REPORTS OF THE UNITED STATES TARIFF COMMISSION ON THE OPERATION OF THE TRADE AGREEMENTS PROGRAM

*Operation of the Trade Agreements Program, June 1934 to April 1948 (Rept. No. 160, 2d ser., 1949):
  Part I. Summary
  Part II. History of the Trade Agreements Program
  Part III. Trade-Agreement Concessions Granted by the United States
  Part IV. Trade-Agreement Concessions Obtained by the United States
  Part V. Effects of the Trade Agreements Program on United States Trade


*Operation of the Trade Agreements Program: Third Report, April 1949-June 1950 (Rept. No. 172, 2d ser., 1951)


NOTE.—The reports preceded by an asterisk (*) are out of print. Those followed by a price may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. (See inside back cover for other available reports.) All U.S. Tariff Commission reports reproduced by the Government Printing Office may be consulted in the official depository libraries throughout the United States.
Forty-ninth
Annual Report
of the
United States Tariff Commission
Fiscal Year Ended June 30
1965
LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION,

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

Respectfully,

DONN N. BENT,
Secretary,
By direction of the Commission.

THE PRESIDENT OF THE SENATE,
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
This, the Forty-ninth Annual Report of the United States Tariff Commission, accounts for the Commission's activities during the period July 1, 1964, through June 30, 1965. The Commission's principal responsibilities during the year fell into four categories: Public investigations, servicing the Kennedy Round of trade negotiations, special studies of particular pertinence to U.S. trade and commercial policy, and services to Members of the Congress and the business community.

Public investigations conducted under the Antidumping Act of 1921, the Trade Expansion Act (TEA), and the Tariff Act of 1930 continued to command a significant portion of the Commission's energies. During fiscal 1965 the Commission conducted eight antidumping investigations, four investigations involving the escape clause, two adjustment assistance investigations, and one investigation concerning unfair trade practices. Moreover, the Commission was called upon to advise the President, after six investigations (under sec. 351 (d) (2) of the TEA), regarding the probable economic effect of restoring concessions previously altered by escape-clause action.

In the second category—servicing the Kennedy Round—members of the Commission's staff, both in Geneva and Washington, were called upon to supply technical assistance to the U.S. negotiators in Geneva. As the negotiations progressed, the Commission received a flow of requests for information from the President's Special Representative for Trade Negotiations. In this connection, work on the concordances between the Tariff Schedules of the United States and the Brussels Tariff Nomenclature, the common tariff of the European Economic Community, and the Standard International Trade Classification was accelerated.

In the third category, the Commission has under way several studies of significance to U.S. trade policy. One such study relates to the use and administration of the drawback feature, its role in U.S. manufacturing and trade, and proposals for its modification and improvement. Another study will compare the c.i.f. and the f.o.b. bases of valuation in the compilation of import statistics and in the collection of ad valorem duties. Still another will analyze the economic implications of the use of "American selling price" as a basis of assessing ad valorem duties on designated import items. The Commission is currently exploring the most expeditious use of automatic data processing.

Investigation formally ordered on July 26, 1965.
in the performance of its responsibilities. The Commission is also engaged in a comprehensive updating of its summaries of trade and tariff information. The latest edition of the summaries was published in 1948–50; the revised version will provide a concise compendium of trade information on all articles included in the Tariff Schedules of the United States (TSUS).

As in previous years, the Commission reported to the Congress on the operation of the trade agreements program and responded to requests for trade data and analyses from the Congress, the President, and the public.
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PART I. PUBLIC INVESTIGATIONS

Specific provisions of law direct the U.S. Tariff Commission to conduct investigations involving important developments in the U.S. import trade. During fiscal 1965 the Commission conducted investigations under the following statutory provisions: Section 201(a) of the Antidumping Act of 1921, section 337 of the Tariff Act of 1930, and sections 221, 301(b), 301(c)(1), 351(d)(1), and 351(d)(2) of the Trade Expansion Act of 1962 (TEA). These investigations are summarized briefly below. The Commission had no occasion in fiscal 1965 to conduct investigations under section 301(c)(2) of the Trade Expansion Act, sections 332 and 336 of the Tariff Act of 1930, and section 22 of the Agricultural Adjustment Act.

Trade Expansion Act of 1962

Section 221
On May 5, 1965, the Commission advised the President as to the probable economic effect of eliminating in one stage, rather than in five stages, the duties on certain tropical and forestry commodities not produced in significant quantities in the United States.1 This information, which was submitted in confidence, had been requested by the President on February 19, 1965, under section 221 of the Trade Expansion Act.2 The Commission's advice under this section is intended to assist the President in making an informed judgment concerning the probable impact that trade-agreement concessions currently under consideration would have on U.S. industry, agriculture, and labor.3

Section 301(b)
Upon request by representatives of the respective industries during fiscal 1965, the Commission conducted four investigations of industries under section 301(b) of the Trade Expansion Act.4 In this type of investigation, the Commission determines whether, as a result in major part of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing an article that is like or directly competitive with the

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1 The Commission submitted the list identifying these commodities to the President on Sept. 17, 1963, under sec. 213(c) of the TEA.
4 19 U.S.C. 1901(b).
imported article. Investigations may be initiated upon the request of the President, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon the Commission’s own motion, or upon the filing of a petition by a trade association, firm, certified or recognized union, or other representative of an industry.

The investigations conducted under section 301(b) during fiscal 1965 are summarized in the following compilation:

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Status</th>
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</table>
Hearing held: June 9 and 10, 1964.  
Determination of the Commission: Negative.  
Vote of the Commission: 5-0. | Reference: U.S. Tariff Commission, Umbrellas and Parts of Umbrellas (Except Handles): Report to the President on Investigation No. TEA-I-6... , TC Publication 136, 1964 [processed]. |
Investigation instituted: May 19, 1964.  
Hearing held: July 28 and 29, 1964.  
Determination of the Commission: Negative.  
Vote of the Commission: 5-0. | Reference: U.S. Tariff Commission, Watches, Watch Movements, and Parts of Watch Movements: Report to the President on Investigation No. TEA-I-7 ... , TC Publication 142, 1964 [processed]. |
Investigation instituted: July 31, 1964.  
Determination of the Commission: Negative.  
Vote of the Commission: 5-0. | Reference: U.S. Tariff Commission, Mushrooms Prepared or Preserved: Report to the President on Investigation No. TEA-I-8 ... , TC Publication 148, 1965 [processed]. |
Hearing held: Dec. 9, 1964.  
Determination of the Commission: Negative.  
Vote of the Commission: 5-0. | Reference: U.S. Tariff Commission, Ice Skates and Parts Thereof: Report to the President on Investigation No. TEA-I-9 ... , TC Publication 149, 1965 [processed]. |
Section 301(c)

During fiscal 1965 the Commission conducted two firm investigations under section 301(c) (1) of the Trade Expansion Act. In such investigations the Commission, upon petition by a firm or its representative, determines whether, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by the firm is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to that firm. If the Commission’s report to the President contains an affirmative finding, the President may certify the firm involved as eligible to apply for adjustment assistance.

The Commission received no petitions during the year for investigations under section 301 (c) (2). This section requires the Commission to determine whether, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by the workers’ firm, or an appropriate subdivision thereof, is being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers in the firm or subdivision. Following each such investigation, the Commission submits a report to the President. If the Commission’s finding is affirmative, the President may certify the group of workers involved as eligible to apply for adjustment assistance.

The two investigations conducted under section 301(c) (1) are discussed below.

Danaho Refining Co.—On petition by the Danaho Refining Co. of Houston, Tex., the Commission on June 29, 1964, instituted an investigation to determine the effect of the importation of crude petroleum on the operations of that firm. No public hearing was requested and none was held. On August 21, 1964, the Commission submitted its report to the President. The Commission unanimously found that crude petroleum was not, as a result in major part of concessions granted under trade agreements, being imported in such increased quantities as to cause, or threaten to cause, serious injury to the Danaho Refining Co.

National Tile & Manufacturing Co.—On October 1, 1964, the Commission instituted an investigation of the effect of the importation of certain ceramic floor and wall tiles on the National Tile & Manufacturing Co. of Anderson, Ind. At the request of the petitioner, the investigation was discontinued, without prejudice, on October 9, 1964. On October 22, 1964, the company filed another petition. An investigation was instituted on October 23, 1964, and a public hearing was held on December 1 and 2, 1964.

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6 19 U.S.C. 1901(c) (1).
7 Tariff Commission Reports to the President on Petition for Adjustment Assistance by Danaho Refining Co. (TEA-F-3), TC Publication 134, 1964 [processed].
The Commission submitted its report \(^8\) to the President on December 21, 1964. It found (Commissioners Fenn and Talbot dissenting) that ceramic floor and wall tiles provided for in TSUS items 532.21 and 532.24 were not, as a result in major part of concessions granted under trade agreements, being imported in such increased quantities as to cause, or threaten to cause, serious injury to the National Tile & Manufacturing Co.

**Section 351(d)**

During fiscal 1965, import restrictions previously imposed by escape-clause action in the interest of eight domestic industries were subject to review by the Tariff Commission under section 351(d) of the Trade Expansion Act, and reports thereon were submitted to the President. The annual reviews on two of these actions were conducted and reports submitted under section 351(d) (1); \(^8\) the reviews relating to the other six actions were conducted under section 351(d) (2).\(^9\) The Commission did not prepare annual-review reports on the latter six industries, as such reports would have served little purpose in view of the more comprehensive reports prepared under section 351(d) (2).

Section 351(d) (1) provides that, so long as increased import restrictions proclaimed pursuant to section 7 of the Trade Agreements Extension Act of 1951 or section 351 of the Trade Expansion Act remain in effect, the Commission shall keep under review developments relating to the industry concerned and make annual reports to the President concerning these developments.

The reports on the two annual reviews conducted during the year are summarized briefly below:

- **Wilton, Brussels, velvet, and tapestry carpets and rugs.**—In 1962, following an escape-clause investigation and report by the Tariff Commission, the President increased the rate of duty applicable to Wilton, Brussels, velvet, and tapestry carpets and rugs. The increased rate of duty became effective after the close of business on June 17, 1962. On September 14, 1964, the Commission submitted to the President its second periodic report concerning such carpets and rugs.\(^11\) The report presented statistical data and other information, with emphasis on developments that had occurred after those described in the Commission’s report to the President in September 1963.

- **Cotton typewriter-ribbon cloth.**—After an escape-clause investigation and report by the Tariff Commission, in 1960 the President

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\(^8\) *Tariff Commission Reports to the President on Petition for Adjustment Assistance by the National Tile & Manufacturing Co. (TEA-F-5), TC Publication 145, 1964 [processed]. The part of the Commission’s report containing confidential information was not made public.


\(^11\) *Wilton, Brussels, Velvet, and Tapestry Carpets and Rugs: Report to the President (No. TEA-IR-5-64) Under Section 351(d) (1) of the Trade Expansion Act of 1962, TC Publication 137, 1964 [processed].*
restored the higher statutory rates of duty on broad woven cotton type­writer-ribbon cloth. The increased rates became effective after the close of business on September 22, 1960.

On September 23, 1964, the Commission submitted its third annual report on developments concerning such cloth. The report reviewed developments in the industry, with emphasis on changes that had occurred after those described in the Commission’s report to the President in September 1963.

Other section 351(d) investigations.—Section 351(d) (2) directs the Commission to advise the President, either at his request or upon its own motion, of its judgment as to the probable economic effect on the industry concerned of the reduction or termination of the increased restrictions proclaimed pursuant to either section 7 of the 1951 act or section 351 of the 1962 act. The Commission’s advice must be taken into account by the President before he can reduce or terminate these restrictions prior to the date they would automatically terminate. The six investigations conducted under section 351(d) (2) are summarized in the following compilation:

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<th>Commodity</th>
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<tbody>
<tr>
<td></td>
<td>Investigation instituted: June 24, 1964.</td>
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<tr>
<td></td>
<td>Reference: U.S. Tariff Commission, Stainless-Steel Table Flatware: Report to the President on Investigation No. TEA–IA–6 , TC Publication 152, 1965 [processed].</td>
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12 Cotton Typewriter-Ribbon Cloth: Report to the President (No. TEA–IR–6–64) Under Section 351(d) (1) of the Trade Expansion Act of 1962, TC Publication 139, 1964 [processed].

13 Under sec. 351(c) of the 1962 act, increased import restrictions proclaimed pursuant to sec. 7 of the Trade Agreements Extension Act of 1951 will automatically terminate on Oct. 11, 1967, and those proclaimed pursuant to sec. 351(a) of the 1962 act will automatically terminate 4 years after such increases are proclaimed, unless action under sec. 351(d) (3) is taken to extend them.
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Tariff Act of 1930, Section 337

Following receipt on April 17, 1964, of a complaint filed jointly by the Elgin National Watch Co. of Elgin, Ill., and the Hamilton Watch Co. of Lancaster, Pa., the Commission on April 23, 1964, instituted a preliminary inquiry under section 337 of the Tariff Act of 1930,\(^\text{14}\) regarding watches, watch movements, and watch parts. On October 26, 1964, the Commission advised the petitioners that it had tentatively concluded that the complaint as constituted did not state good and sufficient reason for instituting an investigation. An amended complaint was submitted on December 28, 1964; on April 23, 1965, the Commission ordered an investigation and scheduled a public hearing for July 19, 1965. At the close of the period under review, this investigation was in process.

Section 337 authorizes the Commission to investigate alleged unfair methods of competition and unfair acts in the importation of articles or in the sale of imported articles in the United States and to submit a report on its investigation to the President. The President is directed, if the existence of such unfair methods or acts is established to his satisfaction, to exclude the articles involved from entry into the United States as long as the conditions which led to the exclusion continue.

Antidumping Act, 1921, as Amended, Section 201(a)

During the period under review the Tariff Commission completed eight investigations under the provisions of section 201(a) of the Anti-

\(^{14}\) 19 U.S.C. 1337, 1337a.
dumping Act, 1921.\textsuperscript{15} This section provides that whenever the Secretary of the Treasury advises the Commission that a class or kind of foreign merchandise is being, or is likely to be, sold in the United States or elsewhere at less than its fair value, the Commission shall thereafter determine within 3 months whether a domestic industry is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of such merchandise.

On completion of its investigation the Commission notifies the Secretary of the Treasury of its determination. If the determination is affirmative, the Secretary issues a “finding” of dumping, and dumping duties are thenceforth applicable. The law provides that an evenly divided vote of the Commission shall be considered affirmative.

The antidumping investigations conducted by the Commission during fiscal 1965 are summarized in the following compilation:

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\textsuperscript{15} 19 U.S.C. 160 et seq.
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PART II. REPORTS AND OTHER ACTIVITIES

Each year the Tariff Commission engages in a variety of functions in addition to conducting the public investigations described above. The Commission regularly provides the President with information before he concludes trade agreements with foreign countries, and it supplies the interdepartmental trade agreements organization with factual data on articles on which the United States is considering trade-agreement concessions. In addition, the Commission is required to keep informed concerning the operation and effect of trade-agreement provisions relating to duties or other import restrictions of the United States, and to submit periodic reports to the Congress on the operation of the trade agreements program.

The Commission investigates and reports on the fiscal and industrial effects of the customs laws; the effect of various types of import duties; tariff relations between the United States and foreign countries; commercial treaties; the volume of imports compared with domestic production and consumption; and the competition of foreign industries with those of the United States. On four separate occasions (in 1920, 1921, 1929, and 1948) the Commission has issued Summaries of Tariff Information; other studies have provided compilations of information on U.S. import duties, periodic reports on synthetic organic chemicals, reports on the commercial policies of certain foreign countries, and special reports on specific commodities and industries.

Activities Relating to the Trade Agreements Program

Tariff negotiations

During fiscal 1965 the Commission continued to supply trade agreements information to the President and to those administering the trade agreements program. This work was generally carried out at the request of the Special Representative for Trade Negotiations, Christian A. Herter, who is the chief representative of the United States in negotiations under the Trade Expansion Act. The Tariff Commission is represented on the Trade Staff Committee, which was created by the Special Representative to obtain information and advice from Government agencies and other sources on trade-agreement matters and to recommend policies and actions to the Trade Executive Committee concerning the trade agreements program. The Commission member of the Committee does not vote and does not participate in the Committee's discussion of policy matters.

At the request of the Office of the Special Representative, the Tariff Commission, on July 24, 1964, appointed staff members to the eight
“country committees” which assisted in preparations for the sixth round of GATT tariff negotiations. These committees, which were subcommittees of the aforementioned Trade Staff Committee, eventually formed part of the delegation to the negotiating conference in Geneva; seven of the nine Tariff Commission staff members in Geneva at the close of the period covered by this report were members of these country committees.

Throughout the year, the Commission continued to supply essential data and analyses to the U.S. negotiators in Geneva. A constant flow of information was required to keep them equipped to cope with questions arising during the negotiations. Foremost among the materials thus supplied were comprehensive compilations of statistical data respecting the U.S. production and trade in many items being considered for negotiation. These were accompanied by formal documentation of such items to facilitate their identification by the respective negotiators. Furnishing this material was the work of many Commission staff members.

The Commission continued during fiscal 1965 to bring the U.S. schedules of concessions it had extended through trade agreements into conformity with the Tariff Schedules of the United States (TSUS). The GATT waiver permitting the United States to place the TSUS in effect before completing negotiations with other GATT members, originally granted for 1 year in July 1963, was renewed in June 1964 and June 1965. Commission staff members provided technical assistance and personnel in the negotiations with individual countries to reconcile commitments in existing trade agreements with the provisions of the TSUS, and prepared most of the supporting material for the negotiations.

The Commission supplied technical assistance to the President and the Congress in connection with the United States-Canadian automotive products agreement, which provided for the elimination of duties on new motor vehicles and original-equipment parts thereof traded between the United States and Canada. The agreement was signed on January 16, 1965, by the President of the United States and the Prime Minister of Canada. On June 30, 1965, a bill to implement the agreement was under consideration in the House of Representatives. In connection therewith the Commission had submitted a comprehensive report to the Ways and Means Committee, supplying a historic background of the agreement and analyzing both its objectives and contemplated operation.

The Commission virtually completed the work initiated in fiscal 1964, at the request of the Special Representative for Trade Negotiations, on a concordance between the Tariff Schedules of the United States and the common external tariff of the European Economic Community. Such a cross-reference is needed in the GATT negotiations, particularly in discussions of tariff disparities. Inasmuch as the common external tariff of the European Economic Community (EEC) is
based on the Brussels Tariff Nomenclature, this work has also provided a concordance to that nomenclature, which is the basis for the tariffs of most major trading nations other than the United States. The bulk of the work on these concordances, including technical conferences between the staff of the Tariff Commission and the technical staff of the EEC, was completed by June 30, 1965. It is contemplated that at an appropriate time this cross-reference will be made available to the public.

At the request of the Special Representative, the staff of the Tariff Commission assisted in several background studies on particular products and problems in preparation for GATT multilateral discussions.

**Report on the operation of the trade agreements program**

Section 402(b) of the Trade Expansion Act of 1962 requires that the Tariff Commission submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program. Accordingly, on February 8, 1965, the Commission issued its 15th annual report, covering the period July 1, 1962, to June 30, 1963. The report describes the principal features of the Trade Expansion Act of 1962, particularly the provisions relating to trade-agreement negotiations and postnegotiation adjustment assistance; the preparations for the sixth (Kennedy) round of multilateral trade-agreement negotiations under the auspices of the GATT; other developments relating to the implementation and administration of the General Agreement; the actions of the United States relating to its trade agreements program; and the major commercial policy developments in countries with which the United States has trade agreements.

By June 30, 1965, the Commission was in the process of preparing the 16th annual report on the trade agreements program, covering the fiscal year ending June 30, 1964.

**Summaries of Trade and Tariff Information**

During the current year, the Commission has had in preparation a new series of summaries of trade and tariff information. The most recent series, published in 1948-50, needed updating to take into account changed trade conditions and new developments, particularly the Trade Expansion Act of 1962, the Tariff Schedules of the United States (August 1963), and numerous changes in tariff and nontariff controls.

The new series of summaries provides concise information on domestic and foreign trade in the articles enumerated in the Tariff Schedules of the United States. Each summary includes data on consumption, production, exports, and imports; a discussion of U.S. tariff treatment; and tables of pertinent information. The summaries

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will supply the Congress, the President, and other officers of the Government with statistical and analytical data essential to the formulation of domestic and foreign trade policy and will embody information useful to producers, distributors, business concerns, and consumers. It was contemplated that when the individual summaries were completed, they would be released for use primarily by other Government agencies, and that, as soon as practicable, summaries dealing with groups of related articles would be published in volumes for use by the public.

**Classification of U.S. Foreign Trade**

During the year covered by this report, the Commission continued work on a variety of projects pertaining to the tariff and statistical classification of imports. Much of this activity stemmed from the use of the new U.S. tariff schedules, published in *Tariff Schedules of the United States, Effective August 31, 1963* and *Tariff Schedules of the United States Annotated* (TSUSA), which contains the legal text of the TSUS and identifies the information required of importers for customs and statistical purposes. The Commission also supplied technical assistance to the House Committee on Ways and Means and the Senate Committee on Finance in conjunction with their consideration of suggested revisions in the TSUS. The revisions considered by the Committees were generally limited to those provisions in the TSUS where clarification was necessary, or where, through oversight or lack of information, errors had been made.

By June 30, 1965, the Commission had substantially completed a concordance of the TSUS and the statistical classifications appearing in *Schedule A: Statistical Classification of Commodities Imported Into the United States* \(^2\) covering imports in 1962 and in January–August 1963; a similar concordance covering imports in 1961 was completed in fiscal 1964. The TSUS–Schedule A cross-reference will enable the Bureau of the Census to reclassify in terms of the TSUS the trade data for 1961–63 already published in Schedule A form.

The Commission also reviewed the concordance between the TSUS and the Standard Industrial Classification (SIC), the form in which statistics on the domestic economy, such as those published by the Bureau of the Census and the Bureau of Labor Statistics, are issued. Through this cross-reference, U.S. import statistics may be published in terms of the SIC, thereby making them comparable in varying degree with domestic economic data.

During the year, the Commission continued to review the statistical breakouts of the TSUS in accordance with section 484(e) of the Tariff Act of 1930; this section authorizes the Chairman of the Tariff Commission, the Secretary of the Treasury, and the Secretary of

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\(^2\) *The publication setting forth the system of statistical classification in effect prior to adoption of the TSUS.*
Commerce to enumerate for statistical purposes the articles imported into the United States. In this connection a member of the Commission’s staff serves as chairman of the interdepartmental Committee for Statistical Annotation of Tariff Schedules, the other members of which are representatives of the Bureau of Customs and the Bureau of the Census. Under the authority of section 201 of the Tariff Classification Act, the Commission issued supplements 4 and 5 to the TSUSA (1963), setting forth the revisions resulting from its review.

The Commission also issued supplement 1 to Special and Administrative Provisions (Titles III and IV) of the Tariff Act of 1930, including all changes as of January 1, 1965.

The Commission also engaged in certain other activities relating to the valuation of imports. During the fiscal year it instituted a study of the difference between the value of imported merchandise as reported for import statistics (roughly equivalent to f.o.b. value) and the value on a c.i.f. basis. The information to be obtained from the study will be particularly relevant for use in trade negotiations and in the Commission’s summaries of trade and tariff information. By the close of the period covered by this report, much of the background work for the study had been completed.

In conjunction with the Bureau of Customs, the Bureau of the Budget, and the Bureau of the Census, the Commission assisted in a review of the procedures for collecting import statistics which had been instituted in January 1962. At that time customs examiners began verifying statistical data shown on import documents before transmitting the documents to the Bureau of the Census for tabulation. Under earlier procedure, verification often occurred too late to correct any errors discovered before the official statistics were published. The objective of the 1965 review was to determine how to improve and simplify the system without sacrificing the increased accuracy made possible by the 1962 revision.

Reports on Synthetic Organic Chemicals

During fiscal 1965 the Commission published the following reports on U.S. production, sales, and imports of synthetic organic chemicals:

- Production and sales of synthetic organic chemicals:
  - Annual report for 1963
  - Preliminary annual reports for 1963 and 1964
  - Preliminary monthly reports
- Imports of coal-tar products: Annual report for 1963

These series of reports were initiated by the Commission in 1918.

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3 Free on board.
4 Cost, insurance, freight—the basis of import valuation used by most countries other than the United States.
Annual report on production and sales of synthetic organic chemicals in 1963

On November 30, 1964, the Commission issued its annual report on U.S. production and sales of synthetic organic chemicals in 1963, which brought together, in one volume, data on the 14 segments of the industry for which preliminary information had been supplied earlier in separate reports. The report, using statistics supplied by 783 primary manufacturers, covers the production and sales of more than 6,000 chemicals and chemical products and supplies data for many of them separately. It lists the manufacturers of each item for which production and sales data for 1963 were reported and records U.S. general imports of synthetic organic chemicals entered in that year under paragraphs 27 and 28 of the Tariff Act of 1930. The imports so reported, classified by end use, are coal-tar intermediates, dyes, medicinal chemicals, and other finished coal-tar products.

Preliminary annual reports on production and sales of synthetic organic chemicals in 1963 and 1964

As soon as complete statistics became available, the Commission issued preliminary reports on production and sales in 1963 and 1964 for each of the 14 segments of the synthetic organic chemicals industry. Data were reported for each of the following: Tars and tar crudes, crude products from petroleum and natural gas for chemical conversion, cyclic intermediates, coal-tar dyes, synthetic organic pigments (lakes and toners), bulk medicinal chemicals, flavor and perfume materials, plastics and resin materials, rubber-processing chemicals, elastomers (synthetic rubbers), plasticizers, surface-active agents, pesticides and other organic agricultural chemicals, and miscellaneous chemicals.

Preliminary monthly reports on production and sales of synthetic organic chemicals

The Commission also issued preliminary monthly reports on U.S. production and sales of the most important synthetic organic chemicals. One series of such reports (the C series) supplies data on the production of selected synthetic organic chemicals, except plastics and resin materials. Another series (the P series) provides production and sales data on plastics and resin materials. The data in the C series were obtained from 192 companies. The 65 chemicals for which data are reported in this series are grouped as coal-tar crudes, intermediates, bulk medicinal chemicals, pesticides and other organic agricultural chemicals, and miscellaneous chemicals and products. The data reported in the P series were obtained from 250 companies.

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*Or (after Aug. 30, 1963) under schedule 4, pt. 1, of the Tariff Schedules of the United States.

*S.O.C. (Synthetic Organic Chemicals) Series C; S.O.C. Series P.
The 96 items involved are classified as thermosetting resins—such as alkyd, epoxy, polyester, phenolic, urea, and melamine resins; as thermoplastic resins—such as styrene and polyolefin plastics, vinyl resins, and polypropylene; and as cellulose plastics.

Annual report on imports of coal-tar products in 1963

On July 29, 1964, the Commission issued its annual report on U.S. imports of coal-tar products, including intermediates and dyes, medicinals, pharmaceuticals, flavor and perfume materials, and other coal-tar products. The data on these coal-tar products cover all coal-tar products imported into the United States during 1963.

Research and Assembling of Basic Data

The Commission regularly assembles information on all major import commodities; the data thus assembled includes technical information on the commodities and their use, the processes of their production, and U.S. production, imports, exports, marketing practices, and prices. Data are also assembled on production, exports, and prices in leading foreign producing countries and on the conditions of competition between foreign and domestic products. Such information is acquired through the assembly and analysis of data obtained from other Government agencies, from standard sources, from individual firms, through fieldwork by the Commission's personnel, and through questionnaires and public hearings.

To make accessible the public information required, the Tariff Commission Library maintains a unique and comprehensive collection of material, totaling approximately 64,000 volumes and 1,200 periodicals, on U.S. tariff and commercial policy, international trade, business conditions, and the technical and economic aspects of production in the United States and foreign countries. The library's original source material includes extensive files of official foreign-trade statistics. Although the library was established primarily for use by the Commission's staff, its resources are available to individuals and organizations engaged in research, and to other Government agencies. As an additional source, the legislative reference service—in the Commission's Legal Division—maintains a comprehensive file of documents on legislation affecting U.S. import trade.

Work of the Commission's Office in New York City

The Tariff Commission's duties frequently require that original customhouse documents (invoices and related papers) be analyzed at the New York customhouse to obtain data not available elsewhere. The New York City office is continuously engaged in such analysis,

*Imports of Coal-Tar Products, 1963, TC Publication 131, 1964 [processed].
*Entered under pars. 27 and 28 of the Tariff Act of 1930 or (after Aug. 30, 1963) under schedule 4, pt. 1 of the TSUS.
particularly of imports entering through the customs district of New York. The information thus obtained during fiscal 1965 contributed significantly to the aforementioned study of methods of valuing imports. The New York office also maintains contacts with manufacturers, importers, exporters, and customs examiners and appraisers in the New York area, to assist the Commission's specialists in assembling information in their respective fields.
PART III. TECHNICAL INFORMATION AND ASSISTANCE

As in earlier years, the Tariff Commission furnished technical information and assistance to the Congress, other Federal agencies, industrial and commercial concerns, and the general public. This activity, provided for in sections 332 and 334 of the Tariff Act of 1930, stems from the Commission's unique position as a repository of technical information on tariffs, domestic production, and imports.

Work for the Congress

The following section of the report deals only with direct requests from congressional committees and from individual Members of Congress for information or comments on proposed legislation, or on inquiries from constituents relating to tariff and trade matters, and for assistance at congressional hearings. Other phases of the Commission's work, even though based directly or indirectly on congressional directives or requests, are discussed elsewhere in the report.

Services to committees of the Congress

Committees of the Congress considering bills and resolutions on tariff and trade matters frequently request the Commission to analyze proposed legislation. In addition, Commission staff members may be asked to assist in drafting proposed legislation. These requests, which come primarily from the Senate Committee on Finance and the House Committee on Ways and Means, often involve extensive reports by the Commission.

The following list identifies some of the bills and resolutions on which the Commission prepared analyses or comments during 1965:

To provide for the implementation of the agreement concerning automotive production between the Government of the United States of America and the Government of Canada, and for other purposes.

To amend the Tariff Schedules of the United States to reduce until January 1, 1968, the exemption from duty enjoyed by returning residents to $50 fair retail value, to limit the exemption to articles accompanying such residents, and for other purposes.

To amend the Tariff Act of 1930 to provide that certain forms of nickel be admitted free of duty.

To extend for an additional temporary period the existing suspension of duties on certain classifications of yarn and silk.

To correct certain errors in the Tariff Schedules of the United States.
To amend the Tariff Act of 1930 to permit the duty-free entry of certain articles grown, manufactured, or produced in the Ryukyu Islands.

To amend the Tariff Act of 1930 to require certain new packages of imported articles to be marked to indicate the country of origin, and for other purposes.

To amend the Tariff Act of 1930 to provide that antiques may be imported free of duty if they exceed 100 years of age at the time of importation.

To amend the Antidumping Act of 1921, in order to provide that the foreign market value of imported firearms and ammunition which have been disposed of as surplus by a foreign government shall be not less than the constructed value of the merchandise.

**Services to individual Senators and Representatives**

Each year the Commission receives many requests from individual Senators and Representatives for information. Some of them can be answered from data readily available in the Commission; others require research and often the preparation of new statistical compilations and trade analyses.

**Cooperation With Government Agencies**

In the course of the year, the Commission participated with other Government agencies in the work done by interdepartmental committees. The most important work was with the Bureau of the Census, the Bureau of Customs, and the Office of the Special Representative for Trade Negotiations.

Commission staff served as members or liaison on various interdepartmental committees, such as the following: Trade Staff Committee, Technical Committee on Standard Industrial Classification, Committee for Statistical Annotation of Tariff Schedules, Interdepartmental Chemical Statistics Committee, Interagency Committee on Foreign Trade Statistics, Federal Committee on International Statistics, Interagency Committee on Automatic Data Processing, Schedule B Government Coordinating Committee (exports), Interdepartmental Committee on Foreign Commerce Statistical Regulations, and G.P.O. (Government Printing Office) Departmental Electronic Printing Committee.

The Office of Emergency Planning of the Executive Office of the President and other Government agencies concerned with the problems of defense continued to call upon the Tariff Commission for information on strategic and critical materials. All of the technical divisions of the Commission supplied such information.

**Assistance to Nongovernmental Research Agencies**

The Commission assisted quasi-official organizations by providing information on trade and tariff matters. A member of the Commission's staff served on the Committee on Ceramic Whitewares of the
American Society for Testing and Materials, a national technical society composed of producers, consumers, and other interested parties, such as the Federal Government, engineering schools, and research laboratories. The assistance given this society by the Commission related chiefly to nomenclature and classification of ceramic products and to editing of committee publications. Members of the Commission’s Chemicals Division served on the Committee on the *SOCMA Handbook: Commercial Organic Chemical Names*, sponsored by the American Chemical Society and the Synthetic Organic Chemical Manufacturers Association, and on the *Colour Index* Editorial Committee of the American Association of Textile Chemists and Colorists.

The Chemicals Division of the Commission furnished the Business and Defense Services Administration (BDSA) of the Department of Commerce with monthly data on U.S. production and sales of the most important organic chemicals and plastics materials, and annual data on production and sales of synthetic organic chemicals. The BDSA used these data primarily in planning for industrial mobilization. Several of the other commodity divisions of the Commission furnished comparable information to the BDSA.

**Assistance to Business Concerns and the Public**

In response to requests from outside the Federal Government, the Tariff Commission furnished information on diverse subjects within its area of competence. Requests came from industrial and commercial organizations, research workers, lawyers, teachers, editors, students, and others. Supplying the requested information entailed such work as preparing appropriate letters and statistical compilations and conferring with individuals and representatives of organizations. Inasmuch as the Commission does not maintain a public relations staff, requests for information are referred directly to professional staff members, generally commodity analysts, lawyers, and international economists.
PART IV. ADMINISTRATION AND FINANCES

Membership of the Commission

Section 330 of the Tariff Act of 1930 provides that the U.S. Tariff Commission shall be composed of six members. Each is to be appointed by the President and confirmed by the Senate for a term of 6 years, one term expiring each year. Not more than three Commissioners may be of the same political party. On June 30, 1965, the close of the period covered by this report, the Commission had no Chairman or Vice Chairman; the members of the Commission and the dates on which their respective terms expire were as follows:

Commissioner................ Ben Dorfman, Democrat from the District of Columbia (June 16, 1967).
Commissioner................ Dan H. Fenn, Jr., Democrat from Massachusetts (June 16, 1969).
Commissioner................ Glenn W. Sutton, Democrat from Georgia (June 16, 1968).
Commissioner................ James W. Culliton, political independent from Indiana (June 16, 1968).
Commissioner................ Vacancy.
Commissioner................ Vacancy.

1 Mr. Dorfman submitted his resignation as member of the U.S. Tariff Commission, effective July 6, 1965. He had served as Commissioner and Chairman of the Commission from Nov. 2, 1961, through June 16, 1965.
2 Mr. Fenn served as Vice Chairman of the Commission from Oct. 14, 1964, through June 16, 1965.
3 The term of Commissioner Joseph E. Talbot, Republican from Connecticut, expired on June 16, 1965. On June 30, 1965, the President nominated Mr. Talbot to fill the term ending June 16, 1971; Mr. Talbot assumed office on July 15, 1965.
4 The President, on July 13, 1965, nominated Mrs. Penelope H. Thunberg, a political independent from Maryland, to fill the term ending June 16, 1970; Mrs. Thunberg assumed office on Aug. 3, 1965.

Organization

The operating divisions of the Commission's staff consist of the Office of the General Counsel; the Office of the Director of Investigation; the Economics Division; and, under the direction of the Chief of Technical Services, seven commodity divisions, the Accounting Division, the Statistical Division, and an Invoice Analysis Section. Personnel and budget activities, as well as general administrative and auxiliary services, are under the Director of Administration.
The Office of the Secretary conducts relations with the public and other Government agencies, and issues publications and notices.

In June 1965 the Commission engaged the services of C. W. Robinson & Co., a management consulting firm, to examine its organization and administration and recommend measures to enable the Commission to make the most effective use of its personnel and resources. The survey will examine management policies, structure, personnel procedures, and budgetary processes.

On June 30, 1965, the Tariff Commission was composed of 4 Commissioners and 275 staff members. Of this total, 27 joined the Commission staff at some time during fiscal 1965.

**Finances and Appropriations, Fiscal Year 1965**

The appropriated funds available to the U.S. Tariff Commission during the fiscal year 1965 totaled $3,345,000. Reimbursements received amounted to $10,494, making a grand total available of $3,355,494. The unobligated balance as of June 30, 1965, was $131,223. Expenditures for the fiscal year 1965 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries: Commissioners</td>
<td>$130,236</td>
</tr>
<tr>
<td>Employees: Field</td>
<td>2,580,784</td>
</tr>
<tr>
<td>Overtime</td>
<td>62,942</td>
</tr>
<tr>
<td>Federal Insurance Contributions Act tax</td>
<td>10,940</td>
</tr>
<tr>
<td>Federal Employees’ Group Life Insurance Act contributions</td>
<td>10,940</td>
</tr>
<tr>
<td>Federal employers’ retirement contributions</td>
<td>157,966</td>
</tr>
<tr>
<td>Federal employers’ health benefit contributions</td>
<td>15,839</td>
</tr>
<tr>
<td>Travel expense and transportation of persons</td>
<td>48,070</td>
</tr>
<tr>
<td>Books of reference and other publications</td>
<td>11,422</td>
</tr>
<tr>
<td>Rentals and communications service</td>
<td>37,195</td>
</tr>
<tr>
<td>Penalty mail and postage</td>
<td>8,601</td>
</tr>
<tr>
<td>Contractual services</td>
<td>22,482</td>
</tr>
<tr>
<td>Office supplies and equipment</td>
<td>40,139</td>
</tr>
<tr>
<td>Printing and reproduction</td>
<td>17,657</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,224,271</strong></td>
</tr>
</tbody>
</table>

1 Total does not include temporary employees.
RECENT REPORTS OF THE UNITED STATES TARIFF COMMISSION
ON SYNTHETIC ORGANIC CHEMICALS

Synthetic Organic Chemicals, United States Production and Sales, 1962
(TC Publication 114, 1963), $1.50
Synthetic Organic Chemicals, United States Production and Sales, 1963
(TC Publication 143, 1964), $1.50
Synthetic Organic Chemicals, United States Production and Sales, 1964
(TC Publication 167, 1965), $1.25

OTHER RECENT REPORTS

Tariff Schedules of the United States Annotated (1965) (TC Publication 163),
$6.00 (including supplementary service for an indefinite period); $1.50
additional for foreign mailing
Tariff Schedules of the United States, Effective August 31, 1963 (TC Publica-
tion 112), $4.00 (including supplementary service for an indefinite period);
$1.00 additional for foreign mailing

NOTE.—The reports listed above may be purchased from the Superintendent of Documents,
U.S. Government Printing Office, Washington, D.C., 20402. (See inside front cover for other
available reports.) All U.S. Tariff Commission reports reproduced by the Government Print-
ing Office may be consulted in the official depository libraries throughout the United States.
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The CODE OF FEDERAL REGULATIONS is a codification of rules and regulations issued by the administrative agencies of the Federal Government. Regulatory material published in the Federal Register is keyed to the Code of Federal Regulations which is published under 50 titles, pursuant to section 11 of the Federal Register Act, as amended.

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