jr.

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75 MAY 1 PM 3:53

B-111

ROBERT E. LAND VEER & CO., INC.

CUSTOMHOUSE BROKERS

FEDERAL MARITIME BOARD REG. NO. 368
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905 Western Avenue • Seattle, Washington 98104 • Telephone (206) 623-5335

INSPECTION COPY
May 9 1975

United States International Trade Commission
Washington, D. C. 20486

Attention: Mr. Albert F. Parks, Director
Office of Trade & Industry

Reference: Solicitation of Comments on Draft Report on USITC
Investigation No. 332-73

Gentlemen:

Your letter of April 29, 1975 invited comments, "in short order",
I might add, on the above.

We have reviewed the report attached to the referenced letter.

As a position paper for the United States to present to the CCC,
we believe that the document will suffice as written. As to the
practicalness of such an undertaking, we sincerely question the
justification of expense and the drain on the taxpayers dollars
to pursue this any further.

Experience dictates that communication is the most important
basic factor in trade, starting and stopping wars and in every
day living. However, each segment of International Trade, each
segment or neighborhood of manufacturing, each country with its
individual language, communicates in a manner unlike any other of
its counterparts. The direction of the CCC and its apparent support
of the United States indicates that the CCC will become like the
United States in its early stages of development, the melting pot
of the world in communication.

Each freight line, tariff bureau, Customs, etc. has developed a
workable, if not confusing to a layman, method to conduct its
business. Familiarity to these individual codes does not come easy
and without extensive time and effort by those individuals working
within that system. Each one of these codes or tariffs have stood
the test of time and courts and are workable, viable, integral
parts of the industry using these codes or tariffs. You have
mentioned that the development of this proposed standard code
would be monumental objective. We agree. Therefore, we have a

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U.S. INTERNATIONAL TRADE COMMISSION

United States International Trade Commission

May 9, 1975

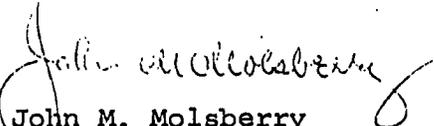
suggestion that may accomplish the goal without the disruption of usuals and accepted practices. We submit that the CCC would achieve its objectives, ie. an International level of statistics if they pursued the following: Obtain from each member country, all trade information as collected and recorded in that country; establish a commission which would be responsible for converting the various country information into a well defined common nomenclature, which could be established by the commission. The Commission would then make this standard information available to each country requesting same, who would in turn, make their own adjustments to relate to their particular trading practices.

We believe that the comprehensive report would be as conclusive as the proposed rewriting of all country and trade codes, the effectiveness would be equal to the proposed rewriting and the results of such a commission and decoding system would be almost immediately beneficial.

Yours very truly,

ROBERT E. LANDWEER & CO., INC.

By


John M. Molsberry
Secretary Treasurer

JMM:cm

E 112

THE SEWING MACHINE TRADE ASSOCIATION
58TH FLOOR
THIRTY ROCKEFELLER PLAZA • NEW YORK, NEW YORK 10020

May 1, 1975

Mr. Kenneth R. Mason, Secretary
UNITED STATES INTERNATIONAL
TRADE COMMISSION
Washington, D.C. - 20436

Re: The Concepts and Principles of an
International Commodity Code

Dear Mr. Mason:

We have seen and have reviewed U.S.I.T.C. publication #729, which was presented to both Houses of the Congress and to the President pursuant to Section 608C-1 of the Trade Act of 1974.

During the past several years, The Sewing Machine Trade Association; and its European affiliates, have worked aggressively with the Census Bureau and the Bureau of the Budget, the United Nations, the Tariff Commission/International Trade Commission, as well as the Customs Co-ordinating Counsel of the E.C. in Brussels on the subject of an International Commodity Code designation which, amongst other things, would separate household from industrial sewing machines wherever classified.

Please refer to our Association's April 18th "Request to the United States International Trade Commission" presented before the Commission in a hearing in Washington, D.C. A copy is on file with the Tariff Commission and additional copies are available on your request.

In broad terms, the Association's request is to classify all household machines together with item 683.20, since a household sewing machine is closely related to vacuum cleaners, floor polishers, food grinders, juice extractors and other electro/mechanical appliances -

whereas

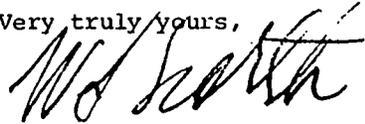
industrial sewing machines of all kinds - for the garment industry, for the shoe industry, for book binding, for the fur industry and for automatic systems, more properly belong

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MAY 11 1975
U.S. INTERNATIONAL TRADE COMMISSION

together and could very well remain under item 672,05.

The Sewing Machine Trade Association stands ready to consult with the United States International Trade Commission in the development of an International Commodity Code as it affects our industry and are looking forward to working with you to that end.

Very truly yours,

A handwritten signature in cursive script, appearing to read "W.S. North".

President

W.S. North:cw

SOCMA

SYNTHETIC ORGANIC CHEMICAL MANUFACTURERS ASSOCIATION
100 CLEVELAND AVENUE, CARLETON, N.Y. 11311 (914) 237-1400

May 15, 1975

Mr. Kenneth R. Mason
Secretary
United States International
Trade Commission
Washington, D.C. 20436

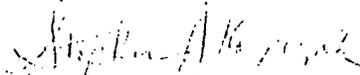
Dear Mr. Mason:

This letter is in response to your request for comments concerning the "Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code", draft report on investigation No. 332-73.

SOCMA supports the concepts and principles as set forth in the draft report and is looking forward to participation in the formulation and development of such an International Commodity Code with respect to the interests of the synthetic organic chemical industry.

In the meantime, it is strongly urged that the present International Trade Commission reports on chemicals be continued in their present form until the new system is fully implemented.

Sincerely yours,



Stephen J. Kasprzak
Assistant Secretary

SJK:sbz

TEXTILE BAG MANUFACTURERS ASSOCIATION
518 Davis Street
Evanston, Illinois 60201

May 12, 1975

The Secretary
United States International Trade Commission
Washington, D.C. 20436

Dear Mr. Secretary:

This statement is in reference to the notice issued over your signature, appearing in the Federal Register of Wednesday, April 30, 1975, (Vol. 40, No. 84) soliciting views with respect to the "Draft Report On Concepts And Principles Which Should Underlie The Formulation Of An International Commodity Code."

We have reviewed the referenced draft report, and concur with the stated concepts and principles which underlie the development of an international commodity code adaptable for modernized tariff nomenclature - as an aid to facilitate the recording, handling, and reporting of transactions in national and international trade.

We do caution however that such an international commodity code must be most carefully developed, to insure that no unknown or undeserved advantages are accorded to any imported commodities currently specifically defined or differentiated under the TSUS Item, descriptions and classifications. As an example, I refer you to a situation which developed in August of 1974, when consideration was being given to the adoption to the Brussels Tariff Nomenclature Schedule description covering man-made fiber bags presently categorized under TSUS Item 385.5300.

I am enclosing a copy of a letter sent on August 13, 1974 to Mr. Francis M. Shore, Jr., Chief of the Textile Division of the U.S. Tariff Commission, cautioning the Commission against a disparity in the description and tariff applicable to the referenced item noted above.

As you will see from a reading of this letter, the effect of the adoption of the Brussels Tariff Nomenclature No. 6203.5020 to describe TSUS Item No. 385.5300 would cause substantial hardship to our industry - eventually leading to significant reductions in our labor force, loss and recommitment of capital resources amounting to many millions of dollars, and a general condition of disorder and chaos in our industry.

We sincerely request that the points illustrated in my letter of August 13th be particularly noted, and kept in mind in any further consideration of the development of an international commodity code.

Please advise if you have any questions or wish additional information.

Sincerely,

TEXTILE BAG MANUFACTURERS ASSOCIATION

D. J. Walker, Executive Vice-Pres.

DJW:js

August 13, 1974

O
P
Y

Mr. Francis M. Shore, Jr.
Chief, Textiles Division
U. S. Tariff Commission
Washington, D.C. 20436

Dear Mr. Shore:

This letter is to confirm our phone conversation of Tuesday, August 13th, at which time I discussed with you the disparity between the import duty developed by utilizing the present TSUS Tariff for "Sacks and bags of a kind used for the packaging of goods: of man-made fibers" (TSUS #385.5300), as opposed to the theoretical tariff resulting from the formula proposed in the draft conversion of the tariff schedules into the Brussels Tariff Nomenclature (BTN #6203.5020).

The current import rate under the TSUS for Item 385.5300 is 12¢ per pound plus 15% ad valorem. Under the Brussels Tariff Nomenclature Schedule shown in the preliminary draft of Chapter 62, the column 1 rate of duty applied to this item would be a straight 16%.

If one relates the current and proposed duty rates to a typical woven polypropylene or polyethylene bag being used today for shipments of whole grains, the following data would be developed. A sample 100 lb. capacity grain sorghum bag taken from an actual production run weighs 6 ounces on our office mail scale. These bags are currently being purchased at a cost of approximately 27¢ each. When this data is applied to the current import duty schedule, the weight factor alone develops a cost of approximately 4½¢, and the 15% ad valorem duty develops a total of 4.05¢. Added together these elements result in a total import duty of approximately 8.55¢ per bag. Under the proposed BTN duty formula, the weight factor is eliminated, and the 16% ad valorem duty generates a total of only 4.32¢.

As you can see, the proposed duty rate under the BTN description is roughly half that of the current TSUS Schedule. Obviously this would be chaotic and impose a tremendous hardship upon the U.S. textile bag industry, resulting in substantial disruption of the domestic development of this relatively new packaging product.

Because this is such a new aspect of our industry, we have only recently begun to develop statistical data on "man-made fiber" bags. Our best estimates indicate that approximately 300,000,000 sq. yards of woven synthetic fabric was consumed during 1973 in bags of the type we are considering. Indications are very strong that this bag will continue to grow in use in this country, and domestic fabric manufacturers and domestic bag manufacturers have already committed several millions of dollars in the capital investments of both plant and equipment necessary to meet present and anticipated requirements for these bags.

The effect of cutting the import duty virtually in half for these products would likely result in a flood of imports that would be

disastrous and would cause substantial hardship to our industry, eventually leading to significant reductions in our labor force, loss and recommitment of capital resources amounting to many millions of dollars, and a general condition of disorder and chaos.

We sincerely suggest that you and your staff review the proposed BTN import duty and reinstate the present TSUS weight, plus ad valorem duty formula.

Please advise if you have any questions.

Cordially,

TEXTILE BAG MANUFACTURERS ASSOCIATION

D. J. Walker
Executive Vice President

DJW:js

cc: Mr. J. R. Rimmer, TBMA President



TEXTILE DISTRIBUTORS ASSOCIATION, INC.

1040 AVENUE OF THE AMERICAS · NEW YORK, N. Y. 10018 · TELEPHONE: (212) LO 3-2992

May 13, 1975

Mr. Kenneth R. Mason
Secretary
U. S. International Trade Commission
Washington, D. C.

Dear Mr. Mason:

We thank you for sending to us the release for public view and comment on "Draft Report on Concepts and Principles which should underlie the Formulation of an International Commodity Code".

As Chairman of the International Trade Committee for the Textile Distributors Association, Inc., whose membership comprises a major share of the finished textiles sold and distributed in the United States and abroad, I heartily endorse this concept.

We believe that this is something that is needed to develop and create equity in world trade. We also believe that it will be a giant step forward in the compilation of forces on an international basis, which will simplify and permit better dissemination of information, tools for management and controls needed for multi-lateral trade.

We also believe that with this type of simplified standardization we would provide a method that would highlight abrogations of trade agreements and deter the use of non-tariff barrier devices.

In short, we see this as an important contribution to a scientific approach for just and fair treatment in the area of world trade.

We thank you for bringing this to our attention and for giving us the opportunity to make these comments.

Yours very truly

Myron J. Eiseman
Myron J. Eiseman

Chairman, International Trade Committee

RECEIVED
MAY 15 1975
12:23

TIMEX
CORPORATION

WATERBURY, CONN. 06720
CABLE ADDRESS · TIMEX WATERBURY

May 22, 1975

Mr. Kenneth R. Mason, Secretary
United States International
Trade Commission
8th and E Streets, NW
Washington, DC 20436

Dear Mr. Mason:

This is in response to your notice of April 24, 1975, seeking written comments on TC Publication 729, "The Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code." The time available for comment was sufficient only for preliminary and general remarks which are subject to further consideration and amendment. The formulation of a new international code of the scope and dimensions suggested would have profound implications and potential significance for the U.S. watch industry. We, therefore, would have to give it a great deal more thought and study than has been possible at this time.

The general concept and principles outlined in TC Publication 729 and many of the specific comments in it make a great deal of sense to Timex. As we have recently pointed out to the Commission in both our oral testimony and written submission in its Investigation No. TA 131(b)-1, the lack of sufficiently detailed and meaningful data, domestically and internationally, on the watch industry is a grave handicap. We are sure the Commission itself is recognizing this in preparing its report to the President on probable economic effects of possible tariff reductions. It makes any analysis and any judgments almost a matter of conjecture.

We have pointed out to the Commission the lack of detail by types of watches which is essential to understanding the real impact and actual areas of competition is a very serious handicap. Moreover, we have virtually no meaningful domestic data on any of the significant economic measures for the watch industry, in sharp contrast to the wealth of official domestic data on most other U.S. industries. Indeed, seldom can one even differentiate in Government statistics between watches and clocks, though they are not normally made by the same firms, people, or processes.

Any review of the existing watch classification systems leads to the obvious conclusion that we presently have far better and more detailed

Mr. Kenneth R. Mason
May 22, 1975

information on U.S. watch imports than on any other significant activity. Even here, as the Commission knows from our 1974 testimony on possible conversion to the Brussels Tariff Nomenclature, we totally lack knowledge of imports in categories of the rapidly expanding, new and more sophisticated types of watches. We know even less in the words of section 608(e) of the Trade Act of 1974 of the "modern producing methods and trading practices" in world watch competition. Neither the BTN, the SITC, nor any other existing classification system provides more than a very minimal amount of detail on watches.

Our endorsement of an effort to develop a standard international commodity code is subject to one very important caveat. The existing U.S. duty structure and levels of tariff protection are vital to the survival of the few remaining elements of a once much larger U.S. watch industry. Whatever the ideal or the methods of achieving a new code, it should not in any way affect the present tariff protection so necessary to the continued existence of U.S. watchmaking capability. Furthermore, creation of a harmonized code must not be permitted to become a vehicle for changes in conventional watch duties, or in existing U.S. systems of valuation and measurement.

The present U.S. watch duty structure is complex. One reason is that world watchmaking is both complex and highly competitive. This duty structure was also designed to attempt to preserve an industry long faced with extraordinary foreign competition and handicapped by some very basic disadvantages in surviving in face of that competition. This goal has only been achieved in part.

The unique aspects of watchmaking and of the world competitive pressures in it were detailed in our testimony and submissions in Investigation No. TA 131(b)-1. Briefly summarized, they include:

1. The first and probably most significant of these is the extraordinary labor intensive nature of watch production. Approximately 80% of the manufacturing cost of the basic TIMEX mechanical watch movement is labor cost. The newer types of watches, including electric, quartz crystal, and solid state watches, involve even higher labor costs than the basic mechanical watch.
2. Watches and their component parts are easily, quickly, and quite inexpensively transportable in quantity by air freight. The basic machinery and equipment is also much more readily and completely transportable than in a typical manufacturing industry. Thus, components manufactured in one part of the world are often assembled elsewhere only a few days later, and entire production lines can be moved across the world in relatively short periods of time.

Mr. Kenneth R. Mason
May 22, 1975

3. The United States watch market has always been dominated by foreign producers, with imports for decades providing over 50% of domestic consumption. Over the past decade the import mix has shifted dramatically toward ever increasing quantities of watch imports consisting of lower priced pin lever watches.

4. While virtually all other major watch producers are heavily export oriented, the United States has virtually no watch exports. This contrasts with the approximately 55-60% of world watch production which is exported, and the 97% of Swiss watch production which is exported.

5. The United States watch industry requires worldwide production and sourcing for its survival. TIMEX sources certain components abroad for assembly in the United States and Bulova sources all but its electronic watches from abroad. Virtually all other watch companies import watches or watch movements from abroad for sale in the United States. Even the electronic and other nonwatch companies now entering into production of solid state watches are going abroad for assembly operations.

6. The U.S. watch tariff schedules are based heavily upon specific duties and upon a classification system based upon jewel count, width, adjustments, and self-wind capacity. These schedules are not able to equitably and properly accommodate new technologies such as the solid state watch, and the tariff protection provided by these schedules has eroded over time.

The basic characteristics upon which these schedules depend are today increasingly irrelevant to the value and quality of newer types of watches. Today the most sophisticated watches consist primarily of electronic components rather than a jeweled mechanical movement. However, because of the inability of the watch tariff schedules to accommodate new technologies, these highly sophisticated and generally expensive watches are inequitably treated for tariff purposes in the same manner as the least expensive non-jeweled pin lever import. The result is a much lower rate of protection than for conventional watches.

Due to the heavy reliance of the U.S. watch tariff schedules upon specific duties, there has been a continuing erosion of the protection for conventional watches. Inflation has in effect provided unilateral tariff reductions to our foreign competitors.

7. The final major competitive element in the world watch industry is the emergence of the solid state watch, which originated outside the watch industry and is subject to the lowest watch tariff.

Mr. Kenneth R. Has.
May 22, 1975

For these reasons, any change in duties directly or indirectly in the course of developing a new commodity code must be avoided. Any consideration of revisions of the watch tariff schedules themselves must be carefully analyzed for their economic consequences. Many of the relatively unique features of the present U.S. tariff treatment of watches were developed to attempt to insure that existing duties could not be evaded, for example, by importation of subassemblies or assemblies, with the consequent loss of American jobs. It is for these reasons, too, that the system of levying the tariff on a completed watch on the basis of both its movement and its case was devised. Further, since the more complex watches necessarily involve more labor cost in assembly and adjustment, the basic principle of a progressive duty on the increasing sophistication of the type of watch or movement was built into our tariff schedule.

In short, what may superficially seem to be complex features of the present U.S. approach to conventional watch classifications and duty treatment have a sound and still extremely valid economic justification. They are features, moreover, which have existed for many decades and upon which both the American watch industry and its foreign competition for the American market have been built. They may seem complex to those outside the industry. But, they have long formed the basis for all competitive calculations in the watch industry and relatively few if any significant issues over classification or interpretation problems arise today in world watch trade. Certainly the results--foreign penetration of never less than half the total U.S. market--demonstrate the lack of apparent difficulties with the present system.

There are, however, two elements of the present U.S. watch duty system which we have previously reviewed with the Commission and which are also very pertinent to its consideration of a new commodity code.

We have noted and documented for the Commission the very serious consequences on the U.S. watch industry of erosion in the protection afforded by specific duties during an era of inflation. However, it appears virtually impossible to develop any new classification system tied to ad valorem duties without changing present duties in a disruptive and unpredictable fashion. Much time and thought was devoted to this subject when the BTN issue was still under review by the Executive Branch prior to its being referred to the Commission. Given both continued inflation and flexible exchange rates, it is extremely difficult to convert specific duties to ad valorem equivalents without altering rate relationships or creating new inequities. Selection of a representative base period for such conversion would also present numerous problems. Thus, we see little prospect for equitable conversions of specific duties over the near future.

Mr. Kenneth R. Mason
May 22, 1975

A second, very grave deficiency in the present U.S. watch duty system is the totally anomalous treatment it provides for watches produced by nonconventional technology--the rapidly growing sector of watch production.

The solid state watch is currently at the forefront of this sector, but new technologies are undoubtedly developing. The basic technology of the solid state watch was developed and continues to evolve in the electronics industry, and the components for this watch are manufactured by the same complex equipment utilized for many nonwatch products. The impact of this watch on the conventional watch market cannot be accurately forecast at this time. However, although the U.S. electronics industry initially developed the technology for solid state watches, this technology is already being developed and manufactured abroad in the Soviet Union, Switzerland and Japan, and there will be considerable foreign competition. Thus appropriate tariff treatment is required to prevent the solid state watch from suffering the same fate as such other electronic products as the transistor radio, television and pocket calculator.

New technology such as the solid state watch and expected advances in watch technology in the future must be accommodated in watch tariff schedules. Timex agreed with the International Trade Commission Staff proposal that watches driven by other than a balance wheel and hairspring should be classified into a separate category of nonconventional watches. Such a category would include completely electronic watches such as the tuning fork watch, as well as the solid state watch, both of which are now being sold. However, such nonconventional category should also be able to accommodate future advances in the electronic or solid state technology as well as brand new technologies for telling time, such as solar energy or any other that may appear. Thus, consideration and adoption of a Harmonized International Commodity Code would present an excellent opportunity to develop a new nonconventional classification of watches for the U.S. Watch Tariff Schedules, and permit the Congress to impose a more equitable duty.

The efforts of the then Tariff Commission staff in 1974 in its draft proposal for a concordance of the U.S. Watch Tariff Schedules converted to the Brussels Tariff Nomenclature indicated that it was both possible and desirable to accomplish both a direct nomenclature conversion and adapt the schedules to new and future technologies by adopting a nonconventional watch category. While the Brussels Tariff Nomenclature system has in some respects become obsolete and would not appear to be the best system for consideration as an international commodity code, the proposal of the then Tariff Commission staff indicated both feasibility and desirability of this approach.

In addition to these basic comments, we urge the Commission to consider the following recommendations for this investigation:

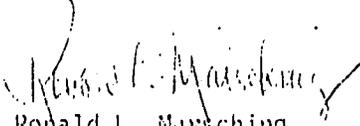
1. Segregation of clocks and clock parts from watches and watch parts would be desirable. This simplification would reduce the complications

Mr. Kenneth R. Mason
May 22, 1975

of the current U.S. tariff schedules applicable to watches.

2. A small select group of knowledgeable experts in each area should be involved in the creation of the various components of the international commodity code. It would perhaps be desirable if a system similar to the Industry Sector Advisory Committees were established in various nations to implement this. They would consist of industry specialists available to advise and assist the national and international groups in the preparation of various segments of the harmonized international code.
3. The concept of dedication involves imposition of duties on components based upon their end use and is of significant importance in U.S. customs and customs administration. Its retention or elimination must be thoroughly explored in any consideration of an international commodity code.
4. A potential problem which may result from adoption of an international commodity code is the resulting obsolescence of all previously gathered statistical information. There must be developed an adequate bridge between old and new statistics and old and new systems, in order to permit an orderly transition and continuation of business under any new system.
5. With respect to headnotes and definitions which may be adopted in any proposed harmonized code, TIMEX feels that the headnotes for the U.S. watch tariff schedules are superior to other classification systems and should be the basis of any new formulation.

Very truly yours,


Ronald L. Marsching

RLM:jcn

TIMKEN

THE TIMKEN COMPANY

GENERAL OFFICES
CANTON, OHIO, U.S.A. 44706
TELEPHONE: (216) 453-4511

May 6, 1975

United States International
Trade Commission
Washington, D. C. 20436

Attention: Mr. Kenneth R. Mason
Secretary

Dear Mr. Mason:

Subject: USITC PUBLICATION 729

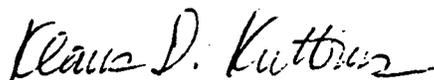
The Timken Company--producer and international trader of

Tapered Roller Bearings and
Parts (Antifriction Bearings)

various kinds of steel and
rock bits

agrees with the principle of your draft report on
Investigation No. 332-73 concerning the formulation of
an International Commodity Code.

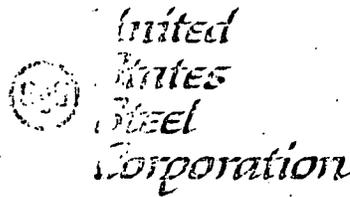
Sincerely,



Klaus D. Kuttrus
Market Research Supervisor

cjh

U.S. MAIL ROOM
MAY 8 AM 9:49



R. HEATH LARRY
VICE CHAIRMAN
BOARD OF DIRECTORS

600 GRANT STREET
PITTSBURGH, PENNSYLVANIA 15230

May 19, 1975

Kenneth R. Mason, Secretary
United States International
Trade Commission
Washington, D. C. 20436

Dear Mr. Mason:

We have reviewed the Commission's Draft Report on Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code. It is an excellent basic statement on this subject, and we concur with the general concepts and principles as expressed therein.

We take this opportunity to reaffirm our support for a sound international classification system and code for use by all nations, and to restate our desire to see knowledgeable steel industry representatives involved in the formulation of the section of the code which covers iron and steel products. To this end, we specifically urge the U. S. government in its deliberations and in international discussions (such as in the Customs Cooperation Council) to insist on formation of a working party of steel industry experts, including producer representatives, to provide the initial recommendations upon which government classification experts can proceed towards the development of an international code.

We stand ready to assist the International Trade Commission, as well as other government agencies, in the completion of this important task.

Sincerely yours,

R. Heath Larry
Chairman, American Iron and Steel Institute
Committee on International Trade



Union Special CORPORATION

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INDUSTRIAL
SEWING
MACHINES

May 1, 1975

Mr. Kenneth R. Mason, Secretary
UNITED STATES INTERNATIONAL
TRADE COMMISSION
Washington, D.C. - 20436

Re: Development of International
Commodity Code

Dear Mr. Mason:

Through our Association (The Sewing Machine Trade Association) and other sources, we have become aware of the United States International Trade Commission's report to both Houses of the Congress regarding concepts and principles which should underlie the development of an international commodity code for recording, handling and reporting of transactions in national and international trade. We understand this to include the Brussels Tariff Nomenclature so that the commodity designations will be identical wherever classified.

Your attention is called to the fact that our company, as well as our Association, has long strived for a uniform national and international commodity code and strongly approve the formulation of such a code.

Our company and our Trade Association have, for several years, been requesting a separation of household and industrial sewing machines wherever classified, and we would very much like to have you take that fact into consideration in the promulgation of a new commodity code. We will be glad to give you further detailed information upon your request.

Very truly yours,

President

J. Grant Beadle:cw

cc: W.S. North
J.R. Haugan

MAY 7 AM 9:21

RECEIVED



May 15, 1975

Re: #332-73

Mr. Kenneth R. Mason, Secretary
 U.S. International Trade Commission
 E. St. Between 7th & 8th Sts., N.W.
 Washington, D.C. 20436

Dear Mr. Mason:

Following are comments on the Draft Report on an International Commodity Code as released on April 24, 1975. The numbering of comments and recommendation corresponds to that of the draft.

- A. PAGE 1, LINE 2. Recommend the substitution of "...recording and measuring production, trade and freight..." for "...regulating, recoding and measuring economic...". The substitution is more specific, and omits the word "regulating", which is inappropriate.
- C. 5. PAGE 8, LINE 5. Classification by "intrinsic characteristics" should be explained even more; and at least for manufactured products, should make the primary classification by function and only secondarily by operating characteristics or material.
- A particularly bad example of classifications to be avoided is TSUS 711.86 and 712.49. Headnote 2.(a), forces "instruments for chemical analysis" which would functionally fall in a subdivision of 711.86 into 712.49, where they are lost in a great volume of "electrical measuring" instruments.
- C. 6. PAGE 8. Recommend that the last two sentences be rewritten to provide some specific examples of what is meant by "realities of trade", rather than the present general intangible comments.
- D. PAGES 10 and 11. Further consideration should be given to the problems which may be caused by the use of identical code numbers with different meanings under the two systems. Perhaps the transport suffix could use 3 digits with the first always an "O", i.e., 7862.10 for Trade and 7862.010 for Transport, or some other system to preclude exact duplication of numbers.

B-130

Mr. Kenneth R. Mason, Secretary
U.S. International Trade Commission
Washington, D.C.

May 15, 1975



D.2. PAGE 14, LINE 4. Recommend the addition of the words "and industrial" after the word "trade". New products and future products come from industry and its counsel is needed.

E. PAGE 17. The emphasis on currency is excellent. The need for frequent updating is very evident to companies like ourselves in the electronics field. Provision for annual updating would be good.

We view this International Code as a very important project and encourage the International Trade Commission and Congress to pursue it vigorously.

Please contact me if I can be of further assistance.

Yours very truly,


S. F. Everest
President
International Group

SFE:rn

VELSICOL CHEMICAL CORPORATION

341 EAST OHIO STREET • CHICAGO, ILLINOIS 60611 • 312 467-5700

May 13, 1975

U.S. TARIFF COMMISSION
RECEIVED

MAY 16 1975

OFFICE OF CHAIRMAN

The Honorable Mrs. Catherine Bedell
Chairman
United States International Trade Commission
Washington, D.C. 20436

Dear Madam Chairman:

The recent U.S. International Trade Commission (USITC) Publication (729) "The Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code" has come to our attention, and we note that comments on this report have been requested.

We feel that USITC 729 is an excellent exposition of the importance of such a code in possibly lowering costs and facilitating the shipment of goods and the collection of compatible data for production, sales, imports, exports, inventories and other pertinent series for all goods for, hopefully, all the countries of the world.

We also agree that the United States should participate in the development of the code to assure the recognition of the needs of the U.S. business community. The news has reached us that the initial proposals being considered by the Customs Cooperation Council (CCC) are based on a less logical and natural system, one utilizing at least some portion of the Brussels' Tariff Nomenclature (BTN).

Because of the vital importance of good statistical data on the Chemical Industry, the adoption of the code proposed by the USITC 729 is recommended as a means to meet this goal. We urge the USITC to do whatever it can in meetings of the Customs Cooperation Council to adopt the USITC proposed system.

Very truly yours,



Russell L. Carlsen
Director Marketing Services
Chemicals & Resins

SECRET

75 MAY 16 PM 4:12

RLC:di

B-132

WHITMAN & RANSOM
1730 PENNSYLVANIA AVE., N. W.
WASHINGTON, D. C. 20006

202 298 6333

522 FIFTH AVENUE
NEW YORK, N. Y. 10036

212-675-5800

TELEX: 12 5109
CABLE ADDRESSES
"WHITSON"
OR
"BENGOSHI NEW YORK"

RESIDENT PARTNERS
JOHN S. MONAGAN
TALBOT S. LINDSTROM

May 16, 1975

Mr. Kenneth R. Mason
Secretary
International Trade Commission
Seventh and E Streets, N. W.
Washington, D. C. 20436

Dear Mr. Mason:

We send this comment to you on behalf of our client, the Benrus Corporation, in response to the invitation by the International Trade Commission to the public to submit views on the draft report of the Commission on the concepts and principles which should underlie the development of an international commodity code adaptable for modernized tariff nomenclature purposes and for recording, handling and reporting transactions in national and international trade.

We welcome this opportunity to express our views and thank the Commission for soliciting an expression of opinion on this vitally important aspect of international trade.

In the main, Benrus agrees with the conclusions of the draft study and supports the steps which it recommends to deal with the problems described.

There is no doubt, as the study concludes, that the proliferation of classification systems is seriously hampering world trade and a need exists for an adequate international commodity code.

Benrus recognizes the difficulty of formulating such a Code, but believes that progress can be made in this direction and that such an effort should be initiated. It is believed, also, that the general concepts and principles set forth in the draft are sound. A code should be clear, simple, enforceable, systematic, uniform, adaptable to individual uses and realistic.

It is particularly important in our judgment that, in the language of the report, the structure should be "reflective of current and anticipated technologies of production and peculiarities of trade."



B-134

E. I. DU PONT DE NEMOURS & COMPANY
WILMINGTON, DELAWARE 19898

LEGAL DEPARTMENT

May 27, 1975

United States International
Trade Commission
8th and E Streets, N.W.
Washington, D.C. 20436

Gentlemen:

Commission Investigation No. 332-73

E. I. du Pont de Nemours and Company strongly endorses the conclusions reached and recommendations made in the Commission's draft report on The Concepts and Principles which should Underlie the Formulation of an International Commodity Code. Such a code would be of significant value not only for customs classification purposes but also for shipping, statistical and other areas connected with domestic and international trade.

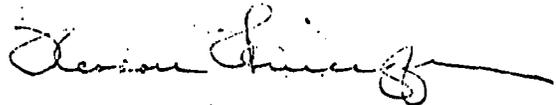
Our only comment of substance relates to the fifth numbered principle, appearing on page 8 of the draft report. As a means of assuring uniformity of application, it is stated that articles should be classified by reference to their intrinsic characteristics as opposed to extrinsic determinants such as their proposed use. While not disagreeing with that overall objective, we would point out that classification according to use does on occasion serve a valuable function.

One recent example that comes to mind is the classification of methanol in the Tariff Schedules of the United States. (TSUS Item No. 427.96) In 1974, at a time when the energy crisis was acute, a number of energy companies and public utilities were considering the importation of methanol for use as fuel. The tariff on methanol was 7.6 cents per gallon which provided the domestic producers with a significant degree of protection. The 1974 legislation which amended TSUS Item No. 427.96 to permit the duty-free importation of methanol when used in the production of synthetic natural gas or for direct use as a fuel served a very useful purpose. While continuing needed protection to the chemical industry, the use classification facilitated the entry of a source of needed energy free of duty.

United States International Trade Commission
Page 2
May 27, 1975

We believe that any commodity code ultimately adopted should be flexible enough to permit classification of the type exemplified by methanol.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read 'Theodore F. Killheffer', with a long horizontal flourish extending to the right.

Theodore F. Killheffer

TFK:eac

TDCC transportation data coordinating committee
1101 Pennsylvania Avenue, N.W. | Washington, D.C. 20036 | telephone (202) 293-5514

B-136

May 27, 1975

U.S. TRADE COMMISSION

RECEIVED

MAY 29 1975

OFFICE OF CHAIRMAN

Honorable Catherine Bedell
Chairman
United States International
Trade Commission
Washington, D. C. 20436

Dear Madam Chairman:

The Transportation Data Coordinating Committee acknowledges your request for comments on the draft report of the ITC entitled "The Concepts And Principles Which Should Underlie The Formulation Of An International Commodity Code."

Because of the varying interest in commodity coding among the diversified membership of the TDCC, it is not possible to achieve an official organization position on this subject due to the limited time allowed for circulation of the draft. TDCC is comprised of shippers, railroads, motor carriers, steamships, airlines, barge lines, forwarders, and banks. Obviously, there will be differing impacts as a result of introducing a new or substantially changed coding system. It is for this reason that we have requested our membership to respond directly to the ITC with their views and recommendations.

It is our opinion, however, that the ITC has presented logical concepts and principles for an international commodity code but has not presented a reasonable approach for achieving such a code. It assumes that a new system must be developed while it ignores much valuable work in this regard that has been undertaken by the Customs Cooperation Council to create a Harmonized Descriptor and Code System.

The report does state that products in commerce must be defined in sufficient detail to reflect current and anticipated technologies of production and peculiarities of trade. One of the fundamentals of new electronic data interchange technology is the requirement that items of trade must be recognizable from a code that will enable

all parties to identify the commodities at a descriptor level for transportation tariffs, customs entry, and valid statistics.

The fundamental tool for building a harmonized commodity code must be the description of the items to be covered by the code structure. Only then will it be evident from the item identifiers how extensive the structured code must be and what headings are required in the classification.

It is our judgment that if the ITC will reconsider its approach by recognizing a descriptor level harmonized code based upon a modernized BTN for international trade and transport, then the DOT/TDCC descriptor bridge can serve to maintain the validity and integrity of an expanded Standard Transportation Commodity Code for domestic uses. This bridge is now being expanded to accommodate the Schedule B code.

There is a great danger in upsetting the organized effort of the CCC to create a Harmonized Descriptor and Code System for international trade by requiring a new approach to satisfy the United States' requirements when the U.S. has not completely documented their requirements with the CCC. There is even greater concern domestically in the U.S. by alarming the transportation industry (shippers and carriers) to the possibility that all transportation tariffs, statistics, and documentation would be required to adhere to an enforced code which may not satisfy their needs.

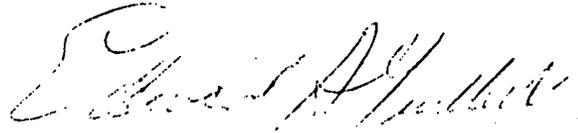
In summary, the TDCC unofficially recommends:

- (1) That the U.S. state in writing its requirements for an international commodity description and code system and that these be discussed with the Customs Cooperation Council to determine if these needs can be accommodated within the workings of the Harmonized Systems Committee of the CCC.
- (2) That the U.S. confirm the need for a descriptor list that can be used as a basis for the structured code.
- (3) That the U.S. domestic Standard Transportation Commodity Code be recognized as the base transportation commodity code as already endorsed by the Department of Transportation, Interstate Commerce Commission, and the Transportation Data Coordinating Committee.

- (4) That the links between the STCC and the universal international commodity code be accommodated through the DOT/TDCC bridge system.

TDCC and its member companies will be pleased to cooperate with the ITC in resolving this very complex problem of developing and coordinating plans for accommodating the commodity coding needs for transportation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Edward A. Guilbert".

Edward A. Guilbert
President

EAG/gf

B-139



LANCASTER, PA. 17604

F. S. DONNELLY, JR.
Senior Vice-President
and General Manager
International Operations

332-73

May 12, 1975

Mr. Kenneth R. Mason, Secretary
U. S. International Trade Commission
Washington, D. C. 20436

Dear Mr. Mason:

Thank you for sending us a copy of the Draft Report on Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code.

While we do not have a specific criticism or suggestion to make, we do want to go on record as supporting the efforts of your Commission to develop a coordinated system of nomenclature for use in world trade. The present differences and gaps between U. S. and other nomenclature systems cause us significant problems and expense, and most certainly must discourage other firms from world-trade programs.

Please let me know if we can be of assistance.

Sincerely yours,

SLM

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MAY 14 PM 4:03

Appendix C: Letter from Commission
to interested U.S. Government
agencies; Written statements
of interested U.S. Government
agencies:

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

APR 25 1975

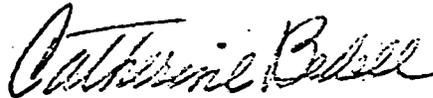
Honorable Henry A. Kissinger
Secretary of State
Washington, D.C. 20520

Dear Mr. Secretary:

As you are aware, subsection 608(c)(1) of the Trade Act of 1974 directs this Commission to prepare a report on the concepts and principles which should underlie the formulation of an international commodity code adaptable for modernized tariff nomenclature purposes and for recording, handling and reporting of transactions in national and international trade.

We are pleased to transmit a copy of our draft report for your consideration. In view of the continuing congressional interest in this matter, we would appreciate receiving your agency's comments and views by May 19, 1975.

Sincerely,



Catherine Bedell
Chairman

Enc.

Identical letter sent to--
Sec. of Agriculture
Acting Sec. of Commerce
Sec. of Interior
Sec. of Labor
Sec. of Transportation
Sec. of the Treasury
Acting Chm., Civil
Aeronautics Board

Chm., Federal Maritime
Commission
Chm., Interstate Com-
merce Commission
Dir., Office of Manage-
ment and Budget
Special Representative
for Trade Negotiations

C-1



UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON, D.C. 20250

MAY 13 1975

Honorable Catherine Bedell
Chairman
U.S. International Trade Commission

Dear Mrs. Bedell:

In response to your letter of April 25, 1975 to Secretary Butz, we have reviewed the Commission's draft report on the concepts and principles which should underlie the formation of an international commodity code.

This Department is in basic agreement with the views expressed in the report. We recognize that the United States Government has been actively involved in discussions which have taken place in the Customs Cooperation Council in Belgium concerning tariff nomenclature harmonization during the past several years. Even though we do not feel that this work in any way invalidates the direction taken in your report, a review of the work already done will be required.

The Commission's report does not specifically indicate that a formulation of a new commodity code would be based upon the Brussels Tariff Nomenclature (BTN). However, it is our understanding that the United States delegation participating in the work of the Customs Cooperation Council in Brussels has agreed to work on the basis of the BTN.

We do not believe that this is inconsistent with the views expressed in the Commission's report. Therefore, it is assumed that future work in this area will be directed towards obtaining the desired revisions in the present BTN.

U.S. TARIFF COMMISSION

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MAY 14 1975

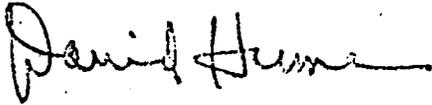
OFFICE OF CHAIRMAN

U.S. TARIFF COMMISSION
MAY 14 1975 3:17
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Honorable Catherine Bedell

As this Department considers the work in the development of the international commodity code of vital importance to the agricultural sector, we wish to express our desire and willingness for our commodity experts to work directly with those of the International Trade Commission. We hope in this way to be of maximum assistance in helping develop such a code.

Sincerely,

A handwritten signature in cursive script, reading "David L. Hume". The signature is written in dark ink and is positioned below the word "Sincerely,".

David L. Hume
Administrator

UNITED STATES DEPARTMENT OF AGRICULTURE
STATISTICAL REPORTING SERVICE
WASHINGTON, D. C. 20250

May 20, 1975

Mr. A. F. Parks
Director, Office of Trade and Industry
U. S. International Trade Commission
Washington, D. C. 20436

Dear Mr. Parks:

In response to your transmittal of a draft report on "Concepts And Principles Which Should Underlie The Formulation Of An International Commodity Code," I am sending the attached comments prepared by Mrs. Lucille Stevens of my staff.

Sincerely,



RICHARD P. SMALL
Clearance Officer
Research Division

Attachment

COMMENTS ON

INTERNATIONAL COMMODITY CODE CONCEPTS AND PRINCIPLES

The development of a single commodity code system which would be all things to all men would represent a singular achievement. Developers of previous codes have found it most efficient to tailor their systems to particular uses (which explains the diversity).

Although the concepts of "product classification" and "product identification" are not identical, they seem to be used as such. This use appears throughout the discussion, e.g., complete systems of product descriptions or categories (p. 6), product categories should be systematically arranged in logical sequence and each individual product category identified with its own distinctive number (p. 7), International commodity code item (p. 11), etc.

Product classification reflects a systematic arrangement of groupings in which products are related to other similar products (on any desired basis); the system may provide levels of aggregation. The basic feature of a classification concept is "relationship" as it exists between and among products. Product identification, on the other hand, may reflect no relationship at all; it may be no more than the arbitrary assignment of symbols to a product. The basic feature of an identification concept is "uniqueness," an essential aspect in the identification of a particular product.

Considering the purposes expressed as fundamental to the code, there currently are systems used in transportation documentation which, while not identical, offer a beginning for standardization of transportation data needs. There also are systems which identify imports and exports, and these systems offer a basis for standardization of international trade data needs.

In the area of national production data, there is a different situation. There has been at least one system which was developed to code commodities in terms of such data, i.e., Standard Commodity Classification. This system attempted to do for commodities what the Standard Industrial Classification did for industries. For the most part, its usefulness was limited. Users with needs to relate commodities to production sources preferred a system which did exactly that. Other users with different needs, such as relating commodities to distribution (procurement and supply) preferred a different system, e.g., Federal Supply Classification.

A code system which incorporates import/export restrictions and controls would need a level of detail which, it seems to me, could not be accommodated realistically in the framework described. For example, even if export tobacco were adequately described as a specific commodity in four digits, the restrictions about the use of pesticides, etc. would be in addition to the packaging, unit, and other information, and would require additional control data. Or

consider a one-year old pedigreed heifer being imported for breeding stock under health and vaccination restrictions. It would probably take more than four digits to identify the animal, and more than two additional ones to cover the control information.

While it is desirable to aim for "one and only one provision" for each product, and for "uniform application" of the codes, there is no way that individual interpretations can be avoided. Specific needs only become known after the questions have arisen. It would be most unusual for action to be withheld, pending decisions from appropriate authorities.

In short, the aims are laudable, but the concepts and principles appear a bit naive. It will not be easy to develop a simple, flexible system which will meet all possible needs. And the internal problems raised when efficiency is sacrificed for purposes of standardization haven't been faced yet.


LUCILLE M. STEVENS
Clearance and Data Classification Specialist



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MAY 29 1964

Honorable Catherine Bedell
Chairman
International Trade Commission
Washington, D. C. 20436

Dear Madam Chairman:

This is in response to your communication of April 25, enclosing a copy of the International Trade Commission's draft report on "The Concepts and Principles which Should Underlie the Formulation of an International Commodity Code," for our consideration and asking for the views of the Department of Commerce on the report.

In general, we agree with the statement of the need for a comprehensive international commodity code and the concepts and principles which should underlie its formulation as set forth in the report. However, we are concerned with the statement appearing on pages 15 and 16 regarding the formulation of a "new system" which has been construed by some to mean that the ITC is recommending the development of an entirely new international tariff nomenclature. At this time, this Department is not ready to support such a position.

The Department recognizes the importance and need for the universal harmonization of customs nomenclature. We are also aware of the interest expressed by other nations in the multilateral trade negotiations in Geneva and before the Customs Cooperation Council in Brussels in having the United States adopt either the Brussels Tariff Nomenclature (BTN) (used by all other major trading countries, except the U.S. and Canada) or a "modernized" BTN as the basis of its tariff classification system. While consideration by the United States of adopting a modernized BTN, or some other universal system of tariff nomenclature, represents an extremely complex and involved issue, an effort is presently being made within the U.S. Government to develop a position and program that may lead to U.S. adoption of a universal tariff nomenclature. One of the major

issues involved in developing this program is to determine the willingness of other countries to accept a new tariff nomenclature, or major changes in the BTM to accommodate U. S. requirements. Until this determination can be made, the Department is opposed to any indication by the U. S. Government that only a "new system" would be acceptable to the United States.

Thus, the Department would prefer that, before the final report is forwarded on June 1 to the President and the Congress, the statement on pages 15 and 16 either be deleted or changed to make it clear that formulation of a "new system" is only one of the alternatives that should be taken into consideration in developing a universal tariff nomenclature.

Sincerely,

A handwritten signature in dark ink, appearing to read "Roscoe C. Martin". The signature is written in a cursive style with some capital letters.

Secretary of Commerce

U.S. DEPARTMENT OF COMMERCE



May 16, 1975

To : Mr. W. F. Furka
Director, Office of Trade and Industry
U.S. International Trade Commission

From: Jack J. Pans *WJ*
Associate Director for
International Economics
Bureau of Economic Analysis (BEA)

The enclosed has been prepared at my direction by Mrs. Lechter, Chief, Merchandise Trade Branch, Balance of Payments Division, in reply to your request of May 1 (addressed to Martin Harimont) for comments on the Draft Report on Concepts and Principles for an International Commodity Code. It represents BEA's views on the subject.

5/20/75

Bureau of Economic Analysis
Comments on the Draft Report of the U.S. International Trade Commission
on "Concepts and Principles which should Underlie the Formulation of an
International Commodity Code" 63 5 07
(USITC Publication 729)

The draft report is an admirable exposition of the need for a universal commodity code which will simultaneously serve the uses of "customs administrators, trade statisticians, analysts, economists, policymakers, carriers, importers, exporters, and manufacturers."

There can be no quarrel with the idea of replacing with a single international product code the proliferation of product classification systems which currently exist not only between nations, but within nations. Within the United States there are presently different product classification systems for different modes of transportation--rail, air, vessel--as well as different systems for imports (TSUS), exports (Schedule B) and production (SIC). This diversity of systems is doubtless duplicated in all the industrial (and nonindustrial) countries of the world, with the result that transportation of goods is more costly and burdensome because of the difficulty of determining freight charges for each mode of carrier, and the collection, processing, and economic analysis of data for policymaking--nationally and internationally--is severely encumbered.

The International Trade Commission's (ITC) draft report recommends that a wholly new, international product classification system be developed to replace the existing systems, including the widely used BTN (Brussels Tariff Nomenclature) which now constitutes the basic import/export classification system of some 130 countries. In its draft report (page i), ITC cites Section 608(c) of the Trade Act of 1974 as the Congressional directive under which it undertook the preparation of its report, to wit:

(1) a report on the appropriate concepts and principles which should underlie the formulation of an international commodity code adaptable for modernized tariff nomenclature purposes and for recording, handling, and reporting of transactions in national and international trade, taking into account how such a code could meet the needs of sound customs and trade reporting practices reflecting the interests of United States and other countries, such report to be submitted to both Houses of Congress and to the President as soon as feasible, but in any event, no later than June 1, 1975; and

(1) full and immediate participation by the United States International Trade Commission in the United States contribution to technical work of the Harmonized System Committee under the Customs Cooperation Council to assure the recognition of the needs of the United States business community in the development of a Harmonized Code reflecting sound principles of commodity identification and specification and modern producing methods and trading practices.

It would appear to us that paragraph (2) of Sec. 608(c) clearly states the intent of Congress that the ITC should give "full and immediate participation" to the efforts of the Harmonized Systems Committee of the Customs Cooperation Council in the development of a Harmonized Code. (The United States is a member of both bodies.) The technical work on such a code has been underway for a number of years, during which considerable progress has been achieved. The Harmonized Code utilizes the BTN as the basic classification system, although recognizing that the BTN requires substantial revisions and "modernization" before it can properly serve that purpose. Hence, ITC's draft proposal to develop a completely new basic classification would seem to go beyond the intent of Congress as stated in Sec. 608(a)(2). Paragraph (1) of Sec. 608(c) appears to direct the ITC to accompany its participation effort with a clear statement of concepts and principles.

Touching briefly on the technical content of ITC's draft report, we found the suggestions for coding (numbering) techniques as outlined on page 11

of the report to be in contradiction with the numbering system recommended on page 13. Clarification of this portion of the report (pages 11-13) would seem to be in order.

Finally, we believe that ITC should clarify the status of its report by a clear indication that it is ITC's own statement of concepts and principles for an international commodity code and does not at this time represent a U.S. Government position.

Prepared by: Max Lechter
Chief, Merchandise Trade Branch
Balance of Payments Division



Federal Maritime Commission
Washington, D. C. 20573

Office of the Chairman

May 20, 1975

Honorable Catherine Bedell
Chairman, United States International
Trade Commission
Washington, D. C. 20436

Dear Madam Chairman:

Please refer to your letter of April 25, 1975, wherein you seek this agency's comments regarding the formulation of an international commodity code.

First, I would like to point out that the Federal Maritime Commission endorses the concept that there should be established an international commodity code. However, as you are probably aware, the Department of Transportation has had the matter of uniform commodity descriptions and codes under study for several years. More recently, they have published a Standard Commodity Description and Code System. This Commission, through its staff, worked very closely with D.O.T. throughout this undertaking. In fact, several trips abroad were made to discuss D.O.T.'s System and its efforts were well received. It would seem, therefore, that steps should be taken to insure that D.O.T.'s undertaking which involved much time and expense receives careful consideration prior to the formulation of a new code by your agency. In this connection, should you feel that we might be of assistance at any time please contact the Director of the Commission's Bureau of Compliance.

Sincerely,

A handwritten signature in cursive script that reads "Helen Delich Bentley".

Helen Delich Bentley
Chairman

OFFICE OF THE DIRECTOR

C-14



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON, D.C. 20240

In Reply Refer To:
EBM
SS 16210

May 16, 1975

DOCKET
FILE

Honorable Catherine Bedell
Chairman
U.S. International Trade Commission
Washington, D.C. 20436

Dear Madam Chairman:

This is in response to your letter of April 25 to the Honorable
Rogers C. B. Morton.

We have reviewed draft report No. 332-73 on "The Concepts and Principles
Which Should Underlie the Formulation of an International Commodity Code."
We feel this report reflects the interests of the Department of the
Interior and concisely outlines a constructive approach to the formulation
of an international commodity code.

Sincerely yours,

Acting Director

U.S. INTL. COMMISSION
RECEIVED

MAY 22 1975

OFFICE OF CHAIRMAN

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE CHAIRMAN

May 16, 1975

RECEIVED

MAY 19 1975

OFFICE OF CHAIRMAN

Honorable Catherine Bedell
Chairman
United States International Trade Commission
Washington, D. C. 20436

Dear Chairman Bedell:

We have reviewed the draft report which you furnished with your April 25, 1975, letter and are pleased to give you our comments on it.

At the outset, let me assure you that the Interstate Commerce Commission (ICC) supports the concept of a standard code, but several aspects of the proposal trouble us. We will express our views on those points. A basic difficulty we see is in the thrust of the proposal. As we read the provisions of Public Law 93-618, it is intended that a code be established to facilitate the collection and use of statistical data on imports, exports and production. Obviously, the ICC has no objection to such pursuits, but our concern arises from the statute's (P. L. 93-618) and the draft report's treatment of the transportation system's present (and developing) use of commodity codes for classification, description and pricing purposes. The draft report suggests that such existing codes are ineffective to meet the purposes of P. L. 93-618 and, in any event, would be superseded by the four-digit code unveiled in the report. We would like to explain the inadvisability of that approach.

There seems to be a threshold question as to whether the provisions of P. L. 93-618 apply to domestic transportation services. For example, it is not clear whether a domestic carrier must use the code as to shipments destined for export or received in import from a foreign country. In the spirit of accord, we might agree that the term "production" as used in the statute embraces transportation. In all candor, this is not all that clear. There is, nevertheless, a significant distinction to be drawn in the term "tariff" as used in P. L. 93-618 and the tens of thousands of publications (containing literally millions of rates and charges) filed with the ICC by some 18,000 carriers pursuant to the provisions of the Interstate Commerce Act (49 U.S.C. 1 et seq). "Tariff" for international

Chairman Bedell

trade purposes means a schedule of duties imposed by government on export and/or import traffic to control the flow of goods to and from a country. In domestic trade, the term refers to a schedule of rates or charges (prices) paid by shippers and receivers of goods for services performed by transportation companies. In our view, the difference is substantial and the inclusion of United States domestic carrier transportation tariffs within the purview of the draft report has the potential for massive disruption of ongoing transportation services which are geared to the use of commodity codes such as the Standard Transportation Commodity Code (STCC), which we will now discuss.

The seven-digit STCC is the development of the transportation industry, is basically rail-oriented, but to which substantial contribution has been made by shippers. For your convenience, I enclose a copy of the STCC tariff on file here and legally in effect as a governing publication. The ICC makes substantial use of the STCC code in several data collection/use programs concerning transportation matters. We cannot speak for other agencies of Government, of course, but we are aware of the fact that many (i. e., Department of Transportation, Department of Commerce, General Services Administration, Department of Defense and General Accounting Office, to name a few) have need for and use the STCC code in varying ways. Relegation of the STCC to use as a secondary coding method would be disruptive, but revocation of its use by industry and Government would be chaotic. You may wish to obtain the views of organizations which have a heavy commitment to the use of the STCC code. The Association of American Railroads, the National Industrial Traffic League and the Government agencies mentioned above are suggested as initial contacts. In our view, while the proposal four-digit code may be sufficient to ensure development of the desired statistical data, it is totally inadequate to serve the needs of carriers and users of transport services.

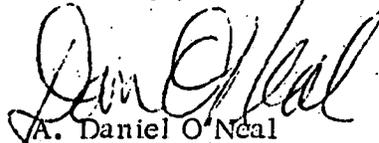
It is logically necessary for the development of a standard code to be preceded by standard nomenclature for the items to be coded. In addressing the dissimilarities of domestic and export shipments, the rationale for the nomenclature used in shipping documents varies because of different needs and requirements. Any coding structure to be successfully implemented for both purposes would require a great deal of flexibility and inevitably interpretations manuals geared to both purposes. Since our transportation requirements for domestic shipment purposes apparently cannot be met by a four-digit code, we assume that there is a higher volume of descriptions for our needs than for international needs. Perhaps, this opens a possibility of using the first four digits of a commodity code, such as the STCC.

Chairman Bedell

There also appears to be some inconsistency in the draft report regarding the advisability of one comprehensive code. While section D on page 9 of the draft report dismisses the idea of such a code for all purposes and users as impractical, starting on page 10, the report seems to recommend one code for all use including domestic transportation. Should this be the intention of the Commission, we foresee a need for a code much more extensive than the one here proposed.

Thank you for the opportunity to comment on the draft report. We are very much interested in the development of codes which may ultimately be instrumental in the evolution of a computerized transportation rate system. In fact, the ICC now has under consideration proposed regulations to establish standard carrier and tariff description codes. It is with this in mind that we have expressed to you our concerns that the present thrust of the report has the potential for substantial harm to an ongoing code system of general use in transportation. If we can be of any further assistance, please let me know.

Sincerely yours,



A. Daniel O'Neal
Acting Chairman

Enclosure

U.S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

MAY 27 1975

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MAY 29 1975
OFFICE OF CHAIRMAN

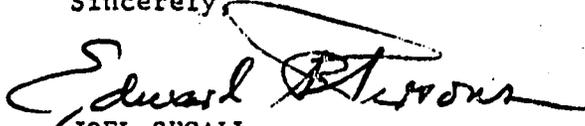
Ms. Catherine Bedell
Chairman
U.S. International Trade Commission
Washington, D. C. 20436

Dear Ms. Bedell:

This is to acknowledge and thank you for your letter to Secretary Dunlop transmitting a copy of the draft report entitled The Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code.

We have reviewed the draft report and are generally in accord with the concepts and principles described and in the suggested methods for developing and maintaining an international commodity code. This Department has a continuing interest in this important undertaking to facilitate improvements in the system of reporting transactions in international trade. We will be pleased to cooperate with the International Trade Commission in its future activities in this area.

Sincerely,



JOEL SEGALL
Deputy Under Secretary
International Affairs

U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
WASHINGTON, D.C. 20212

OFFICE OF THE COMMISSIONER

MAY 23 1975

Reference Number 400

Mr. Kenneth R. Mason
Secretary
U. S. International Trade
Commission
Eighth and E Streets, N. W.
Washington, D. C. 20436

Dear Mr. Mason:

I am submitting on behalf of the Bureau of Labor Statistics some brief comments on The Concepts and Principles Which Should Underlie the Formulation of An International Commodity Code, draft report on Investigation No. 332-73. We support the principles set forth, and our only objections are to omissions and to the procedures and timing likely to flow from the report.

It seems to us that the most important omission is some size criterion as a guide to the extent of detail in the various schedules which would constitute the proposed all-purpose commodity classification. Admittedly, this is not easy to specify because items which are large in, say, production but small in imports or exports should be included. Also, for the international classification, items which are sufficiently important in the production and trade of a few countries and zero or negligible in others should be included. Nevertheless, without some guidelines regarding acceptable minimum size, there is probably no way to maintain any sort of balance among schedules. As you know, this is one of the greatest faults in the present TSUS, with 1,000 or more items for which there are no imports, with tremendous detail in textiles and apparel (schedule 3) and with fewer than 100 items accounting for more than half of all imports by value.

Almost equally important is the lack of consideration given to the link between the all-purpose commodity classification and the industry in which these goods are produced. We understand that from the point of view of ITC, the industry in which the commodity is produced may be "extrinsic," as implied on page 8 of your draft report. But from the point of view of the Trade Monitoring System

r. Kenneth R. Mason--2

MAY 23 1975

ection 282 of the Trade Act of 1974), for which BLS has a major responsibility, the relationship between the commodity classification and the industries for which production and employment are available is crucial. To some extent, changes and improvements in the industry classification can be made (and indeed are made every 5 years). Also, in some cases, the same commodity is produced in more than one industry (usually as a secondary product in all but one industry). Nevertheless, it is essential that due consideration be given to "industry in which produced" in formulating the principles of commodity classification.

Finally, BLS is very worried about the timing implicit in the fundamental approach outlined in the report. We fear that no new classifications will be established in 1975 or 1976 and that, consequently, we will be unable to publish any reports under the Trade Monitoring System called for in Section 282 of the Trade Act of 1974 in time to be helpful in the present round of trade negotiations. The objective of bringing all of the commodity classification systems now in use in production and transportation in the United States and indeed in the world into one all-purpose classification is a laudable one, but it will take many years to show major progress toward this goal.

We need major improvements beginning January 1, 1976, if we are to publish anything under the Trade Monitoring System in 1977. We believe that the addition of perhaps 200 or 300 well chosen additional SUSA items (6th and 7th digits only) would make this possible. This would in no way prevent simultaneous progress toward the all-purpose commodity classification discussed in the Commission's draft report. Indeed, it would probably reduce substantially the discontinuity from year to year in imports by commodity item because the changes made for 1976 would be a considerable part of the changes (not by number, but by value) which will need to be made in establishing a general commodity classification.

Trust that the International Trade Commission will give serious consideration to these comments.

Sincerely yours,

William Shiskin
WILLIAM SHISKIN
Commissioner

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

May 19, 1975

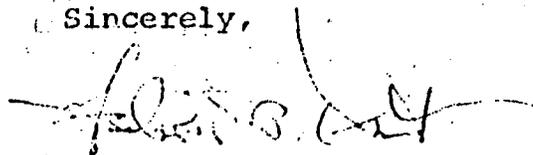
Honorable Catherine Bedell
Chairman
International Trade Commission
Washington, D. C. 20436

Dear Madam Chairman:

Enclosed are the comments of the Office of the Special Representative for Trade Negotiations on the ITC draft Report on Concepts and Principles Which Should Underlie the Formulation of an International Commodity Code.

As you may know, this Office has a longstanding and continuing interest in the development of an international commodity code and we appreciate the opportunity to make some general comments on the direction we believe U.S. policy should take in this important matter.

Sincerely,



Frederick B. Dent

OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS
COMMENTS ON THE DRAFT REPORT OF THE
UNITED STATES INTERNATIONAL TRADE COMMISSION
ON THE CONCEPTS AND PRINCIPLES WHICH SHOULD UNDERLIE
THE FORMULATION OF AN
INTERNATIONAL COMMODITY CODE
(USITC Publication 729)

The draft report of the ITC succinctly sets forth the reasons an international commodity code is needed, and identifies many of the concepts and principles which should underlie its formulation. The report however, in its suggestion that two codes (domestic and international) be developed, does not recognize the need for comparability between any domestic and international code.

STR believes that any domestic code must be developed as a part of an international code. While it may be difficult to develop one code that will meet all requirements of both domestic and international users, a code can be developed which has adequate flexibility for users and at the same time meet future as well as present needs.

The mandate of sec. 608 of the Trade Act is for the ITC to give a report providing a basis for U.S. participation in the CCC to assure the development of a harmonized code "reflecting sound principles of commodity identification and specification and modern producing methods and trading practices." Sec. 608 also mandates comparability in import and export enumerations. In our view the best way to meet those mandates is for one internationally acceptable code to be developed. Any international or domestic system must meet changing needs and be adaptable to changing technologies and information systems. In order for a code to be kept up to date in these respects, the code should be one which

can be used both domestically and internationally and can therefore be revised as necessary on an internationally accepted basis.

Work has been proceeding for some time in the Customs Cooperation Council to develop a modern nomenclature. The U.S. is participating in the work of the CCC through the Harmonized System Committee now working on an international Code. While the basis for that study is the BTN, which is in its present form unacceptable to the U.S., there have been clear indications on the part of present users of the BTN as to their willingness to modify the BTN to reflect modern practices.

Progress on any new code can proceed at an acceptable pace if the U.S. fully participates in and encourages completion of an international code.

The large amount of work already done on the subject of an international commodity code and the various resources which can be drawn upon make it unreasonable to accept the conclusion in the ITC report that an entirely new system must be developed. The reality is that 132 countries use the BTN and there is virtually no likelihood that they would be willing to scrap it for an entirely new system. It would seem to be more practical therefore, for the U.S. to work through existing international channels to make those changes necessary to modernize the existing international system into a code that will meet the requirements of the U.S. and which will at the same time be a modern effective code acceptable to other trading nations.

Frederick B. Dent

The Special Representative
for Trade Negotiations

Frederick B. Dent



DEPARTMENT OF STATE

Washington, D. C. 20520

MAY 15 1975

Dear Madam Chairman:

This is in response to your recent letter to Secretary of State Kissinger transmitting your Commission's draft report on the concepts and principles which should underlie the formulation of an international commodity code.

The Department of State is pleased to note that the draft report recognizes the many serious international, economic and business problems which have resulted from the multiplicity of product codes currently in existence; and that the report argues for a complete yet simple and flexible international coding system.

A position now contemplated for the U.S. Delegation at the Sixth Session of the Harmonized System Committee of the Customs Cooperation Council, convening on June 16, will indicate U.S. willingness to endorse the use of a six-digit commodity description and coding system, with provision for expansion to eight digits for use as needed. In light of this, it may be advisable to conform the examples provided in the draft report to this position. That is, the numbering of international commodity code items, without suffixes or descriptors, on pages 11 and 13 would more accurately reflect what our position may be if the examples were expanded to six digits.

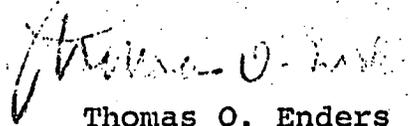
To more accurately reflect the status of thinking regarding the base to be used for development of an international system, it is suggested that the second paragraph of Part D-3, pages 15-16 be reworded as follows:

The Honorable
Catherine Bedell, Chairman
U.S. International Trade Commission
Washington, D. C. 20436

"As noted previously, many of the major existing commodity codes contain significant differences in organization and product classification treatment, undoubtedly as a result of each having been formulated in order to serve its own unique and individual purposes. While no existing code, therefore, can fully accommodate the individual needs presently being satisfied by the multitude of existing systems, the BTN evidences useful elements of organization, systematicness, and descriptive technique. No existing system, however, should be overlooked in the search for useful provisions and techniques for designing and developing the desired international product nomenclature."

The State Department appreciates the opportunity to present its views on this matter.

Sincerely,



Thomas O. Enders

Assistant Secretary for
Economic and Business Affairs



DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON



MAY 14 1975

REFER TO

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The Honorable
Catherine Bedell, Chairman
United States International Trade
Commission
Washington, D. C. 20436

Dear Madam Chairman:

I am herewith forwarding our comments on the draft report on the concepts and principles which should underlie the formulation of an international commodity code. I trust that these comments will be considered by the Commission in connection with your Investigation 332-73 required by the Trade Act of 1974.

Sincerely yours,

Commissioner of Customs

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MAY 19 1975
OFFICE OF CHAIRMAN

UNITED STATES CUSTOMS SERVICE
COMMENTS ON THE DRAFT REPORT OF THE
UNITED STATES INTERNATIONAL TRADE COMMISSION
ON THE CONCEPTS AND PRINCIPLES WHICH SHOULD UNDERLIE
THE FORMULATION OF AN
INTERNATIONAL COMMODITY CODE
(USITC Publication 729)

The draft report accurately sets forth the need for an international commodity code and lists a number of benefits that may be derived from such a code. Customs would stress the need for a uniform commodity code, for domestic and international use, as a means of facilitating trade. The use of a code of this kind could expedite the handling of shipments by Customs and the transportation industry. It could also facilitate statistical fact-gathering and evaluation by providing a single and comparable coding scheme. On this basis, we find the draft report deficient because it does not take into consideration the requirements of a domestic code, a question which the Commission will have to face in relation to the report required by section 608(b) of the Trade Act of 1974.

It is Customs' opinion that the United States cannot develop an international code on the one hand and a domestic code on the other. The two must be undertaken together if we are to obtain a system which is adaptable for various uses domestically and remain comparable with the international system. Commerce in general and international trade in particular have become extremely complex. It is, therefore, imperative that the system to be developed be modern. That is, it must not only meet the requirements of current commercial practice, but must also be particularly susceptible to computerized processing. Importers, exporters, Customs, carriers, trade statisticians, and manufacturing interests all have or are developing electronic data processing systems to manage their workloads; a centralized national commodity classification system, fully compatible with an international system, is required to prevent the continued development of diverse and non-comparable coding schemes which require elaborate, costly, and inefficient bridging techniques.

The draft report sets forth concepts and principles in terms that apply to the development of any systematic scheme of classification. These are the broad principles to which all generalized systems of product classification attempt to hold in their development. Few are seriously open to question. What the draft report does not do is face the reality of the current international effort of the Customs Cooperation Council (CCC) to develop a modern international product nomenclature designed to meet customs, statistical, and transport needs.

In substance, the draft report concludes that no existing code can accommodate the varied needs that seek fulfillment in an international commodity code, and that such a code must be formulated as a new system to insure its responsiveness to the various uses.

Under the auspices of the CCC, a study group undertook a two-year study of the feasibility of an international commodity code and concluded that such a code could be developed and that it should be done on the basis of the Brussels Tariff Nomenclature (BTN) and the Standard International Trade Classification (SITC). This decision was made only after exploring the possibility of creating an entirely new system; however, it was concluded that the only prospect of developing and implementing an international system within a reasonable period of time lay in building on an existing system. Because of the wide acceptance of the BTN as a basis for customs tariffs (it is now used by 132 countries), it was decided that the international system should be based on the BTN.

In the section of the draft report dealing with the development of an international commodity code a technique is set forth, but no attempt is made to demonstrate an organizational framework for the proposed system, nor is information furnished to allow an evaluation of present systems upon which the international code could be based. Many different classification schemes or frameworks are in existence or can be devised. To start with the creation of an entirely new system will first require an in-depth study to determine how the universe of commodities is to be ordered. In fact, there are a number of organizational frameworks suitable for this purpose, and beginning from an existing system obviates the necessity to make what must inevitably be a difficult study and puts the effort in a position to proceed with the technical development. The development can be accomplished within a reasonably short time if based on an existing system, but will undoubtedly require a considerably longer time if it is to be based on an entirely new system.

In the CCC, the choice was made to proceed on the basis of the BTN with full knowledge that changes would have to be made in the BTN to bring it in step with current trade conditions, and that the BTN would have to be modified to facilitate establishment of the international commodity code.

Since it was the considered decision of the CCC study group on the development of an international commodity code that the work could be done on the basis of the BTN, and this conclusion was concurred in by the Council itself, grave doubt is cast on the unsubstantiated conclusion of the draft report that a new system must be devised. Indeed, the United States participated in the study group and in the establishment of the Harmonized System Committee, the Committee charged with the development of the international commodity code within the CCC.

The BTN, like all commodity classification systems, is not without its faults. The United States effort in the development of an international commodity code should be directed toward the correction of these faults and the modification of the BTN so it will reflect the interests of the United States. The development of an entirely new system will not necessarily produce a better code, because the new code must be subject to international agreement, and the new system will inevitably have its own faults.

Sections 608(a) and (b) of the Trade Act of 1974 direct the correlation of import and export statistics and the establishment of their comparability with domestic production. Any future system must take this into consideration. The BTN is not presently fully capable of providing the kinds of commodity aggregations that are meaningful for industrial statistical purposes. However, because the organizational framework of the BTN is based on the principle of classifying together in the same chapter all goods obtained from the same raw material and arranging them progressively by stages of production within the chapter, it is possible to obtain groupings of products by industry. Some industry groupings cannot be obtained in the present BTN, but a significant number can be obtained, and the desirability of such information will be a moving force to obtain the necessary changes in the BTN. Therefore, the BTN already goes a long way toward providing a framework in which the comparability of import-export and production statistics can be obtained.

Finally, discussions with present users of the BTN show a willingness on their part to amend the BTN. On the other hand, there is virtually no support for abandonment of the BTN in favor of a new system. An effort to impose a new system on the international trade community is almost certainly doomed to failure; while an effort to build upon the BTN can almost certainly result in a system that is acceptable to all major trading nations.

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

May 30, 1975

Honorable Catherine Bedell
Chairman, United States International
Trade Commission
Washington, D.C. 20436

Dear Madam Chairman:

Thank you for the opportunity to comment on the draft report of the United States International Trade Commission to the Congress on the concepts and principles which should underlie the development of an international commodity code. Your report correctly states that "the great number of these codes and their lack of substantive comparability make efforts at introducing cost and time efficiencies in the movement of goods difficult and curtail the effective use of automated data-exchange systems for this purpose." Naturally, these matters are of considerable concern to the Department of Transportation.

We commend the draft report and its logical presentation of the many complex issues involved. It is impossible to challenge the basic arguments presented in favor of a single international commodity code adaptable for all purposes. The discussion of the concepts and principles which should underlie the formulation of such a code is likewise unassailable. I would endorse particularly the following statements, which appear on pages 6 and 7 of the draft:

- . "...it should facilitate the preparation and processing of transportation documentation."
- . "The key to successful development of the system, therefore, lies in the extent to which the products of commerce are set forth in sufficient detail within a complete, systematic, and administrable structure reflective of current and anticipated technologies of production and peculiarities of trade."
- . "Each product should be provided for in the system in one, and only one, provision."

Our disagreement with the conclusions of the subject report relate to the proposed approach to implementation of these concepts in the international community. In this respect, the recommendations appear rather unrealistic.

The Department of Transportation has recognized almost since its inception that the many different methods of describing and classifying commodities are a major deterrent to the development of efficient freight transportation systems, especially for intermodal and international shipments. In 1971, the Office of Facilitation launched an effort to harmonize several of the most commonly used commodity coding systems. The objective was to bring differing categories into alignment wherever feasible and to make possible the direct translation from one system to another. We have found that, using descriptors at the specific commodity level, this harmonization is possible without the distortion commonly encountered in so-called concordances, which are created at more generic levels. Furthermore, because this approach entails modification of the various systems, rather than outright abandonment of any, we have been able to obtain the cooperation of affected parties both in this country and in Brussels at the Customs Cooperation Council. In the latter organization, the Harmonized System Committee was formed to develop specific recommendations for the necessary modifications to the Brussels Tariff Nomenclature (BTN) and to introduce specific commodity descriptors into the BTN structure. The United States has participated fully in this endeavor.

The reason that we have taken this approach is precisely because it is realistic, despite its shortcomings, and it therefore offers some hope of successful conclusion. The very fact that over 100 trading nations use a single commodity classification (the BTN) for international trade purposes, while the United States uses numerous different codes and not the BTN, suggests that an invitation by the United States to join in an objective search for a brand new system will not be accepted. Even if it were, to begin again would be to abandon the results accomplished to date in the Harmonized System Committee with no real assurance that the parties involved could agree on a better system, or that such a task could be accomplished in the foreseeable future.

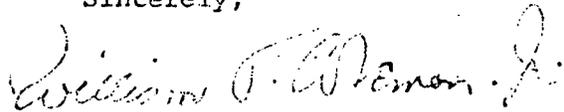
I therefore urge that the wording on pages 15-16 be amended to acknowledge the progress that has been made, with United States participation, in modernizing and refining the BTN and to encourage continuation of this work. Any practical suggestions for enhancement of the work, such as increased participation of U.S. technical experts and/or financial assistance to the committee, would then be more apt to invoke a positive attitude on the part of the other nations involved.

With respect to the level of refinement of the international commodity code, the draft report recognizes the need for specific commodity descriptors for transportation purposes, but suggests that this need is somehow unique. We believe, on the contrary, that descriptors are necessary for many reasons--including the successful implementation of

the proposed Automated Merchandise Processing System of the U.S. Customs Service. Furthermore, the only logical basis on which to create commodity categories within "a complete, systematic, and administrable structure.. is through consideration of the individual commodities that will comprise the categories. For these reasons, I again urge that the Trade Commission acknowledge a general need for refinement to the specific commodity level and lend its support and constructive suggestions to improving the efficiency of the effort already under way rather than to suggest postponement of that work until an ideal structure can be devised and adopted.

I hope that these comments will be received in the constructive spirit in which they are offered and that the United States can emerge with a commitment to a unified position on commodity descriptions and codes for trade and transportation. If we may further assist your deliberations or clarify these matters in any way, please do not hesitate to ask.

Sincerely,



William T. Coleman, Jr.

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