

Annual Report
of the
United States Tariff Commission
Fiscal Year Ended June 30
1969



TC Publication 301

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UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION

Washington, D.C. 20436

LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION,
Washington, December 1, 1969.

SIR: Transmitted herewith is the 53d *Annual Report of the United States Tariff Commission.*

Respectfully,

GLENN W. SUTTON,
Chairman.

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

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THE YEAR IN REVIEW

During the year that ended June 30, 1969, the Commission and its staff were engaged principally in the conduct of public investigations concerning imports and other subjects relating to U.S. foreign trade; other activities included the rendering of reports or assistance to the legislative and executive branches of Government and to the public.

Pursuant to the most recent authority to investigate injury from imports resulting from trade-agreement concessions—the Trade Expansion Act of 1962—the Commission, during the year, conducted investigations involving canned sardines, carpets and rugs, and sheet glass.

Under the broad investigative provisions of section 332 of the Tariff Act of 1930, the Commission submitted reports on nonrubber footwear and certain wool fabrics; published an interim report on a study of title 19 of the United States Code (drawback and related provisions); began and then suspended an investigation regarding olives; initiated, on its own motion, two investigative studies, one on the probable effects of national agricultural programs on U.S. foreign trade in agricultural products and the other on the effects of tariff preferences for less developed countries; and suspended indefinitely the investigation on ceramic floor and wall tile. In response to complaints filed under section 337 of the 1930 act, which prohibits unfair practices and unfair acts in the importation of articles, the Commission instituted full investigations respecting furazolidone, tractor parts, and freeze-dried coffee and a preliminary investigation concerning ski poles.

Also during the year, the Commission, pursuant to the provisions of the Antidumping Act, 1921, rendered affirmative determinations concerning imports of titanium sponge from the U.S.S.R. and pig iron from East Germany, Czechoslovakia, Romania, and the U.S.S.R. and instituted an investigation concerning Concord grapes from Can-

ada. Last, to assist the President in his exercise of powers under section 22 of the Agricultural Adjustment Act, the Commission submitted a report on its findings and recommendations respecting the control of imports of certain dairy products.

The Commission's noninvestigative work during the year encompassed a wide variety of activities, including its continuous fact-gathering activity that establishes the source of data from which the varied requests of the Congress, the President, and the public are met. Some of this work the Commission makes available in its new series of *Summaries of Trade and Tariff Information*, 21 volumes of which were published during the year.

As in previous fiscal years, the Commission continued to report on proposed congressional legislation affecting U.S. foreign trade and gave other assistance to committees and Members of Congress; assisted the Special Representative for Trade Negotiations; submitted to Congress its 19th report on the operation of the trade agreements program, which included a special chapter on the Kennedy Round; continued to revise the *Tariff Schedules of the United States Annotated* to reflect Presidential modifications, legislative amendments, and changes in statistical annotations; published statistical reports on the trade in synthetic organic chemicals; made quantitative determinations respecting watch movements and brooms; cooperated with other Government agencies in foreign-trade matters of common interest; and supplied information to nongovernmental organizations and the general public.

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 appointed by the President and confirmed by the Senate for a term of 6 years, one term expiring each year; that not more than three Commissioners may be of the same political party; and that the President shall annually designate the Chairman and Vice Chairman from the membership of the Commission.

During the period under review, the members of the Commission were as follows:

Commissioner Stanley D. Metzger, Democrat from the District of Columbia. He was designated by the President to serve as Chairman for a second term during the period June 17, 1968–June 16, 1969. Mr. Metzger's term as Commissioner was to expire on June 16, 1973; however, he resigned from the Commission effective July 11, 1969.

Commissioner Glenn W. Sutton, Democrat from Georgia. Mr. Sutton's term of office expires on June 16, 1972. He was designated by the President to serve his third consecutive term as Vice Chairman for the period June 17, 1968–June 16, 1969.

Commissioner Penelope H. Thunberg, political independent from Maryland. Her term of office expires on June 16, 1970.

Commissioner Bruce E. Clubb, Republican from Virginia. Mr. Clubb's term of office expires on June 16, 1971.

Commissioner Will E. Leonard, Jr., Democrat from Louisiana. Mr. Leonard was nominated by the President on October 8, 1968, for the unexpired term (ending June 16, 1969) of Mr. Dan H. Fenn, who had resigned in 1967. The Senate confirmed the nomination on October 9, 1968, and Mr. Leonard assumed office on October 29, 1968. Mr. Leonard was nominated by the President on June 16, 1969, and was confirmed by the Senate on June 17, 1969, for the full term expiring June 16, 1975.

Commissioner Herschel D. Newsom, Republican from Indiana
The President nominated Mr. Newsom on October 8, 1968, to fill the
vacancy left by Mr. James Culliton, whose term expired on June 16
1968. On October 9, 1968, the Senate confirmed the nomination
and Mr. Newsom assumed office on November 21, 1968. His term
expires June 16, 1974.

PART I. PUBLIC INVESTIGATIONS

The U.S. Tariff Commission is authorized by various provisions of law to conduct, under designated circumstances, investigations and studies relating to the impact of imports on U.S. industries and to other aspects of international trade. During the year under review, the Commission conducted investigations under the following statutes: The Trade Expansion Act of 1962 (TEA), the Tariff Act of 1930, the Antidumping Act, 1921, and the Agricultural Adjustment Act. The investigations conducted under each of these statutes are discussed below.

Trade Expansion Act of 1962

The Trade Expansion Act authorizes the President, as did earlier legislation, to take measures to prevent segments of the U.S. economy from being adversely affected by trade concessions. Under designated circumstances, the President is empowered to increase duties or impose other restrictions on imports that are found to be causing, or threatening to cause, serious injury to a domestic industry. He is also authorized to provide adjustment assistance to firms or groups of workers adversely affected by trade concessions. Firms can receive technical assistance, loans, and tax benefits; workers can receive unemployment compensation, retraining, and relocation allowances. The President may impose such restrictions or authorize such assistance when the Tariff Commission, after an investigation, has determined that, as a result in major part of trade-agreement concessions, an article is being imported in such increased quantities as to cause, or threaten to cause, serious injury to an industry or firm or unemployment of a group of workers.

The act also requires the Commission to make annual reviews of developments regarding industries on whose behalf import restrictions have previously been imposed.

During fiscal 1969, the Commission initiated one and completed two investigations under the provisions of the TEA. The one initiated, instituted under section 301(b) of the act, concerned the possibility of injury to an industry from trade-agreement concessions. The two completed, conducted under section 351(d)(1), pertained to annual reviews of conditions in industries in whose interest import restrictions had previously been imposed through escape-clause action under section 7 of the Trade Agreements Extension Act of 1951.¹ No petitions on behalf of firms or workers were received during the year.

Section 301(b), industry investigation

During the year, the Commission instituted one investigation under section 301(b) of the Trade Expansion Act.²

In such investigations 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 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.

If the Commission finds in the affirmative, the President may (1) provide tariff adjustment or impose other import restrictions; (2) authorize the firms or the workers involved to request the Secretary of Commerce or the Secretary of Labor, respectively, to certify their eligibility to apply for adjustment assistance; (3) take any combination of such actions; or (4) enter into orderly marketing agreements to limit the importation into the United States of the article causing or threatening to cause serious injury.

¹ No increase in import restrictions has been proclaimed pursuant to sec. 351(a) of the TEA since the act became effective.

² 19 U.S.C. 1901(b).

On February 5, 1969, the Commission instituted an investigation concerning imports of sardines in airtight containers.³ The petition for such investigation was filed by the Maine Sardine Packers Association, Inc. A public hearing relating to the investigation began on April 29 and was concluded on May 2, 1969.

At the close of the period covered by this report, the investigation was in progress.

Section 351(d)(1), annual reviews

During the period under review, the Commission made two reports under section 351(d)(1).⁴

Section 351(d)(1) provides that, as long as any increase in, or imposition of, any duty or other import restriction pursuant to section 351 or section 7 of the Trade Agreements Extension Act of 1951 remains in effect, the Commission shall keep under review developments relating to the industry concerned and make annual reports thereon to the President.

Wilton, Brussels, velvet, and tapestry carpets and rugs.—Under the escape-clause procedure (sec. 7) of the Trade Agreements Extension Act of 1951, the President increased the rate of duty applicable to Wilton, Brussels, velvet, and tapestry carpets and rugs from 21 to 40 percent ad valorem, effective after the close of business on June 17, 1962. Following an investigation and report by the Commission under section 351(d)(3)⁵ of the TEA, the President on October 11, 1967, extended the increased rate of duty to the close of December 31, 1969.

Pursuant to section 351(d)(1), the Commission on September 5, 1968, submitted an annual report on developments in the trade in such carpets and rugs.⁶ The Commission reported that U.S. produc-

³ Provided for in items 112.20 to 112.24; 112.54 to 112.73; and 112.79 to 112.86 of the Tariff Schedules of the United States.

⁴ 19 U.S.C. 1981(d)(1).

⁵ This section directs the Commission, upon petition on behalf of the industry concerned, to advise the President of the Commission's judgment as to the probable economic effect on the industry of the scheduled termination of an increase in import restrictions.

⁶ *Wilton, Brussels, Velvet, and Tapestry Carpets and Rugs: Report to the President (No. TEA-IR-5-68) Under Section 351(d)(1) of the Trade Expansion Act of 1962*, TC Publication 261, 1968 [processed].

tion of other carpets and rugs continued to increase, whereas that of Wiltons and velvets continued to decline in 1967 but recovered somewhat in the first 6 months of 1968. Imports were about 17 percent larger in 1967 than they were in 1966; in the first 6 months of 1968 they were 64 percent larger than in the comparable period of 1967. In 1967 and in the first half of 1968, imports supplied a larger percentage of apparent U.S. consumption than they did in 1966 or in the first half of 1967, respectively. In both periods, however, the ratio of imports to apparent consumption remained relatively small—about 3 to 4 percent.

Sheet glass (blown or drawn flat glass).—Pursuant to the escape-clause procedure, the President in June 1962 increased the rates of duty on imported sheet glass. On January 11, 1967, following an investigation and report by the Tariff Commission,⁷ he terminated some of the increases and reduced others. After another investigation and report by the Tariff Commission,⁸ the President on October 11, 1967, extended the modified escape-action rates to the close of December 31, 1969.

On September 9, 1968, the Commission submitted to the President its annual report⁹ on developments in the trade in sheet glass. The Commission reported that consumption of sheet glass declined in 1967 for the third consecutive year; that U.S. production was lower in 1967 than in any year since 1961 but recovered somewhat in the first half of 1968; that employment in, and man-hours worked on, the production of sheet glass were lower in 1967 than in 1966; and that imports supplied over a fourth of apparent U.S. consumption in 1967 (more than in 1966) and, as they substantially increased, about a third in the first half of 1968.

⁷ Pursuant to sec. 351(d)(2) of the TEA, which provides that upon request from the President or upon its own motion, the Commission shall advise the President of its judgment as to the probable economic effect or the industry concerned of the reduction or termination of increased import restrictions.

⁸ In accordance with sec. 351(d)(3) of the TEA.

⁹ *Sheet Glass (Blown or Drawn Flat Glass): Report to the President (No TEA-IR-7-68) Under Section 351(d)(1) of the Trade Expansion Act of 1962*, TC Publication 262, 1968 [processed].

Tariff Act of 1930

During the year under review, the Commission conducted several investigations under sections 332 and 337 of the Tariff Act of 1930.

Section 332

Under section 332,¹⁰ the Commission completed investigations concerning nonrubber footwear and certain wool fabrics; issued an interim report concerning title 19 of the United States Code; initiated trade studies concerning agricultural commodities and tariff preferences; instituted and then suspended an investigation on olives; and suspended an investigation concerning ceramic floor and wall tile.

Section 332 sets forth the Commission's broad general powers to conduct investigations and directs the Commission to make such investigations and reports as may be requested by the President, by the House Committee on Ways and Means, by the Senate Committee on Finance, or by either House of Congress.

Nonrubber footwear.—On January 17, 1969, the Commission released its report pertaining to the economic condition of the domestic producers of nonrubber footwear.¹¹ The report contained the results of an investigation that was requested by the President.¹²

The Commission reported that since 1955 the consumption of nonrubber footwear has increased less rapidly than the consumption of other types; that the average annual U.S. output of nonrubber footwear was about a tenth greater in 1965–67 than in 1954–56; and

¹⁰ 19 U.S.C. 1332.

¹¹ *Nonrubber Footwear: Report to the President on Investigation No. 332-56 Under Section 332 of the Tariff Act of 1930*, TC Publication 276, 1969 [processed].

¹² The request was dated Apr. 29, 1968; the investigation was instituted on Apr. 30, 1968. Representative Wilbur D. Mills, chairman of the Committee on Ways and Means, joined the President in this request. The Commission was directed to report on all factors which, in its judgment, related to the economic condition of nonrubber footwear producers, including, but not limited to, production, sales, investment, employment, prices, profits, exports, imports, U.S. tariff treatment, the participation of such producers in international trade, and, in particular, the effect of imports upon such producers, including the competitive relationship between imports and their products.

that the volume of U.S. exports of such footwear has decreased almost annually since the mid-1950's. The Commission noted that annual U.S. imports of nonrubber footwear have increased markedly in recent years and have supplied an increasing share of domestic consumption (2 percent in 1954-56 and 18 percent in 1967); that in general, the lower the price range of nonrubber footwear, the higher the share of U.S. consumption supplied by imports; and that, in terms of quantity, half of the U.S. imports consist of vinyl footwear (folding slippers, sandals, etc.) selling largely through retail outlets that offer very inexpensive footwear to consumers.

The Commission found that the number of U.S. firms and plants producing nonrubber footwear has decreased materially since the mid-1950's—partly as a result of mergers, although the trend for mergers had begun before nonrubber footwear was imported in appreciable volume—and that U.S. producers employed about the same number of production workers in 1968 as in 1963, but 6 percent fewer than in 1954-56. The Commission further noted that since the mid-1950's, wholesale prices of U.S. leather footwear have increased more sharply than those of nondurable manufactures and wearing apparel, and rising prices have stimulated interest in imports. Net profits of U.S. manufacturers of nonrubber footwear, in the aggregate, were equivalent to about 5 percent of sales in 1963 and about 6.5 percent in 1967, but the average ratio of annual profits to sales of the small firms as a group was less than 2.5 percent for the period 1963-67.

The Commission suggested that technological developments and ingenuity might substantially improve the competitive position of the domestic products vis-a-vis imports, and, in view of this, the anticipated rise in imports might have no greater effect, on the whole, on the profitability of domestic producers' operations than imports were having at the time of the Commission's report.

Certain wool fabrics.—On October 24, 1968, the President approved H.R. 653 (Public Law 90-638). Section 2 of Public Law 90-638 enlarged the provisions in parts 3 and 4 of schedule 3 of the Tariff Schedules of the United States (TSUS) for fabrics in chief value of wool so as to make each of these provisions (other than for

fabrics valued over \$2 per pound, provided for in TSUS item 557.50) also apply to fabrics in chief weight of wool.¹³

Because the President had reservations concerning the height of the duties imposed by this section, he requested¹⁴ the Commission to report—

on the probable effect of the chief weight test on imports of these fabrics and the simple ad valorem tariff rate or rates . . . which would permit fabrics of, in chief weight of, reprocessed or reused wool . . . to enter the United States without causing or threatening serious injury to the domestic industry producing like or directly competitive articles.

On December 31, 1968, the Commission submitted its report to the President.¹⁵ The majority of the Commission¹⁶ found that the new law would cause the landed duty-paid cost of imported fabrics in chief weight of reused or reprocessed wool (nonlaminated and laminated) to be generally higher than the selling price of the corresponding domestic fabric and that the amount of imports would be drastically reduced; that the increased duties would tend to encourage the importation of garments (made from some of these fabrics) which are generally dutiable at lower rates than the fabrics themselves; and that a simple rate of 55 percent ad valorem would be reasonably protective of the domestic industry.

On the issue of the recommended rate of duty, Commissioner Clubb stated¹⁷ that the Commission did not determine the “serious injury” level as requested by the President, but responded to a Presidential press release that referred to a rate which would provide “a reasonable degree of protection.” He further stated that the industry in question was not seriously injured by imports when the lower rates

¹³ The purpose of Public Law 90-638 was to close so-called loopholes in the TSUS which resulted in successive shifts of imports of low-priced woven fabrics made preponderantly of reused or reprocessed wool to duty classifications in which the rates were lower.

¹⁴ Chairman Mills of the House Ways and Means Committee joined in the request.

¹⁵ *Certain Wool Fabrics: Report to the President on Investigation No. 332-58 Under Section 332(g) of the Tariff Act of 1930*, TC Publication 275, 1968 [processed]. A public hearing was held on Nov. 10, 1968.

¹⁶ Chairman Metzger and Commissioners Thunberg and Clubb. Commissioners Leonard and Newsom did not participate.

¹⁷ In a footnote to the majority statement.

were in effect in 1968 and did not need an increase in the rates as recommended by the Commission.

Vice Chairman Sutton, in a separate statement, found that the provisions of Public Law 90-638 would curtail imports of nonlaminated fabrics but that laminated fabrics would continue to be imported in significant quantities; that because of the paucity of available data the extent of curtailment of the imports was not possible to determine; and that the new law would add a strong incentive for the foreign producers to find other U.S. "outlets" for their products, such as further concentration on the production of fabric laminates of wool for entry under lower rates of duty. He also found that the U.S. industry in question had been seriously injured during 1961-68; that the rates provided for in Public Law 90-638 were "peril point" rates needed to prevent serious injury; and that the compound rates of duty were more effective on imports in the lower value brackets—and more equitable on those in the higher—than a simple ad valorem rate.

On February 3, 1969, Chairman Mills introduced H.R. 5834 amending schedule 3 of the TSUS to provide separately for the articles that were the subject of the Commission's investigation. The bill provided for simple 55 percent ad valorem rates of duty.

Title 19 of the United States Code.—The Commission on May 28, 1969, published the second interim report relating to its study of title 19 of the United States Code.¹⁸ The first of its reports—*Study of Temporary Entry Provisions . . . : Report on Legislative Objectives*¹⁹—was published on March 30, 1966.

Title 19 provisions permit the temporary importation of merchandise without the payment of ordinary duties, or authorize drawback or refund of duties paid, when the imported merchandise or its domestic equivalent is exported either in its original form or in a changed condition. A need for a study of these provisions was indicated in a survey published in 1964 by the Bureau of Customs: *An Evaluation of: Mission, Organization, Management* (sec. VII, pp. 38-40). Prior to instituting the study, the Commission had received from the Honorable Douglas Dillon, Secretary of the Treasury, a

¹⁸ *Study of Temporary Entry Provisions of Title 19 of the United States Code, Investigation 332-45: Report on Use of Temporary Entry Procedures and Tentative Proposals*, TC Publication 286, 1969 [processed].

¹⁹ TC Publication 170, 1966 [processed].

letter dated March 25, 1905, with enclosure of a copy of a letter of the same date to the Secretary of Commerce.

Mr. Dillon suggested that the Commission make a study in depth of the drawback provisions to evaluate their effectiveness and to make recommendations of any revisions needed in the current law. In his letter to the Secretary of Commerce, Mr. Dillon stated that—

The drawback program is very complex and is difficult and expensive to administer. Furthermore, since the drawback legislation was enacted more than one hundred years ago, there have been innumerable changes in foreign and domestic industry and trade to the extent that serious questions can now be raised as to the significance of the drawback law to manufacturers engaged in today's foreign trade.

After consideration of Mr. Dillon's suggestion, the Commission decided that such a study should include all provisions relating to the temporary entry of foreign goods under title 19 of the United States Code.

In its original announcement of the study,²⁰ the Commission stated that it would review the original objectives of each provision, examine the extent to which each provision was accomplishing its purposes, and determine the impact of each provision on U.S. international trade. The Commission expressed a special interest in whether the economic forces which led to the creation of these provisions had so changed in the intervening years as to warrant modification and possible consolidation of the procedures to meet current conditions.

The Commission's report contained information on the use of the provisions and tentative proposals for the modification of some of them.²¹ Altogether, 20 proposals were made, five of which proposed no change in certain specific provisions. The extent of changes proposed by the remaining 15 ranged from outright repeal to slight

²⁰ 30 F.R. 9503.

²¹ Chairman Metzger opposed the tentative proposals because, in his opinion, nothing in the report supported proposals, tentative or otherwise, to repeal the drawback and related provisions of U.S. laws. Commissioner Thunberg opposed the tentative proposals because she felt that they did not address the basic purpose of the drawback provisions, which is to remove the disadvantage to U.S. exporters resulting from import duties levied on commodities they use in process. She would have liked to see such specific proposals included. Commissioner Newsom took no position on the tentative proposals.

modification. The most notable of the changes proposed were the outright repeal or substantial modification of the drawback provisions; the repeal of section 81 (Foreign Trade Zones Act); and the repeal of section 1312, which concerns the operation of bonded warehouses for the smelting and refining of metal-bearing materials.

The proposals contained in the report were made for the purpose of eliciting constructive comments and suggestions from interested parties. To this end, the Commission ordered a public hearing to begin on August 5, 1969, and also solicited written information and views in lieu of appearances at the hearing.

Olives.—In response to a resolution of the Senate Committee on Finance, the Commission on October 23, 1968, instituted an investigation with respect to the importation of olives into the United States. The resolution directed that the Commission's report, due on March 31, 1969, include, but not be limited to—

(a) the conditions of competition in the United States between olives bottled or canned in the United States (whether or not grown in the United States) in containers suitable for retail sale and olives bottled or canned outside the United States and imported into the United States in containers suitable for retail sale, and

(b) the Commission's judgment regarding the actual and potential impact of imports of bottled or canned olives on the domestic growers, processors, packers, and repackers of olives.

The Commission scheduled a public hearing to begin on January 13, 1969. In the meantime, the domestic industry attempted to resolve its problems through a trade mission to Spain (the origin of the imports). To allow time for the domestic industry's mission, the Commission on December 30, 1968, postponed the public hearing indefinitely. Subsequently, the Committee on Finance approved a resolution proposed by the late Senator Dirksen that the reporting date of March 31, 1969, be deleted from the original resolution "and that the investigation be held in suspense pending further instructions by the Committee." Accordingly, the Commission suspended its investigation.

Effect of agricultural measures on U.S. imports and exports of agricultural products.—This study, initiated by the Commission and announced on November 20, 1968, will include an examination of those measures of the United States and its principal trading partners that affect the flow of agricultural products in international trade.

... will also include an analysis of the impact of such programs on the agricultural exports and imports of the United States. At the close of the period under review, work on the study was in progress.

Probable effects of tariff preferences for less developed countries.—This study, also initiated by the Commission on its own motion and announced on November 20, 1968, will include a brief history of tariff preferences, an examination of existing preferential arrangements, and a discussion of the probable effects on U.S. trade if the United States and other major trading countries were to adopt preferential tariff reductions affecting the products of less developed countries. At the close of fiscal 1969, work on this study was in progress.

Ceramic floor and wall tile.—In response to instructions from Representative Wilbur D. Mills, chairman of the Committee on Ways and Means, the Commission on October 23, 1968, placed its investigation of ceramic floor and wall tile in an inactive status.²² In his letter to the Commission, Chairman Mills stated that—

While existing circumstances in this industry have not led to the Committee's reconsideration of its resolution requesting the investigation, they do indicate sufficient change to render an early report thereon by the Commission unnecessary. In view of formal discussions conducted by the governments of the United States and Japan in the months of September and October, 1968, as well as corrective measures adopted by the Japanese government as a result of such discussions, it is believed that the investigation conducted under section 332 of the Tariff Act of 1930 should be suspended and assigned an inactive status. Such action will avoid prejudice to the government-to-government discussions but will permit review at a later date, if necessary.

Section 337, unfair competition

During the period under review, the Commission instituted investigations respecting furazolidone, tractor parts, and freeze-dried coffee and a preliminary inquiry respecting ski poles under section 337 of the Tariff Act of 1930.²³

Section 337 declares unlawful any unfair methods of competition and unfair acts in the importation of articles into the

²² The investigation (No. 332-50) was instituted in response to a resolution adopted by the committee on Oct. 11, 1966. A public hearing was held May 9-12, 1967.

²³ 19 U.S.C. 1337, 1337a.

United States or in their sale, the effect or tendency of which is to destroy or substantially injure an efficiently and economically operated industry, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce. If the President is satisfied that such methods or acts exist, he shall exclude the articles involved from entry into the United States as long as the conditions which led to the exclusion continue. The Commission is authorized, on complaint or upon its own initiative, to investigate alleged unfair methods of competition and unfair acts and to submit its findings to the President in order to assist him in making decisions under section 337. Pending the completion of an investigation, the President may order the temporary exclusion (except under bond) of the articles in question.²⁴

Furazolidone.—A complaint was filed with the Commission on March 19, 1968, by the Norwich Pharmacal Co. of Norwich, N.Y., alleging unfair methods of competition and unfair acts in the importation and sale of furazolidone. The complaint alleged, inter alia, that numerous persons and firms were engaged in unfair methods of competition by importing and using or selling furazolidone in infringement of United States Patent No. 2,742,462 and in unfair acts in the importation of furazolidone, and that the complainant suffered, and continued to suffer, irreparable injury as a result of such unfair methods and acts. The complainant requested that the Commission recommend to the President the issuance of a temporary exclusion order.

On July 19, 1968, the Commission, having conducted a preliminary inquiry,²⁵ instituted an investigation with respect to the alleged violations.²⁶ Concerning the question of recommending temporary exclusion, the Commissioners voting were evenly divided, as they were with regard to the institution of a full investigation. Pursuant

²⁴ Sec. 337(f).

²⁵ In accordance with its Rules of Practice and Procedure (19 CFR 203.3).

²⁶ Vice Chairman Sutton and Commissioner Clubb voted in favor of instituting the investigation; Chairman Metzger and Commissioner Thunberg voted against it. Sec. 330(d)(2) of the Tariff Act of 1930 provides that "Whenever . . . one-half of the number of commissioners voting agree that the investigation should be made, such investigation shall thereupon be carried out"

to Section 330(d)(1) of the Tariff Act of 1930, the recommendations of both groups were forwarded to the President for his consideration and determination whether such order should be issued. On August 28, 1968, the President ordered the temporary exclusion of imports of furazolidone and products containing furazolidone.²⁸

A public hearing, initially ordered for September 10, 1968, began on September 30 and was adjourned on October 4, 1968. At the close of the period under review, the investigation was in progress.

Tractor parts.—On November 1, 1968, the Commission received a complaint filed by Albert Levine Associates of Jamaica, N.Y., alleging unfair methods of competition and unfair acts in the importation and sale of certain crawler tractor parts. The complaint alleged, inter alia, that an Italian manufacturer (Bertoni & Cotti S.p.A. Officine Maccaniche) and certain U.S. importer-distributors of the manufacturer's product acted in unlawful combinations or conspiracies in restraint of trade and commerce in the United States and conspired to and did effect a complete boycott and cutting off of the complainant from importing and selling certain tractor parts in the United States.

Having conducted a preliminary inquiry, the Commission on May 14, 1969, instituted an investigation with respect to the matters alleged in the complaint. A public hearing was scheduled to be held on July 15, 1969. At the time of the announcement of the investigation, the Commission did not recommend that a temporary exclusion order of imports of the tractor parts in question be issued.

²⁷ Sec. 330(d)(1) of the Tariff Act of 1930 provides as follows:

(d) *Effect of Divided Vote in Certain Cases.*—(1) Whenever, in any case calling for findings of the Commission in connection with any authority conferred upon the President by law to make changes in import restrictions, a majority of the commissioners voting are unable to agree upon findings or recommendations, the findings (and recommendations, if any) unanimously agreed upon by one-half of the number of commissioners voting may be considered by the President as the findings and recommendations of the Commission: *Provided*, That if the commissioners voting are divided into two equal groups each of which is unanimously agreed upon findings (and recommendations, if any), the findings (and recommendations, if any) of either group may be considered by the President as the findings (and recommendations, if any) of the Commission. In any case of a divided vote referred to in this paragraph the Commission shall transmit to the President the findings (and recommendations, if any) of each group within the Commission with respect to the matter in question.

²⁸ 33 F.R. 12680.

freeze-dried coffee.—On December 19, 1968, the Struthers Scientific and International Corp. of New York, N.Y., filed a complaint with the Commission alleging that the General Foods Corp. of White Plains, N.Y.—and possibly others—engaged in unfair methods of competition and unfair acts in the importation and sale of freeze-dried coffee, the tendency of which was to substantially injure, and prevent establishment of, an industry in the United States. The complaint alleged that the General Foods Corp. was importing freeze-dried coffee that was manufactured abroad in accordance with the claims of United States Patent No. 3,381,302 and/or No. 3,404,007 owned by the complainant.

After the Commission completed a preliminary inquiry, it instituted an investigation on May 14, 1969. It did not recommend at that time that a temporary exclusion order on imports of freeze-dried coffee be issued. A public hearing was scheduled to be held on July 22, 1969.

On June 13, 1969, the complainant filed a request with the Commission that its complaint be amended to include United States Patent No. 3,449,129, issued June 10, 1969, stating that a request for the amendment was precluded at the time the original complaint was filed because the patent had not yet been issued. The latest patent was deemed to be relevant to this investigation. As the patent was issued subsequent to the date an amendment to a complaint is ordinarily permitted, the Commission, in accordance with section 201.4 (b)²⁹ of its Rules of Practice and Procedure, waived the requirements of section 203.2(c)³⁰ that an amendment to a complaint be submitted prior to the institution of a formal investigation. Accordingly, the Commission on June 20, 1969, amended the scope of the investigation to include freeze-dried coffee “and other coffee concentrates.”

Ski poles.—On April 7, 1969, the Commission received a complaint filed by Robert J. McDonald of Arlington, Va. The complaint alleged in the main that six firms continued to import and sell ski poles and ski pole rings which had been made in accordance with claims of United States Patent Nos. 3,193,300 and 3,204,974 owned by the complainant, that confidential technical know-how had

²⁹ 19 CFR 201.4(b).

³⁰ 19 CFR 203.2(c).

been improperly disclosed, and that the imported components were improperly marked. These unfair methods and acts were claimed to have the effect or tendency to substantially injure, or prevent the establishment of, an industry in the United States.

In accordance with the provisions of section 203.3 of its Rules of Practice and Procedure, the Commission on May 21, 1969, initiated a preliminary inquiry into the allegations of the complaint for the purpose of determining whether there was good and sufficient reason for a full investigation, and if so, whether the Commission should recommend to the President the issuance of a temporary order of exclusion from entry. At the close of the period under review, the preliminary inquiry was still in progress.

Antidumping Act, 1921, as Amended

During the period under review, the Commission completed five and instituted one investigation under section 201(a) of the Antidumping Act.³¹

Section 201(a) 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 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.

Titanium sponge from the U.S.S.R.

On July 23, 1968, the Commission published its determination of injury concerning imports of titanium sponge from the U.S.S.R.³²

³¹ 19 U.S.C. 160 et seq.

³² *Titanium Sponge from the U.S.S.R.: Determination of Injury in Investigation No. AA1921-51 Under the Antidumping Act, 1921, As Amended*, TC Publication 255, 1968 [processed]; 33 F.R. 10769. Advice from the Treasury Department was received on Apr. 23, 1968; the investigation was instituted the following day. A public hearing was held on June 4 and 5, 1968.

The four Commissioners voting were evenly divided on the injury question, which resulted in an affirmative finding.³³ Vice Chairman Sutton and Commissioner Clubb found in the affirmative, and Chairman Metzger and Commissioner Thunberg found in the negative.

Vice Chairman Sutton and Commissioner Clubb determined that the margin of dumping³⁴ found by the Secretary of the Treasury was substantial and contributed the major part of the price differentials that existed between titanium sponge from the U.S.S.R. and all other titanium sponge sold in the United States. They also found that the presence of imports sold at less than fair value in the domestic market was having a significant depressing effect on titanium sponge prices and was causing to a substantial degree the idling of, and a loss of employment in, sponge-producing facilities and the abandonment of plans to increase production capacity.

Chairman Metzger found, Commissioner Thunberg concurring, that imports sold at less than fair value had not caused injury to an industry in the United States within the meaning of the Antidumping Act; that, to the extent that two of the largest domestic producers of titanium sponge may have experienced any degree of adversity, it had been caused overwhelmingly by declining demands of the U.S. Government and of aerospace industries and not by imports sold at less than fair value; and that such imports were not likely to cause injury in the near future.

Commissioner Clubb, in a separate statement, elaborated on the congressional intent of the act. Commissioner Thunberg, also in a separate statement, marshaled pertinent economic data in support of her negative finding.

Pig iron from East Germany, Czechoslovakia, Romania, and the U.S.S.R.

On September 25, 1968, the Commission published its determination of injury concerning imports of pig iron from East Germany,

³³ Pursuant to sec. 201(a) of the Antidumping Act, the Commission is deemed to have made an affirmative determination when the votes of the Commissioners are evenly divided.

³⁴ The difference between the importer's actual purchase price and fair value.

Czechoslovakia, Romania, and the U.S.S.R. Vice Chairman Sutton and Commissioner Clubb found in the affirmative, and Chairman Metzger and Commissioner Thunberg found in the negative. The Commissioners voting were again equally divided; accordingly, the finding was in the affirmative.

Vice Chairman Sutton, with Commissioner Clubb concurring, found that the purposes and language of the statute require that the Commission's determination take into account the combined impact of imports sold at less than fair value from all of the countries in question. He found that importers of cold pig iron sold at less than fair value greatly undersold domestic producers and appreciably undersold other importers of such pig iron; this practice had caused a significant depression in prices in an already price-sensitive domestic market and had resulted in an appreciably rapid market penetration. He concluded that such injury to the domestic cold pig iron industry was clearly more than de minimis.

Commissioner Clubb, in a separate statement, elaborated on the interpretation of the statute with respect to the case at hand, specifically rebutting the importers' contention that imports from each country should be considered separately.

In support of his negative determination, Chairman Metzger found that the dominant reason for the decline in domestic sales of cold pig iron was the increasing tendency of users to substitute steel scrap; that the general trend toward integration of the production of iron and steel resulted in increased captive production of pig iron with a consequent replacement of purchases from outside sources; and that the downward trend of cold pig iron sales continued throughout 1967 and the first half of 1968, well after imports sold at less than fair value had ceased.

Commissioner Thunberg, in a separate statement that extensively analyzed the available economic data, found that existing evidence of injury to the domestic cold pig iron industry bore very little relation to imports sold at less than fair value.

³⁵ *Pig Iron from East Germany, Czechoslovakia, Romania, and the U.S.S.R.: Determination of Injury in Investigation Nos. AA1921-52, 53, 54, and 55 Under the Antidumping Act, 1921, As Amended*, TC Publication 265, 1968 [processed]; 33 F.R. 14664. Advice from the Treasury Department was received on June 25, 1968, and the investigations were instituted on the same day. A public hearing was held on July 29 and 30, 1968.

Concord grapes from Canada

On May 5, 1969, the Treasury Department advised the Commission that Concord grapes from Canada were being, or were likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended. Accordingly, the Commission instituted an investigation under section 201; a public hearing was held on June 24 and 25, 1969. At the close of the period covered by this report, the investigation was in progress.

Agricultural Adjustment Act, Section 22

During fiscal 1969, the Tariff Commission concluded one investigation under section 22 of the Agricultural Adjustment Act, as amended.³⁶

Section 22 requires the Commission, when so directed by the President, to conduct an investigation, including a public hearing, concerning imports of a specified agricultural commodity or product thereof, and to submit a report with appropriate findings and recommendations to the President. The President is then authorized to restrict imports of any such commodity, by imposing either fees or quotas (within specified limits), whenever, on the basis of the Commission's report,³⁷ he finds that such articles are being or are practically certain to be imported under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program of the U.S. Department of Agriculture relating to agricultural commodities or products thereof. This section also authorizes the President to modify or terminate import restrictions imposed thereunder if, after investigation and report by the Commission, he finds that the circumstances requiring the restrictions have changed.

At the request of the President, the Tariff Commission on June 11, 1968, instituted an investigation under subsections (a) and (d) of section 22 of the Agricultural Adjustment Act, as amended. The Com-

³⁶ 7 U.S.C. 624.

³⁷ In certain emergency situations, after a determination by the Secretary of Agriculture, the President may take immediate action to restrict imports without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President.

mission was requested to determine whether condensed and evaporated milk and cream, certain cheeses and cheese and substitutes for cheese containing or processed from such cheese, and certain articles containing over 5.5 percent by weight of butterfat were being or were practically certain to be imported into the United States under such conditions and in such quantities as (1) to render or tend to render ineffective, or materially interfere with, the price-support programs of the U.S. Department of Agriculture for milk and butterfat, or (2) to reduce substantially the amount of products processed in the United States from domestic milk and butterfat.

Simultaneously with the request to the Tariff Commission, the President took action under the emergency provisions of section 22 and imposed temporary quotas on imports of condensed and evaporated milk and cream.³⁸ A public hearing in connection with the investigation was held beginning on July 22, 1968. On September 24, 1968, the President imposed quotas on various types of cheeses and substitutes thereof—allocating quantities by type and by country of origin—for the remainder of 1968 and for the 12-month period beginning January 1, 1969.³⁹ The quotas were to continue in effect pending Presidential action upon receipt of the report and recommendation of the Tariff Commission.

On December 20, 1968, the Commission submitted its report to the President.⁴⁰ Four Commissioners participated in the findings and recommendations in the investigation.⁴¹ Commissioners Thunberg and Clubb concurred in their findings and recommendations; Chairman Metzger and Vice Chairman Sutton made findings and recommendations that differed from each other and from those made by Commissioners Thunberg and Clubb.⁴²

Commissioners Thunberg and Clubb found material interference, or practical certainty of such interference, from imports of con-

³⁸ Presidential Proclamation 3856.

³⁹ Presidential Proclamation 3870.

⁴⁰ *Certain Dairy Products: Report to the President on Investigation No. 22-27 Under Section 22 of the Agricultural Adjustment Act, as Amended*, TC Publication 274, 1968 [processed].

⁴¹ Commissioners Leonard and Newsom, who took office on Oct. 29 and Nov. 21, 1968, respectively, did not participate in the investigation.

⁴² See footnote 27, p. 17.

condensed and evaporated milk and cream, certain cheeses, chocolate crumb, and butterfat-sugar mixtures. They recommended import quotas on the products on which they made affirmative findings that would limit annual imports of all dairy products made from cow's milk to approximately 1 billion pounds, milk equivalent. The quotas they assigned to the various products were based on the patterns of imports during the period 1965-67. They, as well as the other Commissioners, also recommended that the quotas be administered by means of a licensing system to assure equitable distribution among importers, users, and supplying countries and that in allocating the quotas, those countries which in recent years had the capability to, but did not, disrupt the U.S. market should be given special consideration and should not be penalized.

Chairman Metzger found material interference, or practical certainty thereof, from imports of condensed and evaporated milk and cream, certain cheeses, and butterfat-sugar mixtures; he found in the negative with respect to certain high-quality cheeses for table use and the chocolate and cocoa items under investigation. For the products on which he made affirmative findings, Chairman Metzger recommended quotas equal to the amount of 1967 imports.

Vice Chairman Sutton found material interference, or practical certainty thereof, from imports of condensed and evaporated milk and cream, certain cheeses, chocolate and cocoa items, and butterfat-sugar mixtures. He recommended import quotas on the products under investigation limiting annual imports of all dairy products to approximately 1 billion pounds, milk equivalent. The quota he assigned to each product was approximately equal to the largest quantity of that product imported in any year during the period 1963-65.

In addition to statements by the participating Commissioners of the reasons for their findings and recommendations, the Commission's report contained information on the domestic dairy situation, Federal programs for dairy products, foreign trade, and support programs and export subsidies of foreign countries.

On January 6, 1969, the President established quotas effective January 1, 1969, on certain of the products that were under investi-

gation.⁴³ It was estimated by the U.S. Department of Agriculture that the effect of the new quotas would be to limit U.S. imports of all dairy products—both within the import-control system and without—to approximately 1.3 billion pounds, milk equivalent, in 1969. Imports totaled 2.9 billion pounds, milk equivalent, in calendar year 1967.

⁴³ Presidential Proclamation 3884.

PART II. OTHER ACTIVITIES AND REPORTS

The Tariff Act of 1930 requires the Commission, whenever requested, to put all information at its command at the disposal of the President, the House Ways and Means Committee, and the Senate Finance Committee and to assist them and the Congress, as well as other Government agencies, in the performance of their functions. To be able to satisfy such requests, the Commission's staff continuously assembles and analyzes information on U.S. foreign trade in commodities and on the impact of such trade on domestic industries.

The information assembled and analyzed includes technical data on commodities, their uses, and the methods of their production; data on U.S. consumption, production, imports, exports, marketing practices, and prices; and the conditions of competition between foreign and domestic products. Similar data for foreign countries are also assembled on commodities that are important in international trade. Standard statistical publications,¹ other Government agencies, individual firms, trade publications, customs documents,² fieldwork, questionnaires, and public hearings are some of the sources from which the Commission's professional staff assembles pertinent information.

The following sections of this report describe activities of the Commission during the year under review that involved the rendering

¹ The Commission's library, containing approximately 64,000 volumes and 1,200 periodicals, is a unique repository of publications on national and international trade and statistics, U.S. tariff and commercial policy, and technical and business information. Moreover, the Commission's Legal Division maintains a comprehensive file of documents on legislation affecting U.S. import trade.

² The Commission maintains a small staff in New York City for the purpose of gathering information from customhouse documents on imports entering through the customs district of New York. Such information is not readily available elsewhere and is essential to the Commission's work.

of assistance to the legislative and executive branches of Government as well as to the business community and the general public.

Assistance to the Congress

Apart from investigations which were conducted pursuant to directives from the Congress,³ the Commission responded to numerous other requests for assistance from congressional committees and from individual Members of Congress.

The Commission is frequently requested by congressional committees (primarily the Senate Committee on Finance and the House Committee on Ways and Means) to analyze and at times help draft proposed legislation on tariff and trade matters. During fiscal 1969, the Commission submitted 21 reports on bills respecting tariffs and matters relating to international trade. In addition, the Commission's General Counsel rendered assistance on the Senate and conference reports on, and the drafting of, titles II and III of the Renegotiation Amendments Act of 1968.⁴ Title II of the act—"Administration of the Antidumping Act, 1921"—established the predominance of the provisions of the 1921 act over the international antidumping code, which was negotiated within the framework of the General Agreement on Tariffs and Trade (GATT) and signed in 1967.⁵ Title III of the act authorized the President to carry out and enforce the provisions of the International Coffee Agreement, 1968.

During July 1968, the Commission's staff continued to assist the Ways and Means Committee in public hearings and in its executive sessions, which were conducted concerning a wide range of tariff and trade proposals. The staff supplied data on the trade in numerous commodities, furnished information orally to members of the committee, and abstracted briefs submitted in connection with the hearings.

³ Discussed separately in pt. I of this report.

⁴ 82 Stat. 1345. The relevant citations are titles II and III of the act; title I deals with the renegotiations aspect of the act which was not in the purview of the Commission.

⁵ The Commission commented on the code during the previous fiscal year. See U.S. Senate, Committee on Finance, *Report of the U.S. Tariff Commission on S. Con. Res. 38, Regarding the International Antidumping Code Signed at Geneva on June 30, 1967, 1968.*

During the period under review, the Commission responded to about 500 requests from individual Members of Congress. These requests were made for information in connection with pending legislation or queries raised by constituents. Some of the requests were answered from data readily available in the Commission; others required research and the preparation of statistical compilations and analyses.

Also during the year, one of the experts on the Commission's staff was called upon to testify, as a private individual, before the Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary concerning economic concentration in Japan.

Activities Relating to the Trade Agreements Program

During the period under review, the Commission continued to assist the President's Special Representative for Trade Negotiations in his work in connection with the trade agreements program and submitted to the Congress its 19th report on the operation of the trade agreements program.

Assistance to the Special Representative for Trade Negotiations

In fiscal 1969, the Commission's assistance to the Special Representative⁶ consisted mainly of the assembly of tariff, commodity, and other technical information for use in the trade agreements program of the United States.

By the close of the year under review, the Commission had virtually completed a draft consolidated schedule of tariff concessions

⁶ He is the chief representative of the United States at trade-agreement negotiations, to whom the President has delegated many of his functions under the Trade Expansion Act of 1962 (Executive Order 11075, Jan. 15, 1963, as amended). The Tariff Commission is represented on the Trade Staff Committee, which obtains information and advice from Government agencies and other sources and recommends policies and actions to the Trade Executive Committee, a subcabinet-level interagency committee, chaired by a Deputy Special Representative, that recommends policies and actions to the Special Representative. The Commission's representative on the Trade Staff Committee has no vote and does not participate in decisions on policy matters.

... granted under the General Agreement in past negotiations. This 700-page document will be submitted to the other contracting parties to the GATT for certification as the official schedule XX⁷ and will subsequently be so proclaimed by the President. The proclamation will be the final action in a long series of negotiations and related work in progress since 1962 to reconcile U.S. commitments in existing trade agreements with the provisions of the revised Tariff Schedules of the United States (TSUS), which became effective in August 1963. In these negotiations during fiscal 1969, Switzerland was added to the list of countries with which formal agreements have been signed; Sweden was the only country with which negotiations had not been formally concluded.

The Commission was called upon to prepare a number of substantial compilations of trade agreements data for the GATT Secretariat in Geneva for use in the activities which the GATT Contracting Parties inaugurated after the Kennedy Round. The Commission also continued to update the concordance between the TSUS and the Brussels Tariff Nomenclature. The concordance has become necessary for most international tariff discussions in view of the fact that such discussions are now cast in the format of the Brussels Tariff Nomenclature, which is used by all major trading nations of the free world except the United States and Canada.

The Commission also assisted the Special Representative in assembling information connected with his report on future U.S. trade policy, which was made in response to an instruction from President Johnson and submitted to the President in January 1969.⁸ Moreover, legal assistance was supplied in preparing a draft for a trade bill (the trade expansion act of 1969) which President Nixon was considering introducing in the Congress.

Other activities for the Special Representative included the following: The supervision of the preparation of a series of special computer tabulations on U.S. import statistics that are used by U.S. Government agencies working on the trade agreements program; assistance in the preparation of documents providing information for the public on the Kennedy Round of tariff negotiations; work on the

⁷ Schedule XX annexed to the GATT is the schedule of concessions granted by the United States under that agreement.

⁸ Office of the Special Representative for Trade Negotiations, *Future United States Foreign Trade Policy: Report to the President*, 1969.

American-selling-price (ASP) method of valuation; assistance rendered by two members of the Commission's staff for several weeks in the Office of the Special Representative on the tariff and trade computer data bank that is being developed; technical assistance to a subcommittee of the Trade Staff Committee which was considering issues involved in developing among advanced countries a system of generalized tariff preferences for the products of less developed countries;⁹ the preparation of analytical material on the President's use of the tariff reduction authority provided for in the Trade Expansion Act of 1962; and the preparation of information on numerous commodities for use by the Special Representative in connection with congressional hearings held on the proposed trade expansion act of 1968 (H.R. 17551).

Nineteenth report on the operation of the trade agreements program

Section 402(b) of the TEA requires that the Commission submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program. On June 5, 1969, the Commission issued its 19th report, covering calendar year 1967.¹⁰

The report contained a special chapter on the Kennedy Round of trade-agreement negotiations, giving a comprehensive account of the negotiations from their inception to their conclusion. It described the events leading to the negotiations, the format of the negotiating sessions, and the major problems encountered in various phases of the negotiations. It discussed the so-called sector negotiations, which dealt with the products of the steel, chemical, textile, pulp and paper, and aluminum industries. It reported on the provisions of the International Grains Arrangement, the antidumping code, and the special chemical package that involved U.S. commitments to eliminate the ASP method of valuation. The chapter also described the circumstances surrounding the renewal of the Long-Term Arrangement Regarding International Trade in Cotton Textiles (LTA), which was accomplished at the Kennedy Round. Finally, it assessed the results

⁹ A system of generalized tariff preferences was the subject of a resolution adopted by the second session of the United Nations Conference on Trade and Development in 1968.

¹⁰ *Operation of the Trade Agreements Program: 19th Report, January-December 1967*, TC Publication 287, 1969 [processed].

of the Conference in terms of the effect the concessions granted had on the tariff levels of the major trading nations that participated.

Other chapters of the report described U.S. commercial-policy developments affecting the trade agreements program during the year under review; discussed U.S. actions under the LTA and U.S. trade developments under the United States-Canadian automotive products agreement; presented a summary of investigations by the Tariff Commission and by the Office of Emergency Planning,¹¹ the former pursuant to the adjustment assistance provisions of the TEA, the latter pursuant to the national security provisions of trade-agreement legislation; reported developments in the 24th Session of the Contracting Parties to the GATT held in November 1967; and described briefly the major commercial-policy developments that occurred in 1967 in the leading regional trading arrangements—the European Economic Community, the European Free Trade Association, the Latin American Free Trade Association, and the Central American Common Market.

Activities Relating to U.S. Foreign-Trade Statistics

Section 484(e) of the Tariff Act of 1930 authorizes the Chairman of the Tariff Commission, the Secretary of the Treasury, and the Secretary of Commerce to establish for statistical purposes an enumeration of articles imported into the United States. Section 201 of the Tariff Classification Act of 1962, moreover, authorizes the Tariff Commission “to issue, at appropriate intervals, and to keep up to date, a publication containing current tariff schedules and related matters, including such matter as may be needed for reporting statistics.” Under the foregoing authority, a Committee for Statistical Annotation of Tariff Schedules, including representatives of the Tariff Commission, the Bureau of Customs, and the Bureau of the Census, establishes the statistical enumerations authorized in section 484(e) of the Tariff Act of 1930. The representative of the Tariff Commission is the chairman of the Committee.

The aforementioned statistical enumerations are published as *Tariff Schedules of the United States Annotated* (TSUSA). During

¹¹ Now designated the Office of Emergency Preparedness.

the year under review, the Commission made extensive revisions in the *TSUSA* and, as a result of its continuous review of the quality of import statistics obtained under the various statistical provisions, completed plans with other interested agencies on a study of the accuracy of import statistics.

Tariff Schedules of the United States Annotated

During fiscal 1969, the Commission, working in conjunction with the Customs Bureau and the Census Bureau, effected further revisions of the *TSUSA*. In October 1968, the Commission published a second supplement to the *TSUSA (1968)*. This supplement principally reflected changes brought about by the third-stage duty reductions resulting from the United Kingdom agreement¹² and the Japanese agreement,¹³ quotas established on certain dairy products,¹⁴ and necessary changes in statistical annotations.

In December 1968, the Commission published the 1969 edition of the schedules to replace the *TSUSA (1968)*. The *TSUSA (1969)* incorporated changes necessitated principally by the second-stage duty reductions granted by the United States in the Kennedy Round; by third- and fourth-stage reductions granted in bilateral agreements with Japan and Canada, respectively; by the emergency quotas imposed on the imports of certain cheeses; by legislation; and by the continuous review of statistical annotations.

As in the previous edition, changes in the statistical annotations in the 1969 edition are documented in a separate section—"Statistical Notes"—which shows the history of changes, in each of the approximately 10,000 annotations, made since the effective date of the *TSUS* (August 1963). Other separate sections—"Staged Rates" and "Other Amendments and Modifications"—show all the stages of the Kennedy Round duty reductions with their effective dates and the changes in the legal provisions made since 1963, respectively. These special sections are essential to researchers and other users for the establishment of historical series.

By June 30, 1969, the Commission had issued one supplement that principally incorporated changes occasioned by legislation and Presidential action.

¹² Presidential Proclamation 3712, as modified by Proclamation 3818.

¹³ Presidential Proclamation 3744, as modified by Proclamation 3818.

¹⁴ Presidential Proclamation 3856.

U.S. import statistics

Because of the growing concern over apparent errors in U.S. import statistics, the Commission in cooperation with the Bureaus of Customs, Census, and Budget completed plans during the year under review for an interagency study of the accuracy of import statistics. Plans involve a thorough review of a random sample of import documents from each port to determine whether published statistics correctly reflect actual imports of merchandise with regard to (1) country of origin, (2) proper TSUSA number, (3) quantity, and (4) value.

The program is designed to determine overall accuracy, to pinpoint areas in which errors may frequently be made, and to propose procedures for improvement. It is expected that an analysis of a trial run, which was to begin on July 1, 1969, will show whether there is a need to continue the project and what its approximate cost will be.

Summaries of Trade and Tariff Information

During fiscal 1969, the Commission made rapid progress toward completion of its current publication program of *Summaries of Trade and Tariff Information*. Twenty-one volumes of summaries were published (16 had been published in the previous 2 fiscal years), leaving 25 volumes yet to be issued.

The summaries contain descriptions (in terms of the tariff schedules) of the products imported into the United States, their methods of production, and their importance in the U.S. economy; data on consumption, production, exports, and imports; and analytical material regarding the basic factors that affect trade.

The following volumes of summaries were published during fiscal 1969:¹⁵

Fish: Fresh, Chilled, Frozen, or Cured (TC Publication 254, 1968)

Rubber and Plastics Products (TC Publication 256, 1968)

Pressed and Blown Glassware (TC Publication 257, 1968)

¹⁵ For a list of volumes published in fiscal 1968, see *Fifty-second Annual Report of the United States Tariff Commission*, TC Publication 273, 1968.

Animal and Vegetable Fats and Oils (TC Publication 258, 1968)

Hand Tools, Cutlery, Forks, and Spoons (TC Publication 260, 1968)

Photographic Equipment and Supplies, Recordings, and Musical Instruments (TC Publication 263, 1968)

Furniture, Buttons and Other Fastening Devices, Brooms, Brushes, Umbrellas, Canes, and Clothespins (TC Publication 266, 1968)

Cordage, Braids, Elastic Yarns and Fabrics, Lace, Ornamented Fabrics, Trimmings, Packing, Polishing Cloths, Sacks, Labels, Lacings, Rags, and Other Miscellaneous Textile Products (TC Publication 267, 1968)

Wood and Related Products II (TC Publication 269, 1968)

Containers, Wire Products, Foil, Fasteners, and Specified Hardware (TC Publication 270, 1968)

Vegetables and Edible Nuts (TC Publication 271, 1968)

Inorganic Chemicals III (TC Publication 277, 1968)

Pyrotechnics and Products Not Elsewhere Enumerated (TC Publication 278, 1969)

Glue, Gelatin, Aromatic Substances, Toilet Preparations, Surface-Active Agents, Soaps, Dyes, and Tannins (TC Publication 279, 1969)

Certain Electrical Appliances, Special-Industry Machinery, Machine Parts, and Electrical Apparatus (TC Publication 280, 1969)

Hides, Skins, Leather, Feathers, and Miscellaneous Articles of Animal Origin (TC Publication 281, 1969)

Live Plants and Seeds (TC Publication 282, 1969)

Fish Products, Shellfish, and Shellfish Products (TC Publication 283, 1969)

Organic Chemicals II (TC Publication 284, 1969)

Felts, Batting, Nonwoven Fabrics, Fish Nets, Machinery Belts and Clothing, Hose, Coated Fabrics, and Other Fabrics for Special Purposes (TC Publication 285, 1969)

Sugar, Cocoa, Confectionery, Coffee, Tea, and Spices (TC Publication 288, 1969)

The summaries are designed to meet the needs of many varied interests. Since the beginning of the current program, the Commission has received numerous communications requesting copies and/or commenting on the usefulness of the summaries from Members of Congress, the courts, Government agencies, trade associations, universities, research organizations, foreign governments and business

firms, and individuals in the United States engaged in the manufacturing, importing, or exporting of products.

Other Reports

Reports on synthetic organic chemicals

During the year under review, the Commission continued to prepare and publish its annual and monthly reports on U.S. production, sales, and imports of synthetic organic chemicals. The first in the series of annual reports on production, sales, and imports was published in 1918; the monthly reports on production of synthetic organic chemicals are an outgrowth of the collection of data on 250 industrial organic chemicals and 75 medicinal chemicals for the national war agencies during World War II. The release of monthly data on production and sales of plastics and resin materials began in 1948. The primary users of these data are the Commission, other Government agencies, and the business community.

Monthly reports on production and sales of synthetic organic chemicals.—In fiscal 1969, the Commission published two series of reports.¹⁶ One series (the C series) reported data on the production of selected synthetic organic chemicals; the other (the P series) supplied production and sales data on plastics and resin materials.

Preliminary annual reports on production and sales of synthetic organic chemicals in 1967.—As preliminary annual statistics for 1967 became available, the Commission, in fiscal 1969, issued separate preliminary annual reports for the 14 segments of the synthetic organic chemicals industry, covering production and sales by each segment. Data were reported on each of the following: Tar and tar crudes, crude products from petroleum and natural gas for chemical conversion, cyclic intermediates, benzenoid dyes, synthetic organic pigments (toners and lakes), bulk medicinal chemicals, flavor and perfume materials, plastics and resin materials, rubber-processing chemicals, elastomers (synthetic rubbers), plasticizers, surface-active agents, pesticides and related products, and miscellaneous cyclic and acyclic organic chemicals.

¹⁶ S.O.C. (Synthetic Organic Chemicals) Series C; S.O.C. Series P.

Annual report on production and sales of synthetic organic chemicals in 1966.—The Commission, on August 2, 1968, released its fiftieth annual report on U.S. production and sales of synthetic organic chemicals.¹⁷ The report included data on those individual chemicals for which the volume of production or sales in 1966 exceeded 1,000 pounds or for which the value of sales exceeded \$1,000. The Commission had previously issued preliminary reports on production and sales in 1966 of the 14 individual groups of synthetic organic chemicals covered in the final report.

Statistics included in the report were compiled from data supplied by more than 800 primary manufacturers. The report covered more than 6,000 individual chemicals and chemical products and gave separate production and sales statistics for many of them. Also included in the report were a list of manufacturers of each item for which production and sales were reported and statistics on U.S. general imports in 1966 of products entered under schedule 4, parts 1B and 1C of the TSUS (i.e., benzenoid intermediates, dyes, medicinal chemicals, and other finished coal-tar products).

At the close of fiscal 1969 the report covering 1967 was being prepared.

Report on imports of benzenoid chemicals and products in 1967.—The report *Imports of Benzenoid Chemicals and Products, 1967*,¹⁸ issued on September 19, 1968, included data on articles entered under schedule 4, parts 1B and 1C of the TSUS. It provided detailed statistics on imports of benzenoid intermediates, dyes, organic pigments, medicinals and pharmaceuticals, flavor and perfume materials, and other benzenoid products. The data in the report were obtained by analyzing invoices covering most of the general imports of benzenoid chemicals and products into the United States during 1967.

Reports on quantitative determinations

During fiscal 1969, the Commission made reports on quantitative determinations respecting watches and brooms. Both were made pur-

¹⁷ *Synthetic Organic Chemicals, United States Production and Sales, 1966*, TC Publication 248, 1968.

¹⁸ TC Publication 264, 1968 [processed].

suant to statutory obligations and were in a series of annual reports that began in 1967 for watches and in 1968 for brooms.

Watch movements.—In compliance with provisions of Public Law 89-805,¹⁹ on March 24, 1969, the Commission published in the Federal Register—and transmitted to the Secretaries of the Treasury, Interior, and Commerce—its determination of the apparent U.S. consumption of watch movements in 1968 and the number of watches and watch movements that are the product of the Virgin Islands, Guam, and American Samoa that may be entered free of duty during calendar year 1969. This was the third such annual determination that the Commission has made.

On the basis of the Commission's determination of increased U.S. consumption in 1968, the number of watches and watch movements that may be entered free of duty from the U.S. insular possessions in 1969 was increased by almost 3 percent.

Brooms.—As in the previous fiscal year, the Commission on May 28, 1969, reported to the President its judgment²⁰ respecting U.S. consumption in 1968 of whiskbrooms and other brooms made of broomcorn. For the first time, the Commission was also required to report on production and trade and to estimate consumption of other types of brooms which it considered to be competitive with those made of broomcorn. Such information is to be furnished biennially beginning with the report for calendar year 1968.

The Tariff Schedules Technical Amendments Act of 1965²¹ established two tariff-rate quotas on imports of brooms wholly or in part of broomcorn and provided increased rates of duty on over-quota imports of such products. The act empowers the President to vary the quantity of brooms that may be imported at the specified rates of duty in proportion with changes in U.S. consumption. By the close of the period under review, the President had taken no action concerning the quotas on brooms.

¹⁹ 80 Stat. 1521, 1522.

²⁰ Pursuant to Executive Order 11377 of Oct. 23, 1967, in accordance with the responsibilities assigned to the President by headnote 3, schedule 7, part 8, subpart A of the Tariff Schedules of the United States.

²¹ Public Law 89-241, 19 U.S.C. 1202.

Assistance to Other Government Agencies

As required by law,²² the Commission, when designated or requested to do so, cooperates with other Government agencies on matters of common interest. During the year under review, the Commission worked extensively within the framework of established committees with the Census and Customs Bureaus and the Office of the Special Representative for Trade Negotiations. Members of the Commission's staff served on the following permanent interdepartmental committees: Technical Committee on Standard Industrial Classification, Interagency Committee on Automatic Data Processing, Federal Committee on International Statistics, and Interdepartmental Commodity Advisory Committees under the Office of Emergency Preparedness. The Commission continued to supply information on strategic and critical materials to the Business and Defense Services Administration and to other Government agencies concerned with national defense.

In addition, the Chief of the Commission's Economics Division was named to serve on the task force on trade which is a part of the Cabinet Committee on Price Stability. In April 1969 the Commission was invited to participate in the working group on trade research which was being established by the Export Strategy Committee, the executive body of the Cabinet Committee on Export Expansion. Moreover, a Commission staff member collaborated on an interagency task force for the study of problems which have arisen concerning imports under item 807.00 of the TSUS. This provision of the schedules—under specific conditions—exempts duty on that portion of the value of an imported article that represents U.S. components exported for the purpose of assembly abroad. Imports under this provision increased from \$193 million in 1964 to about \$1.3 billion in 1968 and are alleged to have been detrimental to employment in the United States.

²² Mainly sec. 334 of the Tariff Act of 1930.

ASSISTANCE TO NONGOVERNMENTAL Organizations and the Public

During fiscal 1969, the Commission responded to numerous requests regarding technical information and data on a broad range of subjects within its area of competence. Such requests originated from technical societies, trade associations, lawyers, teachers, editors, and students and were referred to professional staff members—commodity analysts, lawyers, or international economists—who prepared the responses. In some instances, the presence of Commissioners or staff members was requested at meetings of professional and trade associations to furnish information orally. Field trips by staff members, conducted principally for the purpose of gathering information, also provided an opportunity for those in the trade to seek and obtain information that the Commission's staff was at liberty to disclose.

PART III. ADMINISTRATION AND FINANCES

Organization of the Commission

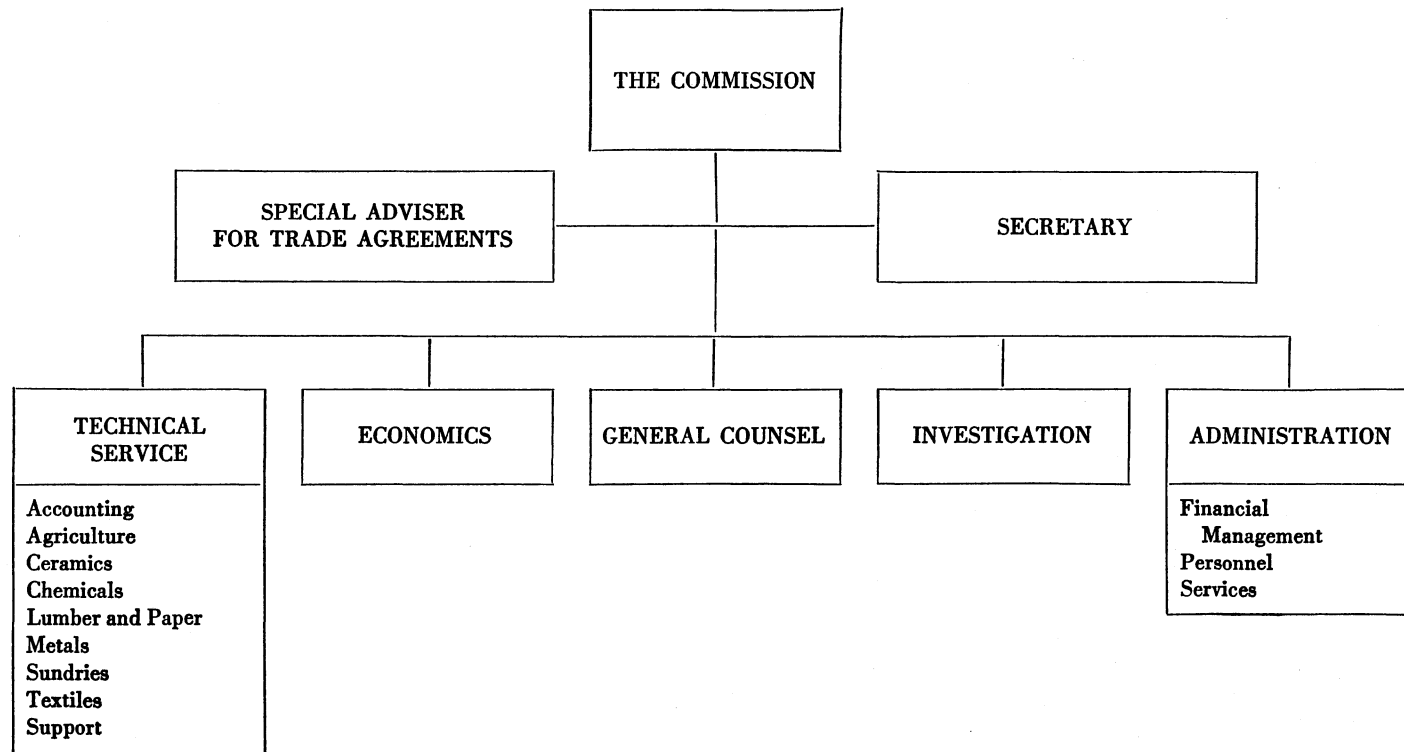
On June 30, 1969, the Tariff Commission was composed of six Commissioners and 244 staff members.¹ On the same date in 1968, the Commission was composed of four Commissioners and 258 staff members.

The Commission's staff is organized according to the chart shown below. The Secretary serves the Commission in the general conduct of its business, including relations with other Government agencies and the general public; issues public notices in formal proceedings; receives documents and requests filed with the Commission; schedules the order of appearances at public hearings; and records minutes of Commission meetings. The Special Adviser for Trade Agreements acts as the Commission's liaison with the President's Special Representative for Trade Negotiations and advises the Commission respecting trade agreements and oversees Commission activities relating to them. The Legal Division (under the Commission's General Counsel), the Director of Investigation, the Economics Division, and the Commodity Divisions and statistical support activities (under the direction of the Chief of Technical Services) transact the Commission's day-to-day business respecting legal, investigative, and general research duties. Personnel and financial management (including budget and fiscal activities), as well as general administrative and auxiliary services, are under the Director of Administration.

In fiscal 1969, the Commission continued to increase its use of external automatic data processing services in both its statistical and fiscal operations. The Commission also continued to assist eligible staff members in acquiring training of benefit to the Commission.

¹ Total does not include temporary employees.

UNITED STATES TARIFF COMMISSION
June 30, 1969



Finances and Appropriations, Fiscal Year 1969

The appropriated funds available to the U.S. Tariff Commission during the fiscal year 1969 amounted to \$3,850,000. Reimbursements received totaled \$10,000, making a grand total available of \$3,860,000. The unobligated balance as of June 30, 1969, was \$65,705. Expenditures for the fiscal year 1969 were as follows:

Salaries	\$3, 317, 227
Personnel benefits	243, 612
Travel and transportation expense	23, 850
Rentals and communications service	53, 743
Printing and reproduction	18, 415
Contractual services	10, 333
Services performed by other agencies	48, 701
Supplies and materials	45, 278
Office supplies and equipment	33, 136
	<hr/>
Total	3, 794, 295

