UNITED STATES TARIFF COMMISSION

Operation of the

TRADE AGREEMENTS PROGRAM

June 1934 to April 1948

Part IV. Trade-Agreement Concessions Obtained by the United States

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PREPARED IN CONFORMITY WITH EXECUTIVE ORDER 9832 ISSUED FEBRUARY 25, 1947

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F O R E W O R D

This document constitutes part IV of the Tariff Commission's report on the operation of the trade agreements program prepared in fulfillment of a directive of the President to the Tariff Commission under Executive Order 9832. Under this order the Tariff Commission is required to submit to the President and to the Congress at least once each year a report on this subject.

This report reviews the operation of the trade agreements program from its initiation on June 12, 1934, to April 1948. It covers all trade agreements completed during that period, including the General Agreement on Tariffs and Trade entered into at Geneva, Switzerland, October 30, 1947. It does not take account of certain developments since April, such as the renewal in June 1948 of the Trade Agreements Act with amendments. Nor does it take into account certain changes in the general provisions of the General Agreement on Tariffs and Trade which were made at the conference held in Habana, Cuba, from November 21, 1947, to March 24, 1948.

With a view to assisting Members of Congress who had before them the question of extending the Trade Agreements Act, the Tariff Commission issued a preliminary draft of this report in April 1948. It was necessary as of that time to issue the report in preliminary form mainly owing to the fact that it was impossible to complete before that date a detailed analysis of the concessions received by the United States in the Geneva agreement. That analysis has since been completed.

The completed report consists of the following parts:

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

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Chapter 1

INTRODUCTION

Part IV of the report deals with the concessions obtained by the United States from foreign countries in trade agreements made under the Trade Agreements Act.1/ These concessions, which relate to tariffs, tariff preferences, and other methods of restricting or regulating international trade, are of two kinds—commitments on specific commodities listed in the schedules of concessions in the agreements, and commitments regarding various phases of commercial policy contained in the general provisions of the agreements.2/ Chapter 1 describes the nature and significance of these two types of concessions obtained from foreign countries. Chapter 2 discusses the more important aspects of the general provisions affecting United States export trade. Chapter 3 summarizes statistical data regarding the scope of concessions provided for in the schedules by countries from which these concessions were obtained. Concessions obtained through general provisions are not in general susceptible of statistical measurement. Chapter 4 deals with the scope and nature of the concessions obtained on major export products of the United States.

Nature and Significance of General Provisions Affecting United States Export Trade

The general provisions of the trade agreements (as distinguished from the scheduled concessions on particular articles) have been described in part II of this report and need not here be reviewed in

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1/ For simplicity of expression, commitments of foreign countries under the Geneva agreement are here referred to as if they applied only to trade with the United States, although, as indicated in the next paragraph, they apply also to trade with all other countries which participated in the Geneva agreement.

2/ The United States has seldom sought moderation of taxes or other restrictions imposed by other countries on their exports. For the most part the trade-agreement concessions it has sought and obtained have had to do with the treatment by other contracting countries of their imports from the United States. Some of the provisions of the trade-agreement general articles, however, limit the freedom of action of the contracting countries in taxing, subsidizing, or otherwise regulating their export trade. There is, moreover, one commitment of special interest to this country in the United Kingdom schedule of concessions of the Geneva agreement dealing with the treatment of exports from the Malayan Union. The commitment is that, unless the smelting of tin ore is subsidized in the United States, exports of tin ore from the Malayan Union to the United States (and to other countries subscribing to the Geneva agreement) shall be subject to the same rate of export duty, per unit of tin content, as smelted tin. Except for this reference, no further attention is given in part IV to commitments of the trade-agreement countries regarding their treatment of export trade.

detail. From the point of view of United States export trade, the most important general provisions are (1) Those providing, usually with exceptions of varying importance, for most-favored-nation treatment of imports into the respective contracting countries;3/ (2) those limiting freedom of action of such countries regarding quantitative import restrictions (quotas) and exchange controls; (3) those providing for "escapes" from scheduled commitments under specified circumstances.

Under the general provisions of classes 1 and 2 distinguished above, the United States, of course, has accepted limitations on its freedom of action similar to those accepted by the foreign countries. However, these limitations do not have the same significance for the United States as for many of the foreign contracting countries. Before the agreements became effective, the United States did not, in general, follow policies which would have been in violation of such limitations. Many of the foreign contracting countries did follow such policies extensively, and they might have intensified them but for the commitments of the trade agreements. Moreover, as regards the predictable future, there is, according to present indications, less likelihood that the United States would wish to apply measures contrary to these general trade-agreement provisions than other contracting countries would if they were free to do so.

From the point of view of the United States the trade-agreement articles regarding most-favored-nation treatment and regarding quotas are designed to prevent or limit impairment of the value of scheduled concessions obtained from other contracting countries, and to protect United States export trade in commodities not covered by scheduled concessions. During and since the depression of the 1930's there has been a widespread trend among foreign countries toward the increased use of import quotas and exchange controls, including special clearing agreements, and toward discriminatory treatment of imports from different countries. The trend toward discrimination manifested itself to some degree in tariff rates but to a much greater degree in quantitative restrictions and exchange controls. Because of the excess of United States exports over imports, and the difficulties experienced by many foreign countries in obtaining adequate dollar exchange, these practices have been particularly important as to imports of those countries from the United States and have created increasing difficulties for United States exporters, especially in certain lines. The prime objective of the United States trade agreements program has been to halt and reverse this trend. Therefore, that program has sought from foreign countries commitments, subject to a minimum of qualifications and exceptions, assuring most-favored-nation treatment to United States goods in all matters of trade regulation and providing for the elimination of quantitative import and exchange controls, which tend to restrict imports more than tariff duties do.

3/ The principal exceptions to these commitments are those which exempt the contracting country from the obligation to charge no higher rates on imports from the United States than those charged on imports of similar goods from certain other countries with which the contracting country has had special trade relations. This exception has been especially limited in the Geneva agreement by the general provision of that agreement referred to in the following section. Other exceptions are those which permit the contracting country to apply lower rates of duty to local traffic across its boundaries (so-called border traffic). The Geneva agreement also provides for exceptions to the most-favored-nation commitment for countries forming customs unions.

The general provisions of some of the earlier agreements and of the Geneva agreement regarding escapes from scheduled commitments under specified circumstances (the last of the three types of general provisions distinguished above), of course, may reduce the value of these commitments. The United States, however, may have occasion to make at least as much use of these "escapes" as other contracting countries, depending on developments in the trade in particular commodities.

For the statistical analysis later presented it has not been feasible to assemble complete data on imports by trade-agreement countries of those United States goods which are not covered by schedules of concessions but which are treated more favorably as the result of the general articles of the trade agreements. Moreover, it has obviously not been possible to take into account the effects of the general articles on the commercial policies pursued by the other contracting countries subsequent to the coming into effect of the various trade agreements. In other words, there is no way of determining the extent to which these articles have forestalled, or will forestall, new measures more detrimental to United States trade than those in effect before the several agreements were made.

In connection with the general provisions of trade agreements, three matters which are of particular importance to United States export trade deserve special consideration: (1) The advantages which have accrued, or may accrue, to United States exports by reason of the extension to this country of the most-favored-nation rates of tariffs of the other countries in accordance with the general provisions of the trade agreements (independently of scheduled concessions); (2) the relation of these general provisions to the future of imperial-preference tariff systems, particularly those among countries of the British Commonwealth; and (3) commitments of foreign countries as to their use of quantitative restrictions on imports from the United States. These three points are discussed in chapter 2.

Nature and Significance of Scheduled Concessions Obtained by the United States

For most commodities listed in the schedules of concessions in trade agreements, the schedules specify the maximum rates of import duties to be charged (for a few, the rates specified relate only to stated quantities—so-called tariff quotas—imports in excess of which may be subject to higher rates, specified or unspecified). For some items, the treatment guaranteed in the schedules represents reductions from the previously existing rates; for others it represents bindings of continued free entry or bindings of the existing rates against increase.

With the exception of concessions obtained from Cuba, the scheduled rates are not required to be confined to imports from the United States. In fact, those obtained by the United States in the Geneva agreement (except those obtained from Cuba) are required by the terms of the agreement to be accorded equally to all the other countries participating in that agreement, and both the Geneva and the pre-Geneva concessions are usually extended widely to countries not parties to the particular agreement, in accordance with the unconditional most-favored-nation principle.4/ Cuban concessions to the United States are made

4/ Such extension of concessions may be provided for by a country's laws (as in the United States) or by its agreements with third countries.

exclusively to this country under a generally recognized exception to the most-favored-nation principle--an exception similar to that permitting preferences between the various members of the British Empire and between other countries having special trade relations.

For some items listed in the schedules of concessions, the treatment specifically provided relates to matters other than, or in addition to, tariff treatment. Owing to the existence of preferential arrangements, referred to above, the schedules of concessions of some of the countries with which trade agreements have been negotiated, particularly the countries in the British Commonwealth, specify, as regards certain commodities, the maximum margin of tariff preference which may be accorded to imports from associated countries. For some items previously subject to quantitative import restrictions, minimum annual import quotas to be permitted entry are specified in the schedules of certain of the pre-Geneva agreements. Moreover, for certain items, imports of which are subject to official monopoly control in the foreign country, the schedules of concessions (in the Geneva agreement and in certain of the pre-Geneva agreements) specify the minimum amounts which the monopoly undertakes to import annually.

The trade during a past period in the items covered by scheduled concessions of the other contracting countries to the United States (at whatever time granted) can in large part be tabulated according to the character of the commitments on each commodity--bindings of free entry, bindings of previous rates of duty against increase, reductions of rates of duty grouped into percentage ranges, guaranties as to minimum quotas, and the like. Such tabulations and summaries thereof constitute most of the statistical data presented later in this part of the report. The summary tables are similar in construction to some of those, presented in part III of the report, for concessions granted by the United States. However, on account of the importance of foreign concessions having to do with matters other than rates of duty, and for other reasons set forth later, the data regarding foreign concessions cannot be so simply and adequately summarized as the data dealing with concessions granted by the United States.

Before the statistical data relative to scheduled concessions are presented, a comprehensive view of the concessions obtained may be had from a discussion of certain general provisions relating not only to the trade in items covered by the schedules of concessions but to trade in general.

Chapter 2

GENERAL PROVISIONS AFFECTING UNITED STATES EXPORT TRADE

Provisions as to Most-Favored-Nation Treatment

From the standpoint of United States export trade, the significance of the general provisions of trade agreements regarding most-favored-nation tariff treatment (i.e., requiring each contracting country, with specified exceptions, to extend to the other at least as favorable treatment as it grants to any third country) is most obvious where they have resulted in the elimination of previous discriminations in tariff rates against United States goods. The two most important instances of this sort occurred under the 1936 trade agreements with Canada and France.

Specific effects of Canadian and French most-favored-nation provisions

Before the first trade agreement with Canada, imports of United States goods into that country had been subject to the "general" Canadian tariff rates. On many commodities these general rates were higher than the "intermediate" (most-favored-nation) rates applicable to imports of similar goods from non-British countries with which Canada had most-favored-nation trade relations or special trade agreements.1/ By virtue of the most-favored-nation provision of the 1936 agreement, all United States goods, including many items not listed in the Canadian schedule of concessions, became dutiable at the most-favored-nation rates of the Canadian tariff. In 1937 Canadian imports from the United States of articles on which Canadian duties were reduced as the result of this provision alone (not including any imports covered by scheduled concessions) were valued at 132.5 million dollars, or 43 percent of the total dutiable imports from this country.

The second trade agreement with Canada (effective January 1, 1939) continued the application of most-favored-nation (i.e., non-British-nation) rates to imports from the United States, and this was further continued by the Geneva multilateral agreement effective January 1, 1948. The number of commodities imported into Canada from the United States which benefit from reduced rates (compared with those in effect in 1935) only as the result of the most-favored-nation commitment has, however, been greatly lessened, since in the two later agreements the Canadian schedules of specific concessions have been extended to cover many items not specified in the 1936 schedule.

Similar in character, though covering a smaller volume of trade, were the benefits obtained through the most-favored-nation provision of the 1936 trade agreement with France. Under the agreement with France,

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1/ The intermediate rates of the Canadian tariff are referred to as most-favored-nation rates, although on many commodities these rates are higher than the Empire preference rates applicable to imports into Canada from other countries of the British Commonwealth. A more precise phrase is "most favored, non-British, nation" rates.

however, a limited list of commodities (mainly of little importance to the United States) was specifically exempted from France's most-favored-nation commitment. Imports of United States goods into France also benefited, independently of the French schedule of concessions, from another action taken by the French Government pursuant to general provisions of the 1936 trade agreement with the United States. This action involved eliminating the discriminatory features of certain internal taxes on the sale or transfer in France of manufactured and semimanufactured goods. Previously these taxes had been levied at higher rates on such goods imported from the United States than on similar goods produced in France or imported from certain other countries.

The foregoing examples, of course, relate to the elimination of former tariff or tax discriminations against United States exports in accordance with the most-favored-nation provisions of the agreements. These provisions also assure that United States exports will obtain the advantages of any future tariff concessions that may be made by the other contracting countries in trade agreements with third countries.

Relation of most-favored-nation provisions to imperial-preference systems

Preferential tariff treatment of imports from British sources has long been a feature of the tariffs of the British Dominions and, after World War I, of the tariff of the United Kingdom itself. These preferential features, however, were greatly expanded and intensified under the Ottawa agreements in 1932. Since that time the preferences in the United Kingdom on many articles (mainly agricultural, fishery, and forest products) have been more disadvantageous to the position of the United States in the markets of the United Kingdom than has the level of duties as such. Similarly preferences by the British Dominions on imports of many manufactured goods from the United Kingdom have been of major importance to the competitive position of United States manufactures in these markets. Thus, substantial curtailment of the British imperial-preference system and halting of its further development have been major objectives of the United States in its trade-agreement negotiations.

The British imperial-preference features of the Canadian and United Kingdom tariffs were curtailed somewhat by the schedules of concessions of these countries in their pre-Geneva trade agreements with the United States. The most-favored-nation provisions of those agreements, however, did not affect directly the British preferential system, since they specifically exempted Canada and the United Kingdom from obligations to apply as favorable tariff rates to imports from the United States as to imports from other countries of the British Commonwealth.2/ Under the pre-Geneva agreements, Canada and the United Kingdom remained free to introduce new preferences, and to increase preferences, on articles not specifically covered by schedules of concessions. Moreover, even on the commodities covered by scheduled concessions they were generally free to introduce new preferences or to increase existing preferences for British goods so far as this could be done without

2/ In principle the exception of the imperial-preference features of the tariffs of countries of the British Commonwealth from the most-favored-nation provisions of trade agreements is similar to that which exempts the United States from applying the same rates of duty to imports from other contracting countries as to imports of Cuban and Philippine products.

increasing rates of duty on imports from the United States.3/ Thus during the late war, by reducing duties on imports from the United Kingdom of many articles covered by its schedule of concessions in the 1939 agreement with the United States, Canada restored many margins of preference to levels existing before the 1936 agreement with the United States or even raised them above those levels.

The Geneva agreement greatly restricts the liberty of action previously enjoyed by British countries as to preference. Although under a qualification of the general most-favored-nation provision of the Geneva agreement the countries of the British Commonwealth continue to be exempted from obligations to charge no higher rates on imports from the United States and other non-British countries than on British goods, limitations are imposed on the scope and degree of the preferences. A provision of the general articles of that agreement pledges participating countries not to introduce new preferences for imports from countries with which preferential trade relations have heretofore been maintained and not to increase existing preference margins.4/ This general provision, taken by itself, involves a substantial concession on the part of Canada and the United Kingdom in addition to those made in the earlier agreements. It is an important limitation also on the freedom of action of those countries of the British Commonwealth with which the United States had not previously negotiated trade agreements. Not only does the Geneva provision protect many concessions against the serious impairment which might result from subsequent increases in the margins of British preference, but also,for many commodities not covered by the schedules of concessions, its effect is equivalent in importance to the binding of previous tariff treatment.5/

Under the Geneva agreement the commitment not to extend or intensify preferential tariff systems applies to all the signatory countries, including Belgium, France, and the Netherlands. The Belgian and Netherlands Empires, however, had not theretofore applied imperial-preferential tariffs, and the imperial tariff preferences of the French Empire had been of much less importance to United States export trade than the British preferential system. The territories of none of these three Empires have been, or are likely to be, in a position to supply each other with a wide variety of the products which the United States exports; therein these Empires differ greatly from the British Empire.

3/ A preference, of course, could not be increased on commodities of which imports from British Commonwealth countries had been duty free and on which the rates of duty on imports from the United States had been reduced or bound.

4/ In this connection, what was said above regarding conditions in foreign countries tending to foster the adoption of discriminations is especially pertinent.

5/ Another outcome of the Geneva negotiations as regards British preference is indicated by notes exchanged between Canada and the United Kingdom on October 30, 1947, on the occasion of their subscribing to the Geneva agreement. In these notes the two countries agreed that in the future each of them would be free to reduce or eliminate preferences without the consent of the other.

Provisions Regarding Quantitative Restrictions on Imports

Some of the most important barriers to United States exports during the thirties consisted of quota limitations or other quantitative restrictions imposed by foreign countries on imports. Moreover, through such controls important discriminations against United States export trade were often effectuated. In some foreign countries quantitative restrictions on imports were closely related, either as supplementary or alternative arrangements, to official control of foreign exchange transactions and related practices, particularly exchange clearing. The trade-agreement commitments made by foreign countries in the application of quantitative import controls and exchange controls are therefore of great interest to United States export trade.

Comparison of the pre-Geneva and Geneva agreements and of the Fund agreement

The general provisions of the Geneva agreement regarding quantitative restrictions differ in several respects from those in the trade agreements previously negotiated by the United States. In the earlier agreements the contracting countries were pledged, subject to certain specified exceptions,6/ not to apply quantitative restrictions to imports from the United States of commodities listed in the schedules of concessions (unless specific commitments as to quotas were set forth in the schedules themselves). The general provisions of these agreements also pledged the other contracting countries not to apply quantitative restrictions, whether on scheduled items or unscheduled items, in such manner as to discriminate against imports from the United States. The provisions of the Geneva agreement limiting the use of quantitative import restrictions apply not only to scheduled items, as in the pre-Geneva agreements, but also to unscheduled items. As in the earlier agreements, the discriminatory application of quota restrictions is prohibited as to both scheduled and unscheduled items. However, the commitments regarding quotas in the Geneva agreement are subject to an important qualification in addition to those contained in the earlier agreements. Under certain conditions and subject to certain limitations, parties to the Geneva agreement encountering balance-of-payments difficulties are exempted from their pledges regarding the use of quantitative restrictions on imports, and are even permitted to apply quantitative restrictions in a discriminatory manner.

Official control of foreign exchange transactions in foreign countries has often amounted in effect to quantitative, and sometimes to discriminatory, control of imports, since control over the payments which may be transferred to foreign suppliers of imports in practice often means control over the amounts, varieties, and origin of the imports of particular commodities. The general articles of the earlier trade agreements negotiated by the United States, therefore, pledged the contracting countries not to apply control of foreign-exchange transactions in such a way as to discriminate against imports from the United

6/ The most important exception permits the contracting countries to apply quantitative controls to imports of particular goods in connection with measures restricting the production or marketing of like domestic goods.

States.7/ The general articles of the Geneva agreement do not deal directly with the use of exchange controls, since the Geneva agreement contemplates that the freedom of action of participating countries in this matter will be limited in accordance with the provisions of the International Monetary Fund Agreement. In general the Fund agreement provides that, after a transitional period of 3 to 5 years, control of foreign-exchange transactions shall not be applied to restrict the transfer of payments arising out of current trade. This provision of the Fund agreement, however, is subject to balance-of-payment qualifications corresponding in general to those of the Geneva agreement in the use of quantitative restrictions.8/

Effects of balance-of-payments qualifications on commitments

The balance-of-payments qualifications on commitments regarding quantitative import and exchange controls were included, both in the Geneva agreement and in the Fund agreement, because many of the participating countries have since the cessation of hostilities been experiencing severe balance-of-payments difficulties, especially as regards the supply of United States dollars, and it could not be foreseen when and to what extent these difficulties would be overcome. The agreements could not have been made with many of the participating countries without these qualifications. Under existing conditions all-out commitments requiring nondiscrimination in the face of balance-of-payments difficulties would not have been feasible for many countries, and even if made could not be fulfilled. In the long run a country cannot buy more from the United States than its supply of dollars which can be used for that purpose will permit, and it is doubtful whether United States exports to such countries would be substantially greater even if no exception to the rule of nondiscrimination in quota and exchange controls were provided. Without an adequate supply of United States dollars, from whatever source obtained, a country must either purchase a relatively larger share of its imports from those countries of whose currency it has a more ample supply, or do without the needed imports.

Although provisions regarding quantitative restrictions under such of the early agreements as are still in effect are not subject to specific balance-of-payments exceptions, recent experience with Sweden suggests that, for reasons indicated in the preceding paragraph, it may be advisable under existing conditions to permit the temporary suspension of the provisions prohibiting the discriminatory use of import

7/ In a few of the agreements this commitment was subject to temporary exceptions.

8/ The Geneva agreement contemplates that most participating countries will be members of the International Monetary Fund and that parties to the Geneva agreement who are not members of the Fund will be made subject, under supplementary exchange agreements, to limitations similar to those prescribed by the Fund agreement. Under the so-called scarce-currency provision of the Fund agreement, countries may under certain conditions use exchange control to discriminate against imports from countries whose currencies are in short supply. It is this scarce-currency provision, which is more or less the counterpart of the Geneva agreement provision, that permits discriminatory application of quantitative restrictions on imports under certain conditions regarding balances of payments.

quotas. In 1947 Sweden encountered precisely the type of difficulty in regard to its dollar balance-of-payments position visualized in the Geneva agreement. An understanding was reached between the United States and Sweden under which Sweden was released temporarily from its obligations (under the 1935 trade agreement with the United States) as to the application of quantitative controls to imports from the United States.

Because of the difficulties with their dollar balance of payments, it appears that, at least for the next few years, many trade-agreement countries will continue to use quantitative import controls and to apply them so as to discriminate against imports from the United States. So long as these difficulties continue, discrimination against United States exports of goods obtainable from other countries, or of goods regarded by the importing country as nonessential, will likewise continue, and available dollar exchange will be used mainly to purchase from the United States goods not obtainable elsewhere and regarded as essential. For some time to come, therefore the provision against the discriminatory use of quotas will remain largely inoperative; in consequence the value to United States exporters of many of the scheduled concessions will remain problematical. Moreover, quantitative restrictions imposed for balance-of-payments reasons may often afford additional protection to the industries of the countries imposing them and may encourage the development of new industries.

Thus, the value of the trade agreements to United States export trade with many countries depends largely on when and to what extent balance-of-payments difficulties will be overcome which, in turn, depends on numerous and complex factors. These factors include events, conditions, and policies (not only commercial policies but other economic policies as well) both within the countries experiencing these difficulties and in other countries of the world. The United States policies affecting imports, and,especially, the levels of prosperity and business activity in this country with respect to imports, are of much importance in this connection. The trade agreements themselves, particularly the Geneva trade agreement, constitute one of the factors affecting the balance-of-payments situation. It is impossible to predict the outcome of all these factors. At present, balance-of-payments difficulties complicate the economic problems confronting most foreign countries which are signatories to the Geneva agreement.

Other Features of the General Provisions

Certain features of the general provisions of the trade agreements other than those discussed in the preceding section also affect United States trade, both export and import.

Thus, the Geneva agreement contains general provisions involving obligations of the contracting countries as to the operations of state trading enterprises, the subsidization of domestic products competitive with imported goods, methods of valuation of imported goods for assessment of ad valorem duties, methods of internal taxation and regulation as applied to imported goods, and various other matters. In the aggregate these provisions constitute a "code of fair practices" in international trade. This code applies in substantial part to the treatment by other contracting countries of imports of all goods from the United States. These provisions, though reciprocal, limit resort to practices which, for the most part, have been more prevalent in the past in foreign countries than in the United States.

Another general provision of the Geneva agreement, and one which may limit the value of certain scheduled concessions obtained by the United States from foreign countries, is the so-called escape clause, which permits contracting countries to withdraw or modify scheduled concessions on particular products in the event of unforeseen serious injury or threat of serious injury to domestic producers of like or directly competitive goods resulting from the concessions.9/ Although this escape clause is of more direct concern to the United States in connection with its own import trade than most of the other general provisions, it is equally available to other contracting countries in connection with their imports of scheduled items from the United States and other countries.

The Geneva agreement permits the contracting countries to withdraw or modify concessions on particular imports under certain circumstances in connection with programs for the development of their domestic economy; these provisions, however, are subject to important limitations regarding procedure (see part II of this report).

General Relation to United States Export Interests

In the light of the foregoing considerations, it appears that the importance of the trade agreements to the export trade of the United States may well lie as much in the general provisions of these agreements as in the scheduled commitments made by the other contracting countries regarding their treatment of imports of specific commodities from the United States. To be sure, some of the general provisions which involve greater limitation upon the freedom of action of foreign countries than of the United States are subject to important qualifications. Even though the value to the export trade of the United States of the commitments in the general provisions of the trade agreements cannot be measured, there is scarcely reason to doubt their importance, especially in the long run. Of special significance to United States exporting interests is the fact that the other contracting countries, through these commitments, obligate themselves, as soon as, and to the extent that, their balance-of-payments situations will permit, to suppress such restrictive import measures as quotas and to accord to imports from the United States treatment equal to that accorded imports from other countries.

9/ The trade agreements with Mexico and Paraguay are the only pre-Geneva agreements negotiated by the United States containing a similar escape clause.

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Chapter 3

STATISTICAL ANALYSIS OF SCHEDULED CONCESSIONS OBTAINED IN TRADE AGREEMENTS, BY COUNTRIES

Importance of Trade-Agreement Countries in United States Export Trade

Tables 1-5 show the relative importance of the trade-agreement countries and the principal non-trade-agreement countries as markets for United States exports in selected years immediately before World War II and in 1947.

The trade-agreement countries together accounted for about three-quarters of the export trade of the United States in the second half of the 1930's and about four-fifths of the total in 1947. In tables 1-5 the trade-agreement countries are shown in three groups on the basis of their relation to the Geneva agreement.1/

By far the most important group of trade-agreement countries as markets for United States exports consists of those with which trade agreements had been negotiated before the Geneva agreement and which are also parties to that agreement. These are listed in table 2 and include most of the world's leading trading countries. United States exports to this group of countries accounted for a little more than half of its total exports in the years immediately preceding World War II and for 47.5 percent of the total in 1947.

The second group, namely, the countries with which trade-agreement relations with the United States were established in the Geneva agreement, is listed in table 3, and includes those countries of the British Commonwealth with which the United States had not already had trade agreements, together with Chile, China, Czechoslovakia, Lebanon-Syria, and Norway. In the years before the Second World War this group accounted for about one-tenth of total United States exports, and in 1947 for about one-eighth of the total.

1/ All the countries for which schedules of concessions are included in the Geneva agreement are here treated as trade-agreement countries. Some of these countries, however, did not put their Geneva schedules of concessions into effect (or accept other obligations of the agreement) on January 1, 1948, when the agreement became effective as regards the trade relations between the United States and several other countries that participated in the Geneva conference.

A trade agreement between the United States and Czechoslovakia became effective in 1938, but Czechoslovak trade policies were changed drastically when the Sudeten section of the country was taken over by Germany in the spring of 1939, and the duty concessions made by the United States to Czechoslovakia were terminated on April 22, 1939. Czechoslovakia, therefore, is shown as a country which participated in the Geneva agreement but with which no earlier agreement was in effect.

A trade agreement between the United States and Nicaragua became effective in 1936, but the duty concessions made by the United States to Nicaragua were also terminated in 1938 as a result of policies pursued by Nicaragua. Nicaragua, therefore, is not shown as a trade-agreement country.

Table 1.- United States domestic exports to trade-agreement countries, by groups, and to non-trade-agreement countries, average 1935-39 and selected years 1935 to 1947

Destination	1935	1937	1939	Average, 1935-39	1947 1/
	Value (million dollars)				
All countries, total	2,243.1	3,298.9	3,123.3	2,828.3	14,278.3
Agreement countries	1,624.3	2,482.9	2,424.2	2,124.3	11,699.1
Countries with which the United States had agreements in effect before Jan. 1, 1948	1,395.9	2,143.1	2,109.8	1,834.4	9,854.7
Participating at Geneva (see table 2)	1,142.9	1,689.5	1,644.2	1,461.1	6,770.2
Not participating at Geneva (see table 4)	253.0	453.6	465.6	373.3	3,084.5
Countries party to the Geneva agreement 2/	1,371.3	2,029.3	1,958.6	1,751.0	8,614.6
Agreements in effect before Jan. 1, 1948 2/	1,142.9	1,689.5	1,644.2	1,461.1	6,770.2
No agreements in effect before Jan. 1, 1948 (see table 3)	228.4	339.8	314.4	289.9	1,844.4
Nonagreement countries (see table 5)	618.8	816.0	699.1	704.0	2,579.2
	Percent of total				
All countries, total	100.0	100.0	100.0	100.0	100.0
Agreement countries	72.4	75.3	77.6	75.1	81.9
Countries with which the United States had agreements in effect before Jan. 1, 1948	62.2	65.0	67.5	64.9	69.0
Participating at Geneva	50.9	51.2	52.6	51.7	47.4
Not participating at Geneva	11.3	13.8	14.9	13.2	21.6
Countries party to the Geneva agreement 2/	61.1	61.5	62.7	61.9	60.3
Agreements in effect before Jan. 1, 1948 2/	50.9	51.2	52.6	51.7	47.4
No agreements in effect before Jan. 1, 1948	10.2	10.3	10.1	10.2	12.9
Nonagreement countries	27.6	24.7	22.4	24.9	18.1

1/ Preliminary.
2/ Includes countries listed in table 2 (data totaled above) and those listed in table 3 (data totaled below).

Table 2.- United States domestic exports to countries having previous trade agreements with the United States which are parties to the Geneva agreement, average 1935-39 and selected years 1935 to 1947

(In millions of dollars)

Destination	1935	1937	1939	Average, 1935-39	1947 1/
Belgium-Luxembourg:					
"Metropolitan areas"	56.7	94.7	64.2	70.1	520.0
Dependencies	1.1	2.3	2.5	1.9	50.0
Brazil	43.4	68.3	79.9	60.4	640.6
Canada	308.2	491.5	468.9	418.1	2,012.0
Ceylon 2/	1.3	1.7	1.6	1.4	47.1
Cuba	59.2	90.8	80.8	74.6	485.5
France:					
"Metropolitan area"	112.4	161.1	180.2	142.5	807.1
Dependencies	10.8	16.9	17.4	14.8	151.2
Netherlands:					
"Metropolitan area"	48.5	88.6	96.6	76.4	378.9
Dependencies	25.7	59.8	74.5	51.9	177.5
United Kingdom:					
"Metropolitan area"	426.3	529.6	499.0	480.8	1,092.9
Dependencies	49.3	84.2	78.6	68.2	407.4
Total, countries listed	1,142.9	1,689.5	1,644.2	1,461.1	6,770.2

1/ Preliminary.
2/ Trade covered by pre-Geneva agreement with the United Kingdom.

Table 3.- United States domestic exports to countries participating in the Geneva agreement with which the United States had no previous agreement, average 1935-39 and selected years, 1935 to 1947

(In millions of dollars)

Destination	1935	1937	1939	Average, 1935-39	1947 1/
Australia	56.8	73.4	61.3	63.7	234.7
Burma	2/	2/	2/	2/	2/
Chile	14.8	23.7	26.6	21.0	124.9
China	38.0	49.5	55.5	44.9	352.6
Czechoslovakia	3.2	13.0	3.7	10.2	48.6
India and Pakistan 3/	31.2	43.6	46.8	36.8	405.3
Lebanon and Syria	2.4	2.5	3.2	2.5	43.0
New Zealand	15.6	23.8	16.5	19.8	76.6
Norway	13.6	22.0	31.8	21.0	146.4
Southern Rhodesia	4/	4/	4/	4/	4/
Union of South Africa	52.8	88.3	69.0	70.0	412.3
Total, countries listed	228.4	339.8	314.4	289.9	1,844.4

1/ Preliminary.
2/ Not separately reported before 1938; statistics included with India throughout.
3/ Statistics include Burma.
4/ Not separately reported in earlier years; included in "United Kingdom dependencies" (table 2) throughout. The amount is small.

Table 4.- United States domestic exports to countries which are not parties to the Geneva agreement but with which the United States has trade agreements, average 1935-39 and selected years, 1935 to 1947

(In millions of dollars)

Destination	1935	1937	1939	Average, 1935-39	1947 1/
Argentina	49.2	93.8	70.6	71.4	678.1
Colombia	21.3	38.7	50.6	35.6	216.7
Costa Rica	2.3	4.4	9.7	5.0	34.9
Ecuador	2.8	5.0	5.8	4.0	39.9
El Salvador	2.8	3.6	4.1	3.4	28.4
Finland	6.0	12.2	13.2	10.2	59.2
Guatemala	3.9	7.4	8.5	6.2	41.2
Haiti	3.2	4.0	5.1	4.0	25.1
Honduras	5.6	5.5	5.8	5.6	29.8
Iceland	.1	.2	.4	.2	15.7
Iran	4.3	5.5	4.4	5.7	33.9
Mexico	64.5	105.8	80.8	77.0	616.5
Paraguay	.7	.7	.7	.6	7.7
Peru	12.0	18.9	18.8	15.9	91.1
Sweden	38.0	64.3	94.2	60.6	395.1
Switzerland	7.4	9.4	17.9	10.5	190.0
Turkey	4.3	14.9	8.3	9.4	81.0
Uruguay	6.2	13.1	5.1	7.6	75.2
Venezuela	18.4	46.2	61.6	40.4	425.0
Total, countries listed	253.0	453.6	465.6	373.3	3,084.5

1/ Preliminary.

Table 5.- United States domestic exports to principal countries with which the United States has no trade agreements, average 1935-39 and selected years, 1935 to 1947

(In millions of dollars)

Destination	1935	1937	1939	Average, 1935-39	1947 1/
Germany	90.4	123.0	44.5	92.6	154.0
Italy	70.8	75.8	58.5	63.8	478.7
Japan	202.6	287.6	231.6	232.8	60.0
Philippine Islands (Republic of the Philippines)	52.6	84.9	99.8	76.7	436.7
Soviet Union	24.4	42.8	51.8	44.4	149.0
All other nonagreement countries	178.0	201.9	212.9	193.7	1,300.8
Total, countries listed	618.8	816.0	699.1	704.0	2,579.2

1/ Preliminary.

The third group of countries, namely, those with which trade agreements with the United States negotiated before the Geneva agreement are now in effect but which did not participate in the Geneva agreement, is listed in table 4. This group includes Sweden, Switzerland, and most of the Latin American countries that did not participate in the Geneva agreement. Exports to the third group accounted for from one-seventh to one-ninth of the total exports in the years immediately preceding World War II, and for over one-fifth of the total in 1947.

Countries with which no agreements have been negotiated under the Trade Agreements Act accounted for 25 percent of United States exports to all countries in 1935-39, and for 18 percent in 1947. The principal countries in this group, as shown in table 5, are Germany, Italy, Japan, the Philippines, and the Soviet Union. Subject to quantitative limitations on certain products, imports from the Philippines enter duty-free by virtue of an agreement entered into under the Philippine Trade Act of 1946. With the Soviet Union there is an Executive Agreement providing for nondiscriminatory treatment in matters relating to both imports and exports by the United States, and for increase on the part of the Soviet Union of its purchases from the United States. This agreement became effective in August 1937 and was renewed each year thereafter until August 1943; since then it has continued in force subject to termination on 6 months' notice. With Italy the intention to negotiate a trade agreement has been announced.

Scope of Concessions, by Kinds

Table 6 shows, so far as practicable, the scope of concessions obtained by the United States from foreign countries in the schedules of the trade agreements. The table is based on import data 2/ of the several countries for a single prewar year, mainly 1939. It does not take account of imports by trade-agreement countries which received improved treatment by virtue of the general provisions of the agreements but which are not covered by schedules of concessions.

In part III of this report it was pointed out that, for measuring the scope of the scheduled concessions granted by the United States in trade agreements, statistics for the year 1939 are more appropriate than those for any postwar year. The aftermath of the war, which has had a marked effect on the composition of United States imports, has had an even greater effect on the imports into many of the foreign countries with which this country has trade agreements, and consequently on their imports from this country. Data on imports into foreign countries in 1939, therefore, undoubtedly measure the normal composition of their import trade better than data for postwar years would. There may be some question, however, whether data for 1939 are as satisfactory for this purpose as data for some other prewar year, say 1937 or 1938. In 1939 the imports of several countries were much affected by preparations for war and, in the later months of the year, by wartime interferences with trade. Nevertheless data for 1939 have been mainly used

2/ For some countries, United States export statistics for 1939 are used (see following section of this chapter).

Table 6.- Imports (mainly in 1939 1/) from the United States into trade-agreement countries, by kinds of scheduled concessions applicable under the agreements

(In thousands of dollars)

Country	Total imports from the United States	Imports from the United States on which commitments were made				
		Total	Kind of commitment			
			Binding of free status	Binding of duty against increase	Reduction in duty	Other commitments 2/
	All countries that have participated in trade agreements with the United States					
Grand total	2,426,628	1,498,090	326,170	462,145	564,092	145,683
	Group 1.—Countries participating in the Geneva agreement that had previous trade agreements with the United States 3/					
Total	1,564,590	1,083,307	270,884	262,304	442,133	107,986
Belgium Luxembourg-Netherlands:						
Metropolitan area	144,019	118,166	45,904	36,799	9,566	25,897
Dependencies 4/	36,446	27,914	8,598	17,676	1,377	263
Brazil	71,518	38,651	2,672	31,841	4,138	-
Canada	477,113	342,485	75,490	24,023	242,972	-
Ceylon 5/	1,983	936	19	138	313	466
Cuba	77,666	74,929	3,967	13,620	46,489	10,853
France:						
Metropolitan area	146,614	138,820	58,628	41,344	16,635	22,213
Dependencies	17,370	8,726	544	2,812	4,422	948
United Kingdom:						
Metropolitan area	521,741	329,799	74,138	93,871	114,444	47,346
Newfoundland	7,160	2,881	924	180	1,777	-
Other territories covered by United Kingdom commitments 6/	62,960					
	Group 2.—Countries participating in the Geneva agreement that had no previous trade agreements with the United States					
Total	374,463	219,228	32,900	95,855	57,747	32,726
Australia	69,436	42,651	640	9,888	17,205	14,918
Burma	2,700	1,113	31	617	2	463
Chile	26,266	16,428	-	10,426	6,002	-
China	64,705	51,941	59	47,670	4,212	-
Czechoslovakia	39,078	25,326	18,565	2,200	4,493	68
India-Pakistan	35,104	10,031	597	1,932	2,343	5,159
Lebanon and Syria	2,877	2,147	88	1,545	514	-
New Zealand	19,918	12,895	1,056	1,791	7,631	2,417
Norway	34,217	15,362	5,023	3,784	6,555	-
Southern Rhodesia	3,795	1,220	-	1,220	-	-
Union of South Africa	76,367	40,114	6,841	14,782	8,790	9,701
	Group 3.—Countries not participating in the Geneva agreement that have trade agreements with the United States					
Total	487,575	195,555	22,386	103,986	64,212	4,971
Argentina	70,621	32,841	42	14,237	18,562	-
Colombia	56,480	29,680	-	15,345	14,335	-
Costa Rica	9,705	1,990	-	929	1,061	-
Ecuador	5,765	2,421	306	686	1,429	-
El Salvador	4,138	492	-	338	154	-
Finland	13,172	5,208	1,149	3,550	509	-
Guatemala	8,510	2,283	-	1,987	296	-
Haiti	5,076	1,186	-	943	243	-
Honduras	5,766	1,054	417	438	199	-
Iceland	408	117	-	110	7	-
Iran	2,194	1,831	-	1,755	76	-
Mexico	80,256	23,413	255	12,305	10,853	-
Paraguay	656	383	-	272	111	-
Peru	19,721	5,516	50	1,729	3,737	-
Sweden	99,385	46,473	19,042	26,253	1,178	-
Switzerland	29,881	15,066	-	8,695	1,400	4,971
Turkey	9,126	3,501	-	-	3,501	-
Uruguay	5,127	1,956	368	718	870	-
Venezuela	61,588	20,144	757	13,696	5,691	-

1/ Countries for which statistics cover periods other than the calendar year 1939 are as follows: Australia—July 1, 1938, to June 30, 1939; Brazil—April 1, 1938, to March 31, 1939; Czechoslovakia—1937; India-Pakistan—April 1, 1938, to March 31, 1939; Iran—March 22, 1939, to March 21, 1940; Newfoundland—July 1, 1938, to June 30, 1939; Syro-Lebanese Customs Union—1938.

Statistics of imports into Argentina, Costa Rica, Ecuador, El Salvador, Finland, Guatemala, Haiti, Honduras, Uruguay, Venezuela, and French dependencies were not available in a form suitable for tabulating and United States statistics of export to these countries were used as measures of the trade covered by their concessions.

2/ Includes imports subject to commitments as to monopoly or quantitative controls, commitments of British countries as to margin of preference unaccompanied by commitments as to rate of duty, and commitments as to duties which are reduced by indeterminate amounts and as to duties which may be increased within specified limits.

3/ For these countries the appropriate measurement of tariff concessions in trade agreements with the United States should take account of concessions both in earlier agreements and in the Geneva agreement. That is to say, the degrees of reductions in rates of duty provided for in their agreements with the United States should involve comparison of the rates on particular classifications of imports provided for by the Geneva agreement with the rates on the same commodities before they were subjects of commitments to the United States. This procedure has not been feasible in regard to some of the countries (see text of following section of this chapter).

4/ Includes the Netherlands East Indies and the Belgian Congo but not the Netherlands West Indies or Surinam. The statistics available for the latter territories are not such as to make it feasible to identify the trade in concession items.

5/ Ceylon subscribed independently to the Geneva agreement but its trade relations with the United States were previously covered by the trade agreement between the United States and the United Kingdom.

6/ In the 1939 agreement between the United States and the United Kingdom the United Kingdom concessions included bindings and reductions of the margins of tariff preference to be afforded British goods imported into some of the dependent territories of the United Kingdom. In the Geneva agreement imports from the United States into the territories, other than the metropolitan area of the United Kingdom and Newfoundland, covered by the United Kingdom commitments are subject only to the general commitment that preferential treatment is not to be introduced on commodities where such treatment was not previously provided for, and that existing margins of British preference are not to be increased. Thus, all imports into the dependent territories of the United Kingdom above referred to may be regarded as subject to binding with respect to margins of British preference. No account is taken in this tabulation of reductions in the margins of preference provided for in the 1939 agreement.

in table 6 to indicate the scope of the trade-agreement concessions granted by other countries on their imports from the United States. The principal reason for the choice of that year was that in 1939 the total value of United States exports was nearer the average for the later thirties than in 1937, when exports were at a peak for the period, or in 1938, when they were lower than in 1939.

Imports of articles subject to scheduled concessions as given in table 6 relate to all such concessions obtained by the United States in trade agreements, whether made before, during, or after the prewar year taken as a base. The data do not purport to show what part of the imports from the United States in the prewar year consisted of articles on which concessions were in effect at that time.

Table 6 shows the total imports from the United States into the several trade-agreement countries in the selected prewar year, and the imports of articles covered by scheduled concessions now in effect. The scheduled concessions are further classified into four groups mainly according to whether they involve binding of previous tariff treatment or reduction of previous rates of duty. Some concessions, however, cannot be classified on that basis. Among these are (1) guaranties as to the quantities of specified import commodities to be purchased by official monopolies; (2) the fixing of minimum import quotas for specified articles; and (3) guaranties as to the maximum margins of preferential tariff treatment for imports from associated countries (mostly relating to the British Empire), without commitments regarding the rates of duty to be charged on imports from the United States. Concessions of these three types account for the trade classified in table 6 under the group "Other commitments."

In compiling the data for table 6 it was impossible to follow a uniform procedure for all the countries. The procedures actually employed, together with the resulting limitations on the significance of the data, are set forth in the following section of this chapter.

Total imports from the United States into the agreement countries in 1939 or the other prewar year selected as a base for table 6 amounted to about 2,426 million dollars. Their imports from this country of articles at present subject to scheduled concessions were valued at about 1,498 million dollars, or 62 percent of the total.

The largest single class of concessions by the foreign trade-agreement countries is that involving actual reductions in duty. Articles at present subject to duties reduced in trade agreements accounted for about 23 percent of their total imports from the United States in the prewar year and for 38 percent of the imports subject to concessions of all kinds.

Bindings of continued free entry by trade agreements relate to articles constituting about 13 percent of the total imports of the trade-agreement countries from the United States and 22 percent of the imports subject to concessions of all kinds. Compared with the concessions granted by the United States, bindings of free entry by foreign countries are less extensive, mainly for the reason that duty-free articles constitute a smaller proportion of total imports into most foreign countries than of total imports into this country. A more important class of concessions by the foreign agreement countries is that involving the binding of existing rates of duty against increase, which accounted for about 19 percent of their total imports from the United States and for 31 percent of the imports subject to concessions of all kinds. Although bindings of duty-free entry or of existing rates of duty have little effect in causing increase in imports, they may be of great importance in forestalling new or increased duties which might result in a reduction of imports.

Table 6 gives data also for the three groups of trade-agreement countries which have already been distinguished in table 1. As might be expected, imports into the countries in group 1 (those which are parties to the Geneva agreement and with which the United States had previously had trade agreements) included a higher proportion of concession articles than imports into countries in either of the other two groups. This circumstance results from the fact that the countries of group 1 have granted concessions to the United States in two agreements (in the case of Canada, three agreements) in return for two (or three) sets of concessions made to them by the United States. Articles subject to scheduled concessions account for about 69 percent of the total imports of the countries of group 1 from the United States in the prewar year, compared with 58 percent for the countries of group 2 (countries which are parties to the Geneva agreement, but with which the United States had no trade agreements in effect at the time of the Geneva negotiations), and with about 40 percent for the countries of group 3 (those which are not parties to the Geneva agreement, but with which trade agreements previously negotiated are still in effect). The ratio of imports of articles subject to duty-reduction concessions to total imports subject to concessions is also higher for countries of group 1 than for those of the other two groups.

There are wide differences among individual countries in each group as to the proportion of total imports from the United States consisting of concession articles, and as to the relative importance of the different types of concessions. Apart from differences among the foreign countries in their economic position and their commercial policies, there are several reasons for these differences, among which two may be mentioned: (1) Some of the countries with which trade agreements have been negotiated find only a relatively unimportant market for their exports in the United States or are important suppliers of United States imports of few articles. The United States negotiators were obviously not in a position to offer such countries extensive concessions or concessions which were of major importance to their export trade. Therefore the United States could not expect such great concessions from these countries as from countries to which it made concessions of greater interest. (2) In some of the trade-agreement countries the duties on certain major commodities imported from the United States are intended primarily for revenue rather than to protect domestic industry. Budgetary considerations have frequently made these countries disinclined to limit by trade agreement their freedom of action as to rates of revenue duties. Moreover, the United States negotiators have no doubt been less inclined to press for commitments as to revenue duties than as to duties having a definitely protective character, since the former are normally less restrictive of imports.

Degree of Reduction in Foreign Duties

Table 7, like table 6, is based on the import statistics of a single prewar year, and distinguishes the same three main groups of countries, but it classifies the imports from the United States subject to scheduled duty-reduction concessions (at whatever time the reductions were made) according to the percentage by which the duties have been reduced.

Of those prewar imports from the United States into all the trade-agreement countries on which duties have been reduced by the agreements, about one-seventh consisted of articles on which duties have been removed entirely, and about one-tenth,of commodities on which duties have been reduced by more than 50 but less than 100 percent. The largest single group of articles subject to duty-reduction concessions consists of those on which the rates have been lowered by from 25 to 36 percent. As might be expected, the cuts in duties made by the countries of group 1 (countries participating in the Geneva agreement which had previous trade agreements with the United States) have been sharper than those made by countries of groups 2 and 3.

Procedure in Compiling Data on Concessions Obtained

General

As previously stated, imports into foreign countries of articles subject to scheduled concessions given in tables 6 and 7 relate to such concessions obtained by the United States in trade agreements, whether made before, during, or after the prewar year taken as a base.

The data in these tables, though probably sufficient for purposes of comparison, are not entirely complete and accurate. In the schedules of concessions for most of the trade-agreement countries, reductions or bindings of rates of duty have been provided for on some items which were not previously classified separately in their import statistics or in the United States statistics of exports.3/ Estimates of the value of the trade were made and included in tables 6 and 7 where the trade in such items was known to be large. For many such items, however, especially where the trade was known to be small, no estimates have been included in the tables. Therefore, although the estimates may involve errors both of overstatement and understatement of the scheduled concessions, the data in the table as a whole are more likely to err in the direction of understatement. Possibly as much as 5 percent of the total imports of United States goods into trade-agreement countries in the year to which the data relate consisted of concession items which are not taken into account in the tables because of lack of information.

3/ This difficulty appeared most conspicuously in the case of the new Benelux tariff which in its classification of items often differs materially from the previous tariffs of Belgium-Luxembourg or the Netherlands.

Table 7.- Imports (mainly in 1939 1/) from the United States into trade-agreement countries subject to reduced rates of duty, by degrees of the reductions

(In thousands of dollars)

Country	Total	Degree (percent) of reduction in duty: 100	76 to 100	51 to 76	36 to 51	25 to 36	Less than 25
	All countries that have participated in trade agreements with the United States						
Grand total	564,092	80,569	6,744	52,986	116,571	173,476	133,746
	Group 1.—Countries participating in the Geneva agreement that had previous trade agreements with the United States 2/						
Total	442,133	75,293	5,221	43,875	86,152	145,270	86,322
Belgium-Netherlands-Luxembourg:							
Metropolitan area	9,566	357	2	-	2,442	1,943	4,822
Dependencies 3/	1,377	2	-	8	681	-	686
Brazil	4,138	18	423	79	2,187	1,259	172
Canada	242,972	34,453	523	23,784	60,269	92,298	31,645
Ceylon 4/	313	-	-	-	-	101	212
Cuba	46,489	966	4,226	4,387	8,636	8,349	19,925
France:							
Metropolitan area	16,635	193	39	4,712	2,128	5,888	3,675
Dependencies	4,422	128	-	1,496	1,550	1,013	235
United Kingdom:							
Metropolitan area	114,444	38,229	-	9,160	8,182	33,980	24,893
Newfoundland	1,777	947	8	249	77	439	57
	Group 2.—Countries participating in the Geneva agreement that had no previous trade agreements with the United States						
Total	57,747	4,548	1,388	6,056	15,049	14,122	16,584
Australia	17,205	2,204	-	1,310	2,530	6,956	4,205
Burma	2	-	-	-	2	-	-
Chile	6,002	26	880	2,298	1,633	1,129	36
China	4,149	-	-	-	-	169	4,043
Czechoslovakia	4,212	-	345	997	910	275	1,966
India-Pakistan	2,343	-	-	-	15	980	1,348
Lebanon and Syria	514	-	-	214	215	9	76
New Zealand	7,631	-	163	875	1,094	2,759	2,740
Norway	6,555	58	-	33	4,540	799	1,125
Southern Rhodesia	-	-	-	-	-	-	-
Union of South Africa	8,790	2,260	-	329	4,110	1,046	1,045
	Group 3.—Countries not participating in the Geneva agreement that have agreements with the United States						
Total	64,212	728	135	3,055	15,370	14,084	30,840
Argentina	18,562	-	-	-	146	763	17,653
Colombia	14,335	-	109	785	5,576	6,769	1,096
Costa Rica	1,061	-	-	184	339	278	260
Ecuador	1,429	-	-	-	1,148	281	-
El Salvador	154	-	17	87	50	-	-
Finland	509	-	-	2	356	80	71
Guatemala	296	-	-	-	156	140	-
Haiti	243	-	-	5	80	11	147
Honduras	199	-	-	63	116	20	-
Iceland	7	-	-	1	6	-	-
Iran	76	-	-	-	76	-	-
Mexico	10,853	-	-	71	4,635	2,773	3,374
Paraguay	111	-	-	57	48	6	-
Peru	3,737	10	9	16	193	65	3,444
Sweden	1,178	718	-	38	49	325	48
Switzerland	1,400	-	-	5	240	411	744
Turkey	3,501	-	-	1,733	2	-	1,766
Uruguay	870	-	-	8	152	485	225
Venezuela	5,691	-	-	-	2,002	1,677	2,012

1/ See footnote 1, table 6.
2/ See footnote 3, table 6.
3/ See footnote 4, table 6.
4/ See footnote 5, table 6.

The data shown in tables 6 and 7 for countries in group 1--those that are parties to the Geneva agreement and with which trade agreements previously negotiated were in effect in 1947--require special comment. The pre-Geneva agreements with these countries were suspended when the Geneva agreement became effective. The rates of duty on some commodities that had been reduced in the earlier agreements with the United States, however, were further reduced in the Geneva agreement. The analysis of the concessions made by these countries, so far as practicable, has taken account of the combined effects of concessions made in the earlier agreements and in the Geneva agreement. It has not been feasible, however, to compile the data for some of the countries on that basis. The procedures followed in tabulating the data for certain individual countries are explained in the following paragraphs.

Bases for certain individual countries

Canada, the United Kingdom, and Cuba.--Imports, from the United States, of commodities covered by the scheduled concessions of these countries are reported in tables 6 and 7 on the basis of the combined effects of concessions made in the pre-Geneva agreements and in the Geneva agreement.4/ The procedure followed means that (1) the imports from the United States covered by the scheduled concessions of these countries in the Geneva agreement have been classified as subject to reduced rates of duty, if the applicable rates were reduced either in the earlier trade agreements of these countries with the United States or in the Geneva agreement or in both; (2) imports are classified as subject to bindings only if the tariff treatment provided in the Geneva agreement is the same as the one in effect before the articles were the subjects of any commitments on the part of these countries; (3) the percentage reductions in rates of duty on particular commodities (table 7) have been determined by comparing the rates in the Geneva agreement with those in effect before the earlier agreements.5/

4/ The imports into the colonies and protectorates of the United Kingdom and into some of the dependent territories of Belgium, the Netherlands, and France have not been analyzed on a basis appropriate for inclusion in tables 6 and 7. To do so would involve a great amount of statistical work and, because the trade is not of great magnitude, would result in little change in the totals.

5/ Although the Geneva schedules of concessions were generally broader than those of the earlier agreements, a few commodities that were covered by the earlier agreements were not covered by the Geneva agreement. For example, the United Kingdom in the 1939 agreement bound continued free entry of corn from the United States. Corn is not covered by the United Kingdom schedules of concessions in the Geneva agreement. Since earlier trade agreements with countries that participated in the Geneva agreement are suspended so long as the Geneva agreement is in effect, items not covered by the Geneva schedules of concessions are not currently covered by specific commitments, the effect of the Geneva agreement being to withdraw concessions formerly made.

Belgium-Luxembourg, the Netherlands, France, and Brazil.—In compiling data shown in tables 6 and 7 for Belgium-Luxembourg, the Netherlands, France, and Brazil, it has not been feasible to take account of the concessions made by them in their earlier agreements with the United States. At the time of the Geneva negotiations these countries were proposing to introduce, independently of their negotiations with other countries, more or less completely revised tariff systems.

The concessions made by Belgium-Luxembourg and the Netherlands in the pre-Geneva trade agreements, of course, related to the old tariffs of the Belgium-Luxembourg Customs Union and the Netherlands, respectively. During the war, the governments-in-exile of Belgium, Luxembourg, and the Netherlands made plans to establish a customs union (Benelux). In accordance with these plans the three countries had formulated, by the time of the Geneva negotiations, a proposed joint tariff. This tariff was different as to structure of commodity classifications from the former tariffs of either Belgium-Luxembourg or the Netherlands, and as to the levels of rates it was more or less a compromise between the two former tariffs. The proposed joint tariff was accepted by the United States and other countries participating in the Geneva conference as the basis for the negotiation of tariff concessions by the Benelux countries. The data in tables 6 and 7 for imports from the United States into Belgium-Luxembourg and the Netherlands reflect that conception of concessions. That is to say, the imports from the United States into Belgium-Luxembourg and the Netherlands of commodities covered by the Benelux schedule of concessions in the Geneva agreement have been tabulated on the basis of comparison of the rates provided for in the Geneva agreement with those initially proposed for the joint tariff of the three countries.

At the time of the Geneva negotiations the French Government also was planning to introduce a new tariff, consisting of ad valorem rates in replacement of the prewar tariff, which had consisted largely of specific rates. The concessions made by France in its 1936 trade agreement with the United States had related, of course, to the old tariff. In view of the lower foreign-exchange value and the lower internal purchasing power of the French franc after World War II, the specific rates of the old French tariff would have been much lower in terms of ad valorem equivalents than they were before the war. During the Geneva negotiations the United States accepted, as the basis of negotiation for concessions in the proposed French tariff, the average ad valorem equivalents of the old specific rates during the period 1936 to 1938. It is on the basis of comparisons of the Geneva rates with these estimated ad valorem equivalents of the old rates that the data for France have been tabulated in tables 6 and 7.

During the course of the Geneva negotiations the Government of Brazil indicated its intention to increase the specific rates of its tariff by 40 percent to offset the depreciation of its currency which had occurred after 1934.6/ The specific rates of the Brazilian tariff in effect in 1947 (some of these having been fixed in the Brazilian schedule of concessions in the 1936 trade agreement with the United

6/ Nearly all of the Brazilian tariff rates are specific.

States), increased by 40 percent, were accepted by the United States and other countries participating in the Geneva conference as bases for negotiation of concessions by Brazil. In tables 6 and 7, therefore, Brazilian imports from the United States of commodities covered by the Brazilian schedule of concessions in the Geneva agreement have been tabulated on the basis of comparison of the Geneva rates with the rates previously in effect increased by 40 percent.

British Commonwealth countries (regarding imperial preferences).--Reference has been made above to scheduled concessions of countries of the British Commonwealth involving guaranties as to the maximum margins of preference on specified commodities to be afforded to imports from other countries of the Commonwealth, without obligation as to the rates of duty applicable to imports of these commodities from the United States. Imports from the United States into the British Commonwealth countries of commodities subject to such concessions are shown in table 6 under "Other commitments." Concessions of this sort, however, do not by any means account for all the scheduled concessions involving reductions in the margins of British preference. Most of the concessions of countries of the British Commonwealth involving reductions of most-favored-nation rates of duty also involve corresponding or greater reductions in the margins of British preferential treatment of the imports concerned. In addition, concessions providing for the binding of the previous most-favored-nation rates of duty on some commodities are accompanied by commitments to reduce the margins of British preference below those previously in effect. In tables 6 and 7, however, the trade covered by scheduled concessions of the British Commonwealth countries has been tabulated on the basis of the effects of the concessions on the most-favored-nation rates of duty rather than on the basis of the effects of the concessions on margins of British preference. The result is that the tables give an incomplete picture of the trade which under the trade agreements is to receive improved treatment as to the margins of British preference.

Most of the scheduled concessions made by the United Kingdom involved the same degree of reduction in the margins of British preference as in the most-favored-nation rates. Most commodities dutiable under the United Kingdom tariff when imported from non-British countries were free of duty when imported from other countries of the British Commonwealth, so that the margins of preference were usually equal to the full amount of the most-favored-nation rates of duty. In Canada, Australia, and New Zealand, on the other hand, concessions involving reductions in the most-favored-nation rates of duty frequently involved greater percentage reductions in the margins of British preference. In these countries most commodities that were dutiable when imported from non-British sources were also dutiable, though at lower rates, when imported from other countries of the British Commonwealth. Thus, when the most-favored-nation rates of duty were reduced without corresponding reductions in the British preferential rates, the margins of preference were reduced by greater percentages than the most-favored-nation rates. The British preference features of the tariffs of the Union of South Africa and India (now India and Pakistan) were less extensive although in these countries also some of the concessions in the Geneva agreement involving reductions in most-favored-nation rates of duty also involved greater percentage reductions in the margins of British preference.

Mexico.—Data on Mexican imports of United States goods subject to commitments under the trade agreement which became effective in January 1943 have been tabulated in tables 6 and 7 on the basis of comparison of the rates provided for in the agreement with those in effect before the agreement. The rates of duty of the tariff of Mexico provided for by the trade agreement, however, have generally been superseded by higher rates which became effective December 15, 1947.

Before the war, Mexico's exports consistently exceeded its imports. During the war, despite increased exports to the United States, the country's trade balance shifted, showing a substantial excess of imports over exports. The amount of the import balance increased in postwar years, when goods desired in Mexico became readily obtainable from the United States. The excess of imports was accompanied by a steady reduction in the gold reserves of Mexico from 294 million dollars in December 1945 to 181 million in December 1946 and to 100 million in December 1947.

During and since the war the Mexican Government has evinced growing concern over the country's balance of payments. That concern, together with the demand for greater tariff protection for domestic industries established during the war, led the Government to take a series of steps to reduce imports beginning in the middle of 1947.

In July 1947 extensive increases in duties were decreed by the Mexican Government on imports not covered by the country's trade-agreement commitments to the United States. As regards imports covered by the Mexican schedule of concessions in the trade agreement with the United States, the Mexican Government at that time (July 1947) invoked the provisions of article X of the agreement—provisions permitting the application of prohibitions or quantitative restrictions on imports of scheduled items to deal with balance-of-payments difficulties. Under these provisions imports of passenger automobiles, refrigerators, radios, phonographs, apples, grapes, prunes, raisins, tanned hides, numerous items of wearing apparel, and several other classifications on which concessions had been made in the trade agreement with the United States were prohibited pending the restoration of adequate reserves of foreign exchange.

On December 15, 1947, the Mexican Government brought into effect new and higher tariff rates on imports covered by its schedule of concessions in the trade agreement with the United States. Most of the new rates were ad valorem or compound, whereas the former rates had been specific. Some of the new rates were said to be equal to the average ad valorem equivalent of the old specific rates provided for in the agreement if calculated on the basis of 1942 prices. Other rates represented increases which were not explained on the basis of any general formula but were imposed under the provisions of article XI (the escape clause) of the agreement. United States officials made representations to the Mexican Government, and negotiations were opened regarding revision of the Mexican schedule of concessions in the trade agreement with the United States. Those negotiations have not been concluded; in the meantime the new rates imposed by the Mexican Government remain in effect without modification of the concessions made by the United States in the trade agreement with Mexico.

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Chapter 4

CONCESSIONS OBTAINED ON MAJOR PRODUCTS EXPORTED FROM THE UNITED STATES

General Description of Concessions

This chapter provides information on the scope and nature of the concessions obtained in trade agreements on major export products of the United States. Tables 8 and 9 summarize the concessions obtained on 56 classifications of commodities which in 1939 accounted for nearly nine-tenths of the total exports of agricultural products and three-fourths of the total exports of nonagricultural products from this country. In each of the 56 classifications, table 8 shows United States exports to all countries, and imports from the United States into the trade-agreement countries of these commodities, so far as concessions were obtained on them, by kind of commitment.1/ Table 9 shows, for the several articles on which the foreign duties were reduced, imports into these countries from the United States by the extent of the reductions.

The data for imports of concession articles from the United States in 1939 given in tables 8 and 9, as in tables 6 and 7, are not confined to the articles on which concessions by the foreign countries were in force in that year itself. They comprise all articles on which concessions had been provided for in 1948, including those made before, during, or after 1939, particularly those made in the Geneva agreement.

Exports from the United States have been much larger in 1947 and thus far in 1948 than in 1939: in 1947 they amounted to 14.3 billion dollars compared with 3.1 billion in 1939 (table 1). Imports from the United States into the trade-agreement countries of most articles on which they have granted concessions also were much larger in 1947 than in 1939. The reasons for the choice of 1939 as a basis for the statistics throughout this part of the report have been set forth in chapter 3. On the whole, 1939 statistics afford better measures of the relative importance under normal conditions of different commodities in total United States exports, and of different foreign countries as markets for United States exports, than would statistics of 1947 or any other year later than 1939. Abnormal factors affecting United States export trade during the war and postwar years make the data for those years quite unrepresentative.

1/ Classification by kind of commitment, where possible, is based on the comparison of existing rates with those before any commitment to the United States. Exceptions to this procedure are concessions by France, Belgium-Luxembourg-Netherlands, and Brazil, for all of which the classification is based on comparison of existing rates with the rates accepted as the basis for negotiation at Geneva. The methods used throughout correspond with those in the compilation of tables on concessions by country, described in greater detail in the preceding chapter.

Table 8.- Major United States export products: United States exports to all countries and imports into agreement countries from the United States in 1939 of items on which concessions have been obtained under trade agreements through 1948

(In thousands of dollars)

Commodity or class of commodities	United States exports 1939 1/	Imports into agreement countries from the United States on which commitments were made 2/				
		Total	Kind of commitment			
			Binding of free status	Binding of duty against increase	Reduction in duty	Other commitments 3/
Agricultural:						
Pork	20,184	16,483	893	3,038	4,023	8,529
Lard	20,222	19,379	730	47	18,602	-
Dairy products	7,136	2,893	68	1,857	948	20
Barley	3,345	3,826	176	3,517	130	3
Corn	19,802	1,975	-	-	1,783	192
Rice	9,187	8,139	868	682	6,588	1
Wheat	36,815	37,310	15,727	3,999	16,216	1,368
Wheat flour	24,574	19,063	3,043	9,620	6,400	-
Oil cake and oil-cake meal	9,021	3,313	2,757	-	58	498
Fresh vegetables:						
Potatoes	2,252	1,267	25	-	1,233	9
Other	5,522	4,558	-	23	4,356	179
Canned vegetables:						
Asparagus	1,609	1,239	-	275	964	-
Other	2,857	558	-	57	476	25
Grapefruit	1,749	1,222	-	55	1,166	1
Lemons	2,186	2,097	1,272	576	249	-
Oranges	11,265	10,670	136	3,778	6,756	-
Fresh apples	10,592	13,241	398	2,751	9,246	846
Fresh grapes	2,184	2,226	199	737	1,290	-
Fresh pears	3,284	5,435	349	1,025	3,974	87
Raisins	7,010	6,184	50	257	5,877	-
Dried apples	1,894	1,657	258	27	1,372	-
Dried apricots	3,697	2,910	266	13	2,631	-
Dried prunes	7,067	6,530	525	322	5,683	-
Canned fruits	25,061	23,953	-	921	22,877	155
Soybeans	10,603	779	-	290	489	-
Leaf tobacco, unmanufactured	76,826	67,228	174	17,363	2,735	46,956
Raw cotton and linters	242,965	138,356	126,432	10,867	1,057	-
Nonagricultural:						
Salmon, fresh, salted or canned	7,275	5,911	-	20	5,891	-
Sardines, canned	3,870	1,484	-	526	958	-
Leather	13,042	7,455	191	2,376	4,333	555
Automobile tires and tubes	17,689	6,954	71	3,775	3,108	-
Cigarettes	12,646	1,562	-	388	509	665
Cotton cloth	36,549	12,506	-	1,367	5,383	5,756
Lumber	39,314	37,674	6,820	15,686	14,818	350
Paper and manufactures	31,737	13,376	486	3,316	9,173	401
Coal	62,698	32,271	940	-	31,331	-
Coke	3,873	1,875	53	1,797	25	-
Crude petroleum	92,790	30,928	27,126	1,996	1,499	307
Petroleum products:						
Lubricating oils and greases	95,373	30,288	24	6,054	7,978	16,232
Other	194,958	34,352	1,852	13,358	5,038	14,104

See footnotes at end of of table.

Table 8.- Major United States export products: United States exports to all countries, and imports into agreement countries from the United States in 1939 of items on which concessions have been obtained under trade agreements through 1948-Continued

(In thousands of dollars)

Commodity or class of commodities	United States exports, 1939 1/	Imports into agreement countries from the United States on which commitments were made 2/				
		Total	Kind of commitment			
			Binding of free status	Binding of duty against increase	Reduction in duty	Other commitments 3/
Nonagricultural-Continued						
Sulfur	11,682	7,974	7,112	783	75	4
Iron and steel mill products	235,674	54,351	849	29,547	19,787	4,168
Aluminum and manufactures	23,703	7,988	375	6,117	1,344	152
Copper and manufactures	97,185	20,286	16,991	2,144	514	637
Batteries	6,457	1,239	-	869	370	-
Refrigerators	18,140	10,606	330	4,467	5,809	-
Radios and apparatus	22,177	16,511	-	9,168	6,777	566
Industrial machinery	289,896	135,358	8,857	68,374	51,939	6,188
Office appliances	29,166	20,908	-	5,910	14,633	365
Agricultural machinery	20,518	17,659	3,330	9,164	5,165	-
Tractors and parts, including agricultural tractors	47,989	32,792	15,728	7,262	6,941	2,861
Automobiles	253,722	166,188	169	77,726	67,793	20,500
Aircraft and parts	117,806	55,324	9,905	41,157	3,402	860
Medicinal and pharmaceutical preparations	22,317	7,092	365	2,931	3,771	25
Pigments, paints, and varnishes	22,762	11,897	600	7,339	3,929	29
Fertilizers and fertilizer materials	16,991	4,830	4,580	-	167	83
Photographic goods	19,064	12,640	350	8,370	3,471	449

1/ From Foreign Commerce and Navigation, U. S. Department of Commerce.

2/ Statistics on imports into Argentina, Costa Rica, Ecuador, El Salvador, Finland, Guatemala, Haiti, Honduras, Uruguay, Venezuela, and French dependencies were not available in a form suitable for tabulating and United States statistics of exports to these countries were used as measures of the trade covered by their concessions.

3/ Includes imports subject to commitments as to monopoly or quantitative controls, commitments of British countries as to margin of preference unaccompanied by commitments as to rate of duty, and commitments as to duties which are reduced by indeterminate amounts and as to duties which may be increased within specified limits.

Table 9.- Major United States export products: Imports from the United States in 1939 of items on which the United States has obtained reductions in foreign import duties under trade agreements, by degree of the reduction

(In thousands of dollars)

Commodity or class of commodities	Total	Degree (percent) of reduction in duty: 100	76 to 99	51 to 75	36 to 50	25 to 35	Less than 25
Agricultural:							
Pork	4,023	291	3	2,750	859	62	58
Lard	18,602	11,505	3,486	-	1,727	968	916
Dairy products	948	82	8	136	181	389	152
Barley	130	-	-	-	-	-	130
Corn	1,783	-	-	1,783	-	-	-
Rice	6,588	-	-	-	11	766	5,811
Wheat	16,216	14,544	-	329	1,343	-	-
Wheat flour	6,400	-	-	250	6,046	104	-
Oil cake and oil-cake meal	58	-	54	-	-	4	-
Fresh vegetables:							
Potatoes	1,233	576	-	519	-	102	36
Other	4,356	135	-	3,614	125	408	74
Canned vegetables:							
Asparagus	964	-	29	2	600	282	51
Other	476	2	76	16	233	98	51
Grapefruit	1,166	1,148	-	-	13	5	-
Lemons	249	-	-	25	-	97	127
Oranges	6,756	5,609	2	75	-	1,070	-
Fresh apples	9,246	6,137	-	401	2,349	311	48
Fresh grapes	1,290	-	804	53	224	209	-
Fresh pears	3,974	3	-	34	1,102	2,834	1
Raisins	5,877	431	4	2	401	1,947	3,092
Dried apples	1,372	210	18	16	95	303	730
Dried apricots	2,631	-	-	4	504	758	1,365
Dried prunes	5,683	748	19	1,470	504	2,067	875
Canned fruits	22,877	2,613	108	444	608	4,850	14,254
Soybeans	489	-	132	-	-	346	11
Leaf tobacco, unmanufactured	2,735	-	-	-	1,969	68	698
Raw cotton and linters	1,057	-	-	862	195	-	-
Nonagricultural:							
Salmon, fresh, salted or canned	5,891	231	1	300	4,961	266	132
Sardines, canned	958	4	15	12	43	58	826
Leather	4,333	-	-	227	1,260	833	2,013
Automobile tires and tubes	3,108	-	-	66	219	576	2,247
Cigarettes	509	-	-	142	162	113	92
Cotton cloth	5,383	-	-	-	2,611	1,901	871
Lumber	14,818	15	-	7,680	2,530	152	4,441
Paper and manufactures	9,173	9	3	415	798	4,852	3,096
Coal	31,331	13,478	-	-	100	17,753	-
Coke	25	-	-	-	-	25	-
Crude petroleum	1,499	-	-	-	-	1,499	-
Petroleum products:							
Lubricating oils and greases	7,978	1	-	198	1,061	3,545	3,173
Other	5,038	121	237	204	572	538	3,366

Table 9.- Major United States export products: Imports from the United States in 1939 of items on which the United States has obtained reductions in foreign import duties under trade agreements, by degree of the reduction--Continued

(In thousands of dollars)

Commodity or class of commodities	Total	Degree (percent) of reduction in duty					
		100	76 to 99	51 to 75	36 to 50	25 to 35	Less than 25
Nonagricultural-Continued							
Sulfur	75	-	-	-	75	-	-
Iron and steel mill products	19,787	401	11	593	1,455	11,486	5,841
Aluminum and manufactures	1,344	-	-	329	-	1,000	15
Copper and manufactures	514	-	8	141	256	48	61
Batteries	370	-	-	90	112	72	96
Refrigerators	5,809	-	-	286	999	2,382	2,142
Radios and apparatus	6,777	-	-	354	445	3,584	2,394
Industrial machinery	51,939	1,129	127	9,289	11,422	25,360	4,612
Office appliances	14,633	386	-	1,355	3,539	4,817	4,536
Agricultural machinery	5,165	4,594	-	-	530	41	-
Tractors and parts including agricultural tractors	6,941	1,483	-	2,110	1,079	498	1,771
Automobiles	67,793	-	880	7,268	22,059	11,283	26,303
Aircraft and parts	3,402	-	-	-	2,935	403	64
Medicinal and pharmaceutical preparations	3,771	8	1	-	1,198	355	2,209
Pigments, paints, and varnishes	3,929	513	-	23	513	673	2,207
Fertilizer and fertilizer materials	167	-	-	-	73	-	94
Photographic goods	3,471	204	2	539	1,479	881	366

Scope

Comparison, as in table 8, between imports from the United States on which concessions were obtained and United States exports to all countries provides the only feasible measure of the scope of concessions on each classification of commodities. For this purpose, however, the statistics are not entirely satisfactory. Aside from relating to the trade of a single year, the data on United States exports are not strictly comparable with data on imports from the United States into the trade-agreement countries. On account of differences in valuation practices, the values reported in United States export statistics for particular shipments are usually somewhat different, and sometimes widely different, from the values reported for the same shipments in the import statistics of the receiving countries. In addition United States exports of a given year are not always reported as imports by the receiving country in the same year. Thus many shipments from the United States in the later months of 1938 were reported as imports by the receiving countries not in 1938 but in 1939. Similarly exports from the United States in the later months of 1939 were frequently reported as imports by the receiving countries not in 1939 but in 1940. In periods of stable conditions of trade, this lag might be of little importance: the export shipments from the United States in 1938 which were reported in the import statistics of the receiving countries in 1939 might have been under stable conditions approximately offset by the export shipments from the United States in 1939 reported in the import statistics of the receiving countries in 1940. The outbreak of the war in Europe, however, greatly curtailed exports of many agricultural products and resulted during the late months of 1939 in abnormally large exports of some nonagricultural products. Therefore, the data in table 8 may overstate for several agricultural products, and understate for certain nonagricultural products, the proportions of United States exports covered by concessions. These considerations are responsible for the fact that on some articles in table 8 the statistics of the trade-agreement countries regarding their imports from the United States to which concessions relate exceed the total reported United States exports of such articles in 1939.

Despite their defects for the purpose, the data shown in table 8 afford a rough measure of the scope of the concessions obtained in trade agreements on United States exports of different goods. Wherever the statistics would give a wrong impression as to the scope of concessions, and available information permits, attention is called to that fact in later sections of this chapter dealing with the concessions obtained on particular commodities.

Data in table 8 indicate that, for a majority of the agricultural products listed, imports on which trade-agreement countries have granted concessions accounted for 80 percent or more of total United States exports in 1939. For most nonagricultural products listed in the tables, the indicated proportions of United States exports on which concessions have been obtained were smaller. For a number of them, the proportions were 40 percent or more of total United States exports, but for only a limited number were the proportions as high as 80 percent.

On some products, including barley, rice, wheat, lard, lemons, oranges, apples, pears, grapes, canned fruits, raisins, dried apples, dried prunes, and lumber, imports from the United States in 1939 of articles on which foreign countries have granted concessions were practically equivalent to the entire exports from the United States to all countries in that year.2/ On many products, however, the corresponding ratio was much smaller—on a few, quite small. Some of these were products consisting in large part of imported materials; some were products derived from domestic materials of which the reserves were limited; some were duty-free in the principal countries which imported them and would have remained so whether or not they were included in a trade agreement. Others of this group were subject principally to revenue rather than protective duties. Some were articles of which the United States was not a principal supplier to most of the trade-agreement countries. Again, some were articles which the United States exported in substantial amounts to certain trade-agreement countries on many of whose products it was unable (or unwilling) to make substantial concessions, or to countries with which it did not negotiate a trade agreement. The concessions obtained on some articles, of course, were limited by the desire of certain agreement countries to remain free to increase the protection afforded to their domestic producers.

Character

On two-thirds of the agricultural products and on about one-fourth of nonagricultural products listed in table 8, duty-reduction concessions covered most of the trade on which concessions have been obtained; on a number of these products, such as corn, lard, grapefruit, canned fruit, raisins, fresh vegetables (including potatoes), salmon, and coal, these concessions covered nearly all the trade on which concessions have been obtained. On some of the listed products, on the other hand, improved customs treatment in foreign countries accounted for only a small proportion of the concessions obtained. These products included raw cotton, oil cake and oil-cake meal, crude petroleum, copper, sulfur, and fertilizers, which were already duty-free in the principal countries granting concessions on them. They also included tobacco, on which foreign countries, while granting concessions in margin of preference or in global import quota, were generally unwilling, from considerations of revenue, to make commitments as to the rate of duty.

In general, foreign negotiators were relatively free of legislative limitations on their authority. The United States was accordingly able to obtain on a good many items reductions in duty greater than any it was authorized to grant (until 1945 limited to 50 percent of the statutory rates). On several of the listed products (particularly wheat, lard, grapefruit, oranges, apples, and agricultural machinery) countries accounting for most of the imports from the United States subject to duty reductions removed the duties entirely; on several others (of which the most important was fresh vegetables imported into Canada) they reduced the duties by more than 50 percent.

2/ Coal and coke should appear in this list although, on account of features of the statistics discussed above, this fact is not revealed in the data given in table 8 (see section on coal and coke below).

For agricultural products in table 8 on which foreign import duties were reduced, the amount of the reduction shown in table 9, was generally greater than 35 percent. For relatively few of the corresponding nonagricultural products was the amount of the reduction in foreign import duties greater than 35 percent, but for most of them it was at least 25 percent.

Concessions obtained on the chief products included in tables 8 and 9 are described in greater detail in the sections below dealing with the principal individual concessions on which data for major classifications in the tables are based.

Concessions on Individual Products

Pork

Imports from the United States into trade-agreement countries of pork products on which concessions have been granted amounted to 16.4 million dollars in 1939, equal to four-fifths of total United States exports to all countries. The United Kingdom and Canada, which were by far the principal foreign markets, accounted for nine-tenths of the amount included in concessions.

The United Kingdom has granted concessions on items comprising almost its entire imports of pork products from the United States. The principal items included were hams (not canned); canned pigs' tongues; and canned heads, feet, and edible offal of pigs. In the 1939 agreement the United Kingdom bound the duty of 10 percent ad valorem on canned pigs' tongues and bound the duty-free status of hams and of canned heads, feet, and edible offal of pigs; but on hams, the principal item, it reserved the right to impose quantitative restrictions subject to stated limitations. In the Geneva agreement, the United Kingdom bound the duty on canned pigs' tongues, as before, and agreed to eliminate the margin of Empire preference, which it later did by taking off the duty on non-Empire goods. It bound the duty-free status of canned heads, feet, and edible offal of pigs, as before, and agreed to admit free of duty hams from all countries up to 86.8 million pounds annually (about 10 percent greater than the maximum annual quantity imported in 1935-39); on imports in excess of this quantity it reserved the right to impose a duty up to 5 pence ($8\frac{1}{2}$ cents) per pound.

Canadian imports of pork from the United States have consisted almost entirely of fresh pork and cured pork (not canned). On fresh pork, Canada reduced the rate in the 1936 agreement with the United States from 5 to $2\frac{1}{2}$ cents a pound, and further reduced it in the 1939 agreement to 1-1/4 cents, which rate was bound against increase in the Geneva agreement. On cured pork, Canada reduced the rate in the 1936 agreement from 5 to 1-3/4 cents a pound, which rate was bound against increase in the 1939 agreement and again in the Geneva agreement.

Lard

Concessions on lard have been obtained from 14 countries, together taking almost the entire United States exports of this commodity, which totaled 20.2 million dollars in 1939. The United Kingdom accounted for over half of the total amount covered by concessions; Cuba, Colombia, Venezuela, Mexico, and Belgium-Luxembourg-Netherlands accounted for most of the remainder.

The United Kingdom entirely removed the duty of 10 percent ad valorem on lard in the 1939 agreement with the United States, thus granting imports from this country equality in customs treatment with those from Canada and other Empire sources; it bound duty-free treatment of lard in the Geneva agreement. Cuba reduced the charges (duty and consumption tax combined) on imports from the United States by successive stages under the 1934 agreement from the equivalent of nearly 11 cents to 1½ cents a pound, and bound the 1½-cent rate in the Geneva agreement.

In agreements made before the Geneva agreement (in which Colombia, Mexico, and Venezuela did not participate), Colombia reduced the rate of duty on lard from the equivalent of 8 to 4 cents a pound, Venezuela reduced the rate from the equivalent of 16 to 12 cents, and Mexico reduced the specific rates of duty on lard in bulk from the equivalent (at 1947 rates of exchange) of 2.1 to 1.7 cents a pound and on other hog lard from the equivalent of 3.0 cents to 2.3 cents a pound. Early in 1948, however, Mexico replaced the agreement rates with compound specific and ad valorem rates the amount of which, per pound, was two to three times as great, and it later increased the official valuations on which the ad valorem portion of the new rates was assessed, which resulted in a further increase in the duty.3/

Belgium in the 1935 agreement and the Netherlands in the 1936 agreement bound lard free of duty, but imports into Belgium remained subject to an import license fee of about 1 cent a pound and, in excess of a specified quantity, were subject to import quota restrictions; and imports into the Netherlands were subject to quantitative control and import fees ranging up to 100 percent ad valorem employed in conjunction with marketing regulations affecting the domestic product. In the Geneva agreement the duty-free status of lard in the joint tariff of the proposed Belgium-Luxembourg-Netherlands customs union was bound, but the right was reserved to employ a variable import fee except on lard imported for processing.

Wheat and wheat flour

Concessions on wheat and wheat flour have been obtained from countries accounting for imports from the United States in 1939 of 56.3 million dollars, equal to about 90 percent of the total value of United States exports of wheat and wheat flour in that year.

Wheat.—Of wheat alone, imports from the United States on which concessions have been granted amounted to 37.3 million dollars in 1939. The United Kingdom accounted for about 15 million dollars of this total and Belgium-Luxembourg-Netherlands for a like amount. The United Kingdom removed the duty (equivalent to 5 cents per bushel) on imports of wheat from the United States in the 1939 agreement, and bound the item duty-free in the Geneva agreement; under this concession, imports from the United States obtained equality in customs treatment with imports from Empire countries, which were already duty-free.

3/ The events leading up to the Mexican action and the present status of the agreement are described in the section on Mexico in the preceding chapter.

In agreements before the Geneva agreement, the Netherlands undertook to buy from the United States not less than 5 percent of its total imports of wheat, and Belgium-Luxembourg made no concessions on wheat. In the Geneva agreement the earlier commitment of the Netherlands was superseded by the joint commitments of Belgium-Netherlands-Luxembourg, binding wheat duty-free, binding the import fee at the rate, equivalent to 41 cents a bushel, then existing in the Netherlands (subject to temporary adjustment under a specified formula), and limiting to 35 percent the proportion of domestic wheat (or like products) which the three governments could require to be mixed with imported wheat in flour milling.

Other countries granting concessions on wheat were Norway, which bound imports free of duty; China and El Salvador, which bound existing tariff rates; Switzerland, which granted an increase in the quota on imports of wheat from the United States; and Cuba and France, which granted reductions in the duty. A reduction in the duty on wheat was also granted by Mexico, but this was superseded in 1948 by an increase.

Flour.—Concessions on wheat flour were made by 18 countries, into which imports from the United States were valued at 19.1 million dollars in 1939, compared with total United States exports amounting to 24.6 million dollars in that year. China, Belgium-Luxembourg-Netherlands, Cuba, and Venezuela accounted for over four-fifths of the trade covered by concessions.

China in the Geneva agreement bound the existing rate of 15 percent ad valorem on wheat flour against increase.

In pre-Geneva agreements the Netherlands undertook to buy not less than 5 percent of its consumption of wheat flour from the United States, and Belgium-Luxembourg made no concession on wheat flour. In the Geneva agreement under joint tariff of Belgium-Luxembourg-Netherlands, the earlier commitment of the Netherlands was superseded by the undertaking to bind free of duty imports into the Netherlands from all countries of 50,000 metric tons a year (about three-fourths of the prewar total); to bind the rate of 3 percent ad valorem on remaining imports into Belgium-Luxembourg-Netherlands; to bind the import fee on flour in Belgium-Luxembourg-Netherlands at the equivalent of the import fee on wheat; and to limit to 35 percent the proportion of flour of domestic wheat (or like products) which the three governments could require to be mixed with imported wheat flour.

Cuba, in the 1934 agreement, reduced the duty on flour made wholly of United States wheat from 91 cents per 100 kilograms (81 cents a barrel) to 78 cents per 100 kilograms (69 cents a barrel), and abolished the consumption tax which was nearly as high as the duty; in the Geneva agreement, Cuba extended the concession to include all wheat flour and further reduced the duty on imports from the United States to 63 cents per 100 kilograms (56 cents a barrel). Venezuela, in the 1939 agreement, reduced the duty on wheat flour from the equivalent of $11.10 to $6.60 per barrel; the reduced rate amounted to 55 percent ad valorem on exports to Venezuela from the United States in 1947.

Oranges

Concessions on oranges were obtained from countries accounting for imports from the United States in 1939 of 10.7 million dollars, or over nine-tenths of the value of United States exports of oranges to all countries in that year. Imports into Canada represented about half of the amount on which concessions were obtained; imports into the United Kingdom, France, and Norway represented most of the remainder.

Canada, in the 1936 trade agreement with the United States, removed the duty on oranges from this country during January-April 4/ and bound the existing rate of 35 cents a cubic foot on imports from this country during May-December. In the 1939 agreement, Canada extended the period of duty exemption to include December-April and bound the rate of 35 cents a cubic foot (equivalent in 1939 to 14 percent ad valorem) during the remaining months of the year. In December 1942, by Government orders in council, Canada removed the duty on oranges during all months; in the Geneva agreement it bound them free of duty. In 1939 Canadian imports of oranges from the United States were valued at 5.6 million dollars and were 95 percent of its imports of oranges from all countries. During the war Canadian imports of United States oranges more than doubled in value (partly by reason of advance in prices) and in 1947 they amounted to 15 million dollars.

The United Kingdom, in the Geneva agreement, bound the existing specific rate, equivalent to 2/3 cent a pound, on oranges from the United States during April-November, and bound the existing ad valorem rate of 10 percent during December-March. United Kingdom imports of oranges from the United States were valued at nearly 2 million dollars in 1939; nevertheless they were small compared with its duty-free imports from Empire sources or with its dutiable imports from Brazil and Spain.

France, in the 1936 agreement with the United States, allotted to this country a stated portion of the quota on imports of oranges from all countries. In the Geneva agreement, France undertook to remove the quota restrictions entirely, and to establish a duty not higher than 35 percent ad valorem on imports during September-May and not higher than 25 percent ad valorem during June-August. The 35-percent rate was about equal to, and the 25-percent rate was somewhat less than, the ad valorem equivalent of the specific rates of the old French tariff on the basis of the unit values of imports in 1936-38, which were materially lower than the postwar unit values. French imports of United States oranges amounted to 1.1 million dollars in 1939.

Norway, in the Geneva agreement, bound the existing low rate of duty on oranges, equivalent to about 1/4 cent a pound. In 1939 Norwegian imports of oranges from the United States amounted to 1 million dollars.

4/ The reason for the limitation of the period was a commitment by Canada to Australia assuring a preference on oranges during other months.

Fresh apples

Concessions on fresh apples were obtained from 28 countries which took virtually all the exports from the United States, valued at 10.6 million dollars in 1939. The United Kingdom was then the largest foreign market for American apples, followed by France, Belgium-Luxembourg-Netherlands, and Sweden. Combined imports into these countries from the United States accounted for about 85 percent of all imports of United States apples subject to concessions.

In the 1939 agreement with the United States, the United Kingdom reduced the duty on table apples from this country in the period August 16-April 15 (when most of the American apples are marketed) from the equivalent of 0.8 to 0.5 cent a pound; in the Geneva agreement the United Kingdom entirely removed the duty on apples in this period. Removal of the duty eliminated the preferential tariff treatment (an important consideration) of imports of apples into the United Kingdom from Canada during the months in which the great bulk of apples from Northern Hemisphere countries are marketed. Under the Geneva agreement, apples imported into the United Kingdom during April 16-August 15 are also subject to concession, the existing rate of duty applied to them being bound against increase at the equivalent of 0.8 cent a pound.

In the 1936 trade agreement with the United States, France increased the combined quota on imports of United States apples and pears (chiefly apples) from 57 million to 87 million pounds a year, and removed increases in quota-license taxes formerly applied during the principal American exporting season. In place of the specific rate and import quota formerly imposed, France established in the Geneva agreement ad valorem rates of 6 percent on apples imported from April 1 to May 31, of 8 percent on apples imported from February 15 to March 31 and from June 1 to July 31, and of 12 percent on apples imported from August 1 to February 14. In comparison with these rates, the specific duty had been equivalent to 8 percent ad valorem on the basis of average unit values in 1936-38, when the import duty was accompanied by import quota restrictions.

In the 1935 agreement with the United States, Belgium-Luxembourg bound the previously applicable specific rates, equivalent to 15 to 20 percent ad valorem on the basis of unit values of imports in 1938. In the 1936 agreement with the United States the Netherlands bound the duty of 12 percent ad valorem on imports in all seasons and reduced the import fee on apples during the months of March through May; the reduced import fee established in this agreement was equivalent in 1938 to an additional import duty of approximately 12 percent ad valorem on imports from the United States. The Geneva agreement provides that in the joint tariff of Belgium-Luxembourg-Netherlands, apples imported during February-May shall be dutiable at rates not to exceed 6 percent ad valorem and shall be exempt from import fee or other charge, and that apples imported during other months shall be subject to combined duty and other charges not to exceed 20 percent ad valorem.

Sweden, in the 1935 agreement with the United States, added the month of January to the period, February through April, in which the low duty of 1.3 cents a pound applied, and bound against increase the rate of 2.6 cents a pound on imports in other months of the year. Sweden subsequently extended the low-duty period for United States apples to include January through June, as the result of a concession to South Africa, which automatically applied to imports from the United States under the most-favored-nation provisions of the Swedish agreement with this country.

Dried fruits

On the principal dried fruits, prunes, raisins, apricots, and apples, concessions have been obtained from foreign countries accounting in 1939 for 80 to 90 percent of the United States exports to all countries.

Prunes.--Concessions on dried prunes have been obtained from more than a score of countries, whose combined imports from the United States amounted to $6\frac{1}{2}$ million dollars in 1939. France, the United Kingdom, Belgium-Luxembourg-Netherlands, and Canada accounted for three-fourths of the amount covered by concessions, and Sweden, Czechoslovakia, Norway, and Switzerland accounted for most of the remainder.

France granted a slight reduction in the specific rates of duty on dried prunes in the 1936 agreement with the United States. In the Geneva agreement, the former specific rates were superseded by ad valorem rates of the new French tariff. Under the new tariff dried prunes became dutiable at 25 percent ad valorem, which was about one-half the ad valorem equivalent, on the basis of unit values in 1936-38, of the specific rates then in effect. French imports of dried prunes from the United States amounted to 1.1 million dollars in 1939.

The United Kingdom, in the 1939 agreement, bound the existing rate of duty, equivalent to about 2 cents a pound, on imports of dried prunes from the United States. In the Geneva agreement it agreed that the rate should not exceed $1\frac{1}{4}$ cents a pound, and that preferential treatment of imports from Empire countries, which had previously been accorded duty-free status, would be eliminated. This concession has been effectuated by the admission of prunes from all sources free of duty. Imports of dried prunes from the United States into the United Kingdom were valued at 1.8 million dollars in 1939. The amount going to the United Kingdom from Empire countries in that year was negligible.

In trade agreements with the United States before the Geneva agreement, Belgium had reduced by one-fourth duties on dried prunes which had been equivalent to from 2/3 cent to 2-1/3 cents a pound (according to size and pack), and the Netherlands had bound the duty of 12 percent ad valorem and reduced by one-half of the import fee which had been equivalent to 1 cent a pound. In place of the foregoing rates, the Geneva agreement provided for a rate of 12 percent ad valorem under the joint tariff of Belgium-Luxembourg-Netherlands. The new rate is less than the ad valorem equivalent (on the basis of unit values before the war) of the rates on most classes of dried prunes in Belgium, and on all dried prunes in the Netherlands, under the previous agreements. Imports from the United States of the articles to which it applied amounted to $875,000 in 1939.

Canada bound the existing rate of 1 cent a pound on dried prunes from the United States in the 1939 agreement with this country and removed the duty entirely in the Geneva agreement. Removal of the duty gave imports from the United States equality in customs treatment with imports from Empire countries, which were already duty-free. The imports of dried prunes from Empire countries, however, were small; Canadian imports of dried prunes in 1939 were valued at $750,000, of which the United States supplied almost the entire amount.

In trade agreements with the United States (made before the Geneva agreement, in which these countries did not participate) Sweden bound dried prunes duty-free, and Switzerland bound the existing rate, equivalent to 3/5 cent a pound, on dried prunes in large containers (110 pounds and over), reduced the rate from 1-3/5 cents to approximately 1 cent a pound on those in small containers, and increased the quota on total imports of dried prunes from the United States from 3.3 million to 5.4 million pounds. In the Geneva agreement Czechoslovakia reduced the rates of duty on dried prunes, which had been equivalent to 1½ or 2-3/4 cents a pound (according to pack), to approximately 1/2 cent a pound; and Norway reduced the rate from the equivalent of 4½ to 2-1/4 cents a pound.

Raisins.—Imports from the United States of raisins on which foreign countries have granted concessions amounted to 6.2 million dollars in 1939 compared with total United States exports amounting to 24.6 million dollars in that year. Almost nine-tenths of the trade on which concessions were obtained consisted of imports into the United Kingdom, Belgium-Luxembourg-Netherlands, Norway, Sweden, Canada, and France.

The United Kingdom bound the duty on raisins at the equivalent of 1.9 cents a pound in the 1939 agreement with the United States, and reduced it to 1.4 cents a pound in the Geneva agreement. As imports from Empire countries were duty-free, reduction in the duty was accompanied by a corresponding reduction in the margin of Empire preference. British imports of raisins from the United States in 1939 amounted to 2.8 million dollars, and those duty-free from Empire countries (principally Australia and the Union of South Africa) to 3.3 million dollars.

The Netherlands in the 1936 agreement with the United States bound the duty of 12 percent ad valorem and reduced the import fee on raisins from the equivalent of 1/2 to 1/4 cent a pound. The provisions of the 1936 agreement were superseded by the Geneva agreement, which established a rate of 15 percent ad valorem on imports of raisins into Belgium-Luxembourg and the Netherlands. The new rate was slightly less than the ad valorem equivalent (on the basis of prewar unit values) of the import duty and fee on United States raisins in the Netherlands under the 1936 agreement. Imports of United States raisins into Belgium-Luxembourg and the Netherlands were valued at about 1 million dollars in 1939; most of the total was accounted for by the Netherlands.

Sweden, France, Norway, and Canada, the principal remaining countries which granted concessions on raisins, each imported from $250,000 to $500,000 worth of raisins from the United States in 1939. Sweden, in the 1935 agreement with the United States, entirely removed the duty on this commodity, equivalent to 2 cents a pound. France, in the 1936 agreement with the United States, gave assurance that the principal kinds of raisins imported from the United States, for use in pastry, would be dutiable as Corinth raisins at not more than about 1 cent a pound (at the exchange rate then prevailing), as against the rate of 2 cents a pound on other raisins. In the Geneva agreement, France established a rate of 15 percent ad valorem on raisins. This rate was about one-fifth less than the ad valorem equivalent of the former specific rate on the basis of unit values in 1936-38.

In the Geneva agreement, Norway reduced the duty on raisins from the equivalent of about 1 cent to 3/4 cent a pound, and Canada reduced the rate from 4 to 3 cents a pound. As imports into Canada from Empire sources have been free of duty, reduction in the Canadian rate was accompanied by a corresponding reduction in the margin of Empire preference. Imports duty-free from Australia in 1939 accounted for almost nine-tenths of Canadian imports of raisins from all countries, which amounted to approximately 3 million dollars.

Dried apricots.--Concessions on dried apricots have been obtained from countries whose imports from the United States were valued at 2.9 million dollars in 1939. About half the combined amount consisted of imports into the United Kingdom and France, and most of the remainder consisted of imports into Belgium-Luxembourg-Netherlands, Canada, Sweden, Switzerland, and Norway.

The United Kingdom bound the rate, equivalent to nearly 2 cents a pound, on dried apricots from the United States in the 1939 agreement with this country, and reduced it to 1½ cents a pound in the Geneva agreement. Dried apricots from Empire countries (principally the Union of South Africa) have been duty-free; reduction of the duty on imports from the United States accordingly resulted in a corresponding reduction in the margin of Empire preference. Imports into the United Kingdom from the United States in 1939 amounted to $787,000 compared with $110,000 duty-free from the Union of South Africa.

France bound the specific rate of duty on dried apricots, then equivalent to about 2 cents a pound, in the 1936 agreement with the United States. The specific rate was superseded in the Geneva agreement by an ad valorem duty of 10 percent. The new rate was one-fourth less than the ad valorem equivalent of the former specific rate on the basis of unit values in 1936-38.

Belgium, in the 1935 agreement with the United States, reduced the duty on dried apricots in large containers from the equivalent (at the 1935 rate of exchange) of 0.7 cent to 0.5 cent a pound, and on apricots in small containers from the equivalent of 1.4 cents to 0.8 cent a pound. The Netherlands made no concession in its prewar agreement. The reduced rates of the agreement with Belgium were replaced in the Geneva agreement by a rate of 12 percent ad valorem in the joint tariff of Belgium-Luxembourg-Netherlands. The new rate is less than the prewar rates in the Netherlands (12 percent ad valorem plus an import fee equivalent to from 1 to 1½ cents a pound), but is more than the ad valorem equivalent (on the basis of prewar unit values) of the former Belgian rates as modified by the 1935 agreement. Belgium and the Netherlands were of about equal importance as a market for exports of dried apricots from the United States in 1937-39.

Canada reduced the duty on dried apricots from 25 to 22½ percent ad valorem by the extension of most-favored-nation treatment to the United States in the 1936 agreement with this country. It bound the rate of 22½ percent against increase in the 1939 agreement, and reduced it further to 15 percent in the Geneva agreement. Reduction of the duty was accompanied by a corresponding reduction in the margin of preference on imports of dried apricots from Empire countries which have entered Canada duty-free. The United States, in spite of the preference, supplied almost the entire imports of dried apricots into Canada, amounting to $250,000 in 1939.

In agreements made before the Geneva agreement (in which these countries did not participate) Sweden bound dried apricots free of duty, and Switzerland reduced the duty from the equivalent of 5.4 to 4.3 cents a pound and granted a nominal increase in the quota on dried apricots from the United States, which quota had previously been 2,340,000 pounds a year.

Norway, in the Geneva agreement, reduced the duty on dried apricots from the equivalent of 11 to 5½ cents a pound.

Dried apples.—In all the trade agreements together, foreign countries have granted concessions on dried apples of which their imports from the United States totaled 1.7 million dollars in 1939. Nine-tenths of this amount consisted of imports into Belgium-Luxembourg-Netherlands, France, Sweden, and the United Kingdom.

Belgium, in the 1935 agreement with the United States reduced the duty on dried apples, unpeeled, from the equivalent (at prewar rates of exchange) of approximately 1 cent to 2/3 cent a pound, and bound the existing duty of approximately 1/3 cent a pound on dried apples, peeled. The Netherlands made no concession in its prewar agreement. In the Geneva agreement the earlier rates were replaced by an ad valorem rate of 12 percent in the joint tariff of Belgium-Luxembourg-Netherlands. The new rate was less than the prewar rates in the Netherlands (12 percent ad valorem plus an import monopoly fee equivalent to from 1 to 1½ cents a pound), but was more than the ad valorem equivalent (on the basis of unit values in 1936-38) of the Belgium rates as modified by the 1935 agreement. The Netherlands was by far the more important market, taking nine-tenths of the exports from the United States to the two countries in 1937-39.

France, in the 1936 agreement with the United States, bound the existing rates on dried apples, then equivalent to 1/2 cent a pound on those for cider and 1-3/4 cents a pound on those for table use. The specific rates of the old French tariff were superseded in the Geneva agreement by an ad valorem rate of 10 percent on all dried apples. The new rate was about one-third less than the ad valorem equivalent of the former specific rates on the basis of average unit values in 1936-38.

Sweden bound dried apples duty-free in the 1935 agreement with the United States.

The United Kingdom reduced the duty on dried apples from the equivalent of nearly 2 to 1-1/4 cents a pound in the 1939 agreement with the United States, and removed the duty entirely in the Geneva agreement. Removal of the duty gave imports from the United States equality in customs treatment with imports from Empire countries, which were already duty-free. Imports of dried apples into the United Kingdom from Empire suppliers (Canada and Australia) amounted to $26,000 in 1939 compared with $238,000 from the United States.

Canned fruits

Concessions on canned fruits have been obtained from countries accounting for imports from the United States in 1939 of 24.0 million dollars, or 95 percent of total United States exports of canned fruits in that year. The United Kingdom alone accounted for nine-tenths of the amount on which concessions were obtained and Belgium-Luxembourg-Netherlands accounted for most of the remainder. A score of other countries granted concessions on canned fruit, but the combined amount of their imports from the United States was small.

Imports of canned grapefruit, apricots, peaches, pears, pineapples, and fruit salad into the United Kingdom from the United States were dutiable at the rate of 15 percent ad valorem before the 1939 trade agreement. In that agreement the United Kingdom removed the duty on canned grapefruit; bound against increase the duty on canned peaches, pears, and apricots (which together accounted for the bulk of the imports); and reduced the duty on canned fruit salad and canned pineapple to specific rates, amounting to 0.9 cent a pound on pineapple and 1 cent a pound on fruit salad (equivalent to 11 to 12 percent ad valorem in 1939). In the Geneva agreement the United Kingdom reduced the duty on canned peaches, pears, and apricots from 15 to 12 percent ad valorem; it bound against increase the specific duty amounting to 0.9 cent a pound on pineapple; it bound the duty-free status of canned grapefruit; it removed altogether the duty on canned fruit salad consisting of not less than 80 percent by weight of peaches, nectarines, pears, apricots, or cherries (the kind usually supplied by the United States); and it bound against increase the duty of approximately 1 cent a pound on other fruit salads. The United Kingdom, in the 1939 agreement and also in the Geneva agreement, granted reductions in the duties on canned apples, cherries, and loganberries, but its imports of these products from the United States were small.

The United Kingdom admitted all canned fruit from Empire countries duty-free. Reduction of the duties on imports from the United States accordingly produced a corresponding reduction in the margins of preference on imports from Empire sources. Compared with 22 million dollars from the United States, imports of canned fruit into the United Kingdom duty-free from Empire countries were 12½ million dollars in 1939. The imports from Empire countries consisted largely of canned pineapples, peaches, pears, and apricots.

In the 1935 trade agreement with the United States, Belgium-Luxembourg reduced the duty on canned fruits in the usual size containers (6.6 pounds or less) from the equivalent, at the prewar rate of exchange, of 4 cents to 3 cents a pound; the Netherlands bound against increase the duties of 30 percent ad valorem on canned fruits in containers of 2.6 pounds or less and 15 percent ad valorem on canned fruits in containers of 2.6 to 11 pounds, and bound the import fee on all canned fruit at the equivalent of 1¼ to 2½ cents a pound. The earlier rates were superseded under the Geneva agreement by rates in the Belgium-Luxembourg-Netherlands joint tariff of 30 percent ad valorem on canned fruits in containers of 2.6 pounds or less and 15 percent ad valorem on canned fruits in larger containers. The new rates (import fee being eliminated) were from 30 to 50 percent less than the ad valorem equivalent (on the basis of prewar unit values) of customs duties and import fees on canned fruits in the Netherlands; when account is taken of an added duty on sugar content (for which there was no counterpart in the old Belgium-Luxembourg tariff), they were about equal to the ad valorem equivalent of customs duties on canned fruits in Belgium-Luxembourg in 1939.5/ Imports from the United States of the articles to which the concession applied amounted in 1939 to $760,000, of which about one-third consisted of imports into the Netherlands and two-thirds of imports into Belgium-Luxembourg.

Tobacco, unmanufactured

Concessions on unmanufactured tobacco have been obtained from 18 countries. Imports into these countries from the United States in 1939 were valued at 67.2 million dollars, or almost nine-tenths of total United States exports of leaf tobacco in that year. Of the amount included in concessions, 17.5 million consisted of items on which existing customs treatment was bound; 2.7 million, of items on which the duties were reduced; and 47.0 million, of items on which concessions of other kinds were obtained. Countries binding existing customs treatment were principally China, where imports were dutiable at 10 to 15 percent ad valorem; Australia, where the rates of duty were equivalent to $1.15 to $1.38 a pound; and Norway, where the rates were equivalent to 40 to 45 cents a pound. Canada, which in the Geneva agreement reduced the rate on unstemmed tobacco from 40 to 20 cents a pound and that on stemmed tobacco from 60 to 30 cents a pound, accounted for a large part of the imports from the United States subject to duty-reductions. Countries granting other concessions on tobacco were principally the United Kingdom, Belgium-Luxembourg-Netherlands, France, New Zealand, and India-Pakistan. Of these countries, the United Kingdom alone accounted in 1939 for imports from the United States of over 36 million dollars, or three-fourths of the entire amount of unmanufactured tobacco shown in table 8 as subject to "Other commitments," and considerably more than half the amount on which concessions of all kinds were obtained.

The United Kingdom undertook, in the 1939 agreement with the United States, not to increase the existing margin of preference in favor of tobacco from Empire sources before the expiration of agreements by which

5/ Under the Geneva agreement, the Belgium-Luxembourg-Netherlands joint tariff retained, with some modifications, the complementary duties previously existing in the Netherlands on the added sugar content of canned fruit. The modified complementary duties, which the Geneva agreement bound in their relationship to the duties on sugar, were 30 percent of the duty on refined sugar when the sugar content was between 10 and 30 percent; 50 percent, when the sugar content was between 30 and 50 percent; and equal to the full sugar duty when the sugar content was more than 50 percent; canned fruit was exempt from the sugar duty if the sugar content was less than 10 percent. As the sugar duty on which these rates were based was equivalent to 3 cents a pound, and the sugar content of the standard grade of canned fruit was 10 to 30 percent, the added duty on the sugar content was generally 0.9 cent a pound.

the margin of preference was bound until August 1942, and after that date to consider reducing it. In keeping with this commitment, the United Kingdom reduced the margin of preference on tobacco from 2s 1/2d (42 cents) a pound to 1s 6d (31 cents) a pound in 1943. The concession in the margin of preference, however, did not prevent successive increases in the already high rates of duty on both non-Empire and Empire tobacco. In the Geneva agreement, the United Kingdom agreed that if the duty on tobacco was reduced materially from its existing level (no less than £2 14s 6d, or $11, a pound on non-Empire tobacco in 1947) the margin of preference would again be reduced.

Belgium-Luxembourg-Netherlands terminated, in the Geneva agreement, the binding of existing rates on tobacco fixed in earlier agreements with the United States, and instead agreed simply to grant no tariff preference on imports from the overseas territories which Belgium and the Netherlands administered, and to establish no difference in the rate on unstemmed leaf tobacco of different kinds.

France guaranteed, in the trade agreement of 1936, to purchase from the United States during 1936 not less than 20.5 million pounds of leaf tobacco at a value of 3.2 million dollars, similar guaranties to be made in later years. Under this agreement imports from the United States were stabilized in a period when imports into France from other sources were declining. In the Geneva agreement France agreed to import 33 million pounds of leaf tobacco a year (or slightly more than in 1937 and 1938) from countries outside the French Empire, but in accordance with the terms of the general provisions of that agreement no specific quantity could be guaranteed to any single country.

New Zealand agreed, in the Geneva agreement, to eliminate the margin of preference, amounting to one-twentieth of the duty and equivalent to 3 cents a pound, in favor of tobacco from British countries; and India agreed to eliminate the margin of preference, amounting to 18 cents a pound or one-fifteenth of the duty, in favor of tobacco from the British colonies.

Raw cotton

The proportion of United States export trade in raw cotton covered by concessions has been limited by two circumstances: a substantial amount of the exports from the United States went to Japan, Germany, Italy, and Spain, with which no trade agreements have been negotiated; and the other principal importing countries, for reasons of national policy, had already allowed imports of raw cotton to enter either duty-free or at purely nominal rates of duty. Concessions, including bindings, were nevertheless obtained from countries accounting for imports from the United States in 1939 of 138 million dollars, or well over half of total United States exports of raw cotton. The principal countries granting concessions were the United Kingdom, France, Canada, Czechoslovakia, Belgium-Luxembourg-Netherlands, and Sweden, which bound imports free of duty, and China and Switzerland, which bound existing nominal rates of duty against increase.

Cotton cloth

Concessions on cotton cloth have been obtained from 11 countries. Their combined imports from the United States of the articles included were valued in 1939 at 12.5 million dollars, or about 33 percent of total United States exports of cotton cloth in that year. Omitting from the United States exports, however, shipments to the Philippines, which admitted cotton cloth from the United States free of duty, the concessions accounted for about 66 percent of the exports of cotton cloth. These exports rose from 36.5 million dollars in 1939 to 525 million in 1947, when the United States far exceeded any other country in this trade. The great increase in the amount of exports has been accompanied by marked shifts in the destination. In 1939 nearly half the total exports went to the Philippines and Cuba, where they obtained preferential tariff treatment (free entry or reduced duties); the rest went mainly to Canada and other Western Hemisphere countries. In 1947, although the exports to every market were larger than before the war, the increase was most pronounced in exports to British countries, particularly Canada, the Union of South Africa, and Australia. As a group British countries had taken about one-sixth of the total exports in 1939, whereas they took about one-half in 1947.

Much of the increased value of United States exports of cotton cloth in 1947 compared with 1939 reflects higher prices. The rest reflects largely accumulated demand resulting from cotton shortages, and reduced export capacity (presumably more or less temporary) of foreign countries such as Japan, Germany, and, to a less extent, the United Kingdom, as a result of the war.

Most of the concessions on cotton cloth in trade agreements have been obtained from countries which were customary prewar markets for the United States product. Based on 1939 statistics, imports into Canada, Cuba, Guatemala, and Mexico represented nine-tenths of total imports into foreign countries of United States cotton cloth to which concessions applied. Reduced rates of duty were specified in the Geneva agreement, however, by several countries, including Australia and the Netherlands (East) Indies, which were not among the principal markets for cotton cloth from the United States until the postwar period; reduced rates were granted also by the Union of South Africa, through extension to the United States of most-favored-nation treatment.6/

Canada reduced the rates of duty on imports from the United States of virtually all types of cotton cloth under the most-favored-nation provision of the trade agreement of 1936. In the 1939 agreement Canada included most kinds of cotton cloth in the schedule of concessions itself, and further reduced the rates. The rates were again reduced in the Geneva agreement. Over the entire period the Canadian duties on cotton cloth from the United States were reduced in the principal classifications (depending on degree of finish or value per pound) from 4 cents a pound, plus 25, 27½, or 32½ percent ad valorem, to 3 or 3½ cents a pound, plus 15, 17½, 22½, or 25 percent

6/ Concessions on cotton cloth (as on other articles) through the extension of most-favored-nation treatment to the United States are not included in the total concession items given above, which consists only of items specified in the schedules of the agreements.

ad valorem. These changes reduced the protection afforded Canadian producers to the advantage of United States producers, but they did not correspondingly reduce the margin of preference afforded imports from the United Kingdom because the preferential rates were also reduced though to a less extent. Canadian imports of cotton cloth from the United States and from the United Kingdom each amounted to between 4 million and 5 million dollars in 1939. In 1947, however, imports of cotton cloth from the United States, for reasons previously mentioned, were far larger than in 1939, amounting to 69 million dollars compared with less than 3 million from the United Kingdom, which has not fully regained its prewar export capacity.

Cuba, in the trade agreement of 1934, bound against increase the preferential rates of duty on imports of United States cotton cloth of coarse and medium yarns and reduced the preferential rates on cloth of fine yarns. In the Geneva agreement, Cuba bound the preferential rates on unbleached, bleached, and piece-dyed cloth of fine yarns; increased the rates by one-fifth to one-fourth on unbleached, bleached, and piece-dyed cloth of coarse and medium yarns; and reduced the rates by about one-eighth on printed and colored-woven cloth. These changes were accompanied by no change in the margin of preference granted to the United States on unbleached, bleached, and piece-dyed cloth, and by a reduction of a little more than one-fourth in that on printed and on yarn-dyed cloth. The new specific rates amounted to 10 to 20 cents a pound on most cloth of coarse and medium yarn and 15 to 30 cents a pound on most cloth of fine yarn imported from the United States. Although these specific rates were higher than the rates in effect in 1939 on many of the principal types of cloth, they were uniformly lower in ad valorem equivalent because of the increase in prices.7/ Cuban imports of United States cotton cloth of kinds included in the Geneva agreement amounted to 5.8 million dollars in 1939. Based on United States export statistics, the value in 1947 was 2½ times as great, largely because of advance in prices.

Guatemala, in the 1936 agreement with the United States, bound the existing duties on unbleached, bleached, and colored cotton piece goods, imports of which from this country amounted to about $700,000 in 1939. Mexico, in the 1943 agreement with the United States, reduced the specific duty on cotton tire fabric from the equivalent of 1.8 to 1.4 cents a pound (at the 1947 rate of exchange), and bound the existing specific duties on cotton cloth not of plain weave, under two tariff classifications differentiated by the weight of the cloth. In 1948, however, Mexico converted the specific duty on cotton tire fabric to a compound specific and ad valorem duty, which at current valuation is equivalent to a specific rate of about 1.8 cents a pound; it converted the specific rates on cotton cloth to compound rates, which, in terms of current equivalents, are substantially higher than the bound preagreement rates. In addition, official valuations for the purpose of the ad valorem part of the duty have been established at more than twice those of 1947, an action which will result in even higher rates of duty than those initially established in 1948. 8/ Combined

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7/ After proclamation of the revised rates in 1948, Cuba impaired the concession on cotton cloth first by administrative construction and later by import quotas, but rescinded both actions after representations.

8/ The events leading up to the Mexican action and the present status of the agreement are described in the section on Mexico in the preceding chapter.

imports of these items into Mexico from the United States were $686,000 in 1939, of which cotton tire fabrics represented $593,000.

Australia, in the Geneva agreement, reduced the margin of British preference on unbleached cotton piece goods from the equivalent of 1 cent to 0.5 cent a square yard, and on bleached cotton piece goods from the equivalent of 1.33 cents to 0.66 cent a square yard. This concession was effectuated by a reduction in the most-favored-nation rates of duty (applicable to imports from the United States) from the equivalent of 1.66 to 1.2 cents a square yard on unbleached and from 2 to 1.33 cents a square yard on bleached cotton piece goods, whereas the British rate on both classes remained unchanged at approximately 0.66 cent a yard. Australian imports from the United States of the items affected amounted to $75,000 in 1939. United States exports of the corresponding items to Australia in 1947 amounted to 7½ million dollars, the increase being due to the various causes heretofore mentioned.

The concession on cotton cloth by the Netherlands Indies, in the Geneva agreement, consisted of a reduction from 15 to 9 percent ad valorem in the rate on heavy tarpaulins; imports of these products from the United States in 1939 amounted to $400,000.

In addition to concessions on scheduled agreement items the United States has obtained advantages in the market for cotton cloth in the Union of South Africa through general provisions of the Geneva agreement, under which imports from this country became dutiable in South Africa at intermediate rates of duty instead of the maximum rates previously applicable. This change lessened the rates of duty on United States cotton cloth by one-fourth and reduced the margin of preference on British cotton cloth by one-half. United States exports to South Africa of cotton cloth affected amounted to $700,000 in 1939, and to no less than 42 million dollars in 1947.

Lumber

Concessions on lumber have been obtained from 24 countries, which took 80 percent of the lumber exported from the United States in 1939.9/ Lumber on which the United Kingdom granted concessions accounted for nearly half the total amount covered by agreements, and lumber on which Canada, Argentina, Belgium-Luxembourg-Netherlands, and Cuba granted concessions, for most of the remainder.

In the 1939 agreement with the United States, the United Kingdom bound the duty-free status of sawed persimmon, hickory, and dogwood; bound the 10 percent duty on other hardwoods not further prepared than square sawed, and reduced the rates of duty and the margins of preference (equal to the full amount of the duties) in favor of Canadian lumber on specified sizes and grades of softwood. On sawed softwood lumber 11 inches or more in width, and on similar lumber less than 11 inches in width and valued at £18 or more a standard ($37 a thousand board feet), the United Kingdom established a specific duty which was

9/ Comparison is here based on United States exports of all lumber to countries making concessions rather than, as elsewhere, on their imports from the United States of the articles included, because the latter figure (amounting to 37.6 million dollars, or 96 percent of United States exports of lumber in 1939) results in an evident overstatement of the coverage of the concessions.

considerably less in ad valorem equivalent, even on the basis of 1939 unit values, than the preagreement duty of 10 percent ad valorem. 10/ On sawed softwood lumber less than 11 inches in width and valued at £17 or more but less than £18 a standard ($35 to $37 a thousand board feet), the United Kingdom reduced the rates of duty according to a sliding scale. 11/ The kinds of lumber on which the United Kingdom granted concession were imported mostly from the United States in 1939, when they comprised a large part of all lumber imported from this country.

In the Geneva agreement the United Kingdom bound, as before, the duty treatment of sawed hardwood lumber and reduced further the rates (and the margin of preference in favor of imports from Canada) on sawed softwood lumber. On sawed softwood lumber 11 inches or more in width or (if less than 11 inches in width) valued at £18 or more a standard, the United Kingdom reduced by 50 percent the pre-Geneva specific rate of duty, and on other sawed softwood lumber the United Kingdom widened the value bracket subject to concession and further reduced the ad valorem rates of duty so that they ranged from a maximum of 9 percent on lumber valued at £16 12s a standard to a minimum of 3 percent on lumber valued at £17 16s a standard.

Both agreements with the United Kingdom provided that, when imports into the United States of Canadian lumber should be exempt from ordinary customs duties and charges in excess of 50 cents a thousand board feet (i.e., when they should be free from the excise tax imposed under section 601 of the United States Revenue Act of 1932, as amended), the United Kingdom would make compensatory changes in the treatment of its imports of softwood lumber from the United States.

On all important species of sawed lumber obtained from the United States, Canada and Cuba have bound the duty-free status; Argentina has reduced rates of duty by less than 25 percent; and the Belgium-Luxembourg-Netherlands has bound the low rates of duty in the joint tariff of the proposed customs union. In the pre-Geneva agreements, on the principal classifications, Belgium had reduced rates by less than 25 percent and the Netherlands had bound duty-free status.

Coal and coke

Concessions on coal and coke have been obtained from Canada, Brazil, Cuba, and Chile; Canada alone took (in terms of value) 88 percent of United States exports to all countries in 1939. 12/

10/ United Kingdom ad valorem duties are based on c.i.f. values, and for lumber (on which the ocean freight is about $18 a thousand board feet) the c.i.f. value is substantially higher than the value in the country of shipment. The ad valorem rate of 10 percent on lumber in the United Kingdom was therefore equivalent to a rate substantially higher than 10 percent when based, like most United States duties, on foreign value.

11/ The preagreement rate of duty, 10 percent ad valorem, was to be reduced by 1 percent for each 4 shillings by which the unit value exceeded £16 16s a standard. Under this arrangement the rate of duty ranged from a maximum of 9 percent ad valorem on lumber valued at £17 a standard to a minimum of 5 percent ad valorem on lumber valued at £17 16s a standard.

12/ Because of marked differences in methods of valuation between the United States and Canada as to coal, the reported value of Canadian imports of coal and coke from the United States in 1939, $33,025,000, was only half as great as the reported value of United States exports to all countries in the same year.

Canada, in the 1939 agreement with the United States, bound against increase the existing rates of 50 cents a ton on anthracite coal, 75 cents a ton on bituminous coal, and $1 a ton on coke, and, under a general provision of the agreement, removed the 3 percent excise tax formerly collected on imports from the United States of coal and coke, as of other products. In the Geneva agreement, Canada entirely removed the duty on anthracite coal and bound against increase, as before, the existing rates on bituminous coal and coke. The value of United States exports to Canada of anthracite coal was 19.8 million dollars in 1939.

Cuba bound the duty-free status of coal and coke, Brazil granted a substantial reduction in the rate of duty on coal, and Chile granted a substantial reduction in the rate on coke.

Petroleum and petroleum derivatives

United States exports of crude petroleum to all countries in 1939 were valued at 92.8 million dollars, and those of petroleum derivatives were valued at 290.3 million. Concessions have been obtained from foreign countries on their imports of United States products in these two categories amounting, in 1939, to 39.9 million and 64.6 million dollars, respectively. Imports into France accounted for almost nine-tenths of the amount of crude petroleum included in the concessions, and imports into Cuba and Chile accounted for the rest. Concessions on petroleum derivatives have been obtained from a score of countries; of these Belgium-Luxembourg-Netherlands, France, Sweden, Switzerland, Australia, Cuba, the Union of South Africa, the United Kingdom, and China accounted for the bulk of the imports affected.

In the Geneva agreement, France bound the duty-free status of crude petroleum entered into controlled refineries, and established an ad valorem rate on other crude petroleum of 18 percent, which, on the basis of average unit values during 1936-38, was slightly lower than the former specific rate. Almost all French imports of crude petroleum from the United States enter controlled refineries. On gasoline and lubricating oil, which accounted for nearly all of the French imports of petroleum derivatives from the United States, France established a rate in the Geneva agreement of 18 percent ad valorem, which was substantially lower, and afforded a slightly lower margin of protection to French refineries, than the specific rates in effect before the war. France also granted concessions on other petroleum derivatives, of which the imports from the United States were of relatively minor importance.

In agreements with the United States, before the Geneva agreement, Belgium-Luxembourg bound the duty-free status of paraffin wax and the Netherlands bound the duty-free status of lubricating oils imported in bulk. The separate Belgium-Luxembourg and Netherlands tariffs were superseded in 1948 by provisions of the Belgium-Luxembourg-Netherlands joint tariff. In the Geneva agreement, under the revised tariff, imports of crude petroleum and paraffin wax were bound free of duty, and imports of other petroleum derivatives were bound against the establishment of preferential tariff treatment. On lubricating oils, it was further agreed not to impose a duty on imports into the customs union in excess of 30 Belgian francs, or 1.82 Netherlands florins, a hectoliter (2.6 cents a gallon). Lubricating oil in 1939 had been dutiable at the equivalent of 2.2 cents a barrel in Belgium-Luxembourg and had been duty-free in the Netherlands.

Before the trade agreement with Switzerland in 1936, United States exports of petroleum derivatives to Switzerland had been adversely affected by the import-quota system used in that country to divert purchases elsewhere, particularly to Rumania. Under the trade agreement, Switzerland increased the annual quotas on imports from the United States of gasoline from about 7 million to 23 million gallons, of kerosene from 1.7 million to 3.8 million gallons; and of residual fuel oil from 3.6 million to 8.4 million gallons; but it made no commitments as to the rates of duty on these products. Combined imports from the United States of gasoline, kerosene, and residual fuel oil amounted to 3.2 million dollars in 1939. In addition, Switzerland bound the duty of about 1 cent a gallon and increased slightly the existing quota of 4.6 million gallons on imports of lubricating oil from the United States. Other concessions were made by Switzerland on paraffin and on petroleum lubricating greases, both comparatively minor items.

In the 1934 agreement with the United States, Cuba bound against increase its tariff rates on petroleum in all forms. In the Geneva agreement Cuba reduced the preferential rates of duty on imports from the United States of crude petroleum from approximately 1.6 cents to 1.0 cent a gallon, on gasoline from 3.1 to 2.7 cents a gallon, on naphthas and volatile solvents for paint manufacture from 4.2 to 2.8 cents a gallon, on tractorine (a light kerosene) from 15.4 to 12.9 cents a gallon, on kerosene from 13.5 to 11.7 cents a gallon, on lubricating oils from 15.3 to 13.1 cents a gallon, and on vaseline from 2.3 to 1.1 cents a pound.

In the 1935 agreement with the United States, Sweden bound the nominal rate (equivalent to 0.1 cent a gallon) on gasoline, imports of which from this country exceeded 8.6 million dollars in 1939. The United Kingdom bound the rate of 10 percent ad valorem on paraffin wax and petroleum jelly in the 1939 trade agreement and again in the Geneva agreement.

Australia, in the Geneva agreement, reduced the duty on lubricating oils from the equivalent of 12 cents to about 7 cents per United States gallon, and removed the margin of preference favoring imports of lubricating oil from other British countries. China reduced the duty on lubricating oil in the Geneva agreement from 15 to 12½ percent ad valorem and bound the existing rate of 12½ percent on paraffin wax.

Iron and steel mill products

In 1939 the United States exported iron and steel mill products valued at more than 235 million dollars. About half of this amount (including items not covered by concessions) represented imports into the 23 countries which granted tariff concessions on their imports of specific items in the iron and steel schedules. Such concession imports amounted to about 54 million dollars, or about one-half of the amount of all United States iron and steel mill products imported into these 23 countries, and about one-fourth of the amount exported to all countries from the United States. This figure does not include a number of products which, though not specifically listed for duty concessions, actually become dutiable at reduced rates under the general most-favored-nation provisions of trade agreements.

Of the total amount of concession items, reductions in duty covered imports in 1939 of 19.8 million dollars, or 36 percent of the total, and bindings of rates against increase covered 29.5 million, or 55 percent. The remaining concessions consisted of bindings on the free list.

Canada, by far the most important foreign market for United States iron and steel products, has granted the principal concessions obtained on these products. On some of these products, Canadian duties, which were already low in 1935, have merely been bound at existing levels. On others the duties have been reduced, by the three agreements considered together, but such reductions have generally been less than in most other schedules of the Canadian tariff. Duties on certain bars and rods, for example, were reduced from 15 to 12½ percent if hot-rolled and from 30 to 20 percent if cold-rolled; the duties on iron and steel castings, from 27½ to 20 percent; and those on forgings, from 30 to 25 percent. One group of structural shapes was bound at $3 a ton, a second group at $7 a ton, and a third group reduced from 40 to 30 percent ad valorem. The important item of iron and steel skelp was bound at the low rate of 5 percent ad valorem. A rate of 22½ percent was fixed for axles of iron and steel, which represented a reduction from 30 percent for those of the railroad type and from 35 percent for others. Duties on pipes and tubes not over 19½ inches in diameter and on pipe fittings and couplings were reduced from 30 to 22½ percent; on the larger pipes, from 20 to 15 percent. A slight reduction on sheets coated with zinc--from 20 to 17½ percent--covered trade amounting to $800,000 in 1939 and to nearly 1.5 million dollars in 1946. Uncoated sheets of the thinner gage were merely bound against increase at 20 percent, whereas those of the heavier gage were reduced from $7 to $6 a ton. Canadian imports of uncoated sheets from the United States amounted to several million dollars annually.

Special mention should be made of tin plate. On kinds made in Canada, which are about the only kinds imported into that country, Canada has reduced the duty only from 20 percent to 15 percent since 1935, but reduction of the duty is accompanied by a commitment, made in the Geneva agreement, to eliminate the margin of imperial preference by the imposition of a 15-percent duty on Empire imports which formerly were admitted free of duty.13/ Since American exporters in 1939 shared the Canadian market about equally with their British competitors--notwithstanding the duty advantage enjoyed by the latter--elimination of the preference margin should serve to increase the United States share in this trade.

13/ This action, which requires special legislation, has not yet (December 1948) been taken.

Few concessions have been received from the United Kingdom on steel mill products. An important import from the United States in this group has been nuts, bolts, screws, etc., of iron or steel. These commodities, free of duty before 1932, were made dutiable at 10 percent ad valorem in March of that year and at 20 percent shortly thereafter. The latter rate was reduced to 15 percent in the 1939 trade agreement with the United States. No further action was taken under the Geneva agreement.

Imports of United States iron and steel mill products into Belgium-Luxembourg-Netherlands, amounting to almost 7.7 million dollars in 1939, consisted largely of unprocessed iron and steel sheets and tin plate. Rates of duty on sheets were bound in the Geneva agreement at either 3 or 4 percent. On one type of tin plate the rate was bound in the Geneva agreement at 4 percent; tin plate of thinner gage remained free of duty, although the right was reserved to assess a duty on it not to exceed 4 percent.

China bound in the Geneva agreement its 15-percent rate on tin plate, imports of which from the United States exceeded 2.6 million dollars in 1939. Other rate bindings covered billets, blooms, ingots, slabs, sheet-bars, rails and other track material, wire, galvanized sheets, bamboo steel, spring steel, tool steel, and various structural shapes. Rates were reduced on hoops, pipes and tubes, plate cuttings, and sheets and plates.

Cuba has been an important market for United States mill products of iron and steel. Imports from the United States of such products on which Cuba has granted concessions were valued at nearly 4.5 million dollars in 1939. The concessions, in the 1934 agreement and the Geneva agreement together, ranged from bindings to reductions of as much as 84 percent in the preferential rates on imports from the United States. Among the bindings were tin plate, imports of which totaled 1.2 million dollars in 1939, and constituted the largest single item in the trade. Rates on pipes and tubes, imports of which were valued at $595,000, were reduced by 20 percent; on bars, rods, etc., imports of which were valued at $576,000, by 47 percent; on certain rolled sheets, including galvanized sheets, by 20 percent; and on certain other types of sheets, by 60 percent. Also included in the list of commodities on which rates of duty were reduced were screws, nuts, and bolts, structural shapes, wire, railway rolling-stock and track material, nails, wire cable, wire gauze, and cast-iron pipe and fittings.

Among other countries which made concessions (including bindings) in rates of duty on iron and steel mill products imported from the United States are Colombia, Chile, and the Netherlands Indies; their combined imports of these articles subject to concessions totaled over 8 million dollars in 1939.

Refrigerators (mechanical) and parts

Imports from the United States of mechanical refrigerators and parts on which foreign countries have granted concessions were valued at 10.6 million dollars in 1939 and accounted for three-fifths of United States exports of these articles to all countries. The concessions were obtained from nearly 30 countries, of which six, the United Kingdom, Brazil, Canada, Argentina, Cuba, and Australia accounted for most of the concession trade.

The United Kingdom reduced the duty on electrical household refrigerators and complete mechanical units therefor from 20 to 15 percent ad valorem in the 1939 agreement with the United States, and extended the same concession to all electric refrigerators in the Geneva agreement. Reductions in duty were accompanied by reductions in the margin of preference in favor of Empire products, which were duty-free. Despite Empire preference, the United States was predominantly the principal source of imports. In 1939 the United Kingdom imported electric refrigerators and parts amounting to $1,406,000 from the United States and amounting to $235,000 from Canada.

Brazil bound the existing rates of duty on mechanical refrigerators in the 1936 agreement with the United States. Its concessions in the Geneva agreement were based upon the specific rates in the previous agreement increased by 40 percent to compensate for reduced purchasing power of the Brazilian currency. They consisted of binding the adjusted rates on mechanical refrigerators at the equivalent of 1.3 to 6.4 cents a pound (depending on the weight).

Canada, in the 1936 agreement with the United States, reduced the duty on electric refrigerators from 40 to 30 percent ad valorem and, by extension of most-favored-nation treatment to imports from this country, the duty on nonelectric refrigerators from 30 to 27½ percent ad valorem. It further reduced the rates on both electric and nonelectric refrigerators to 25 percent ad valorem in the 1939 agreement with the United States, and to 22½ percent in the Geneva agreement. Reductions in the rates of duty almost completely removed the margin of preference in favor of British products, which remained dutiable at 20 percent ad valorem. The preference, however, had been ineffective. In 1939 the total Canadian imports of refrigerators, valued at 1.1 million dollars, were obtained from the United States.

Argentina, in the 1941 agreement with the United States, bound the existing rate of duty on automatic refrigerators at the equivalent of 6.4 cents a pound; bound the duty on complete mechanisms therefor at 42 percent ad valorem, at the same time binding at the equivalent of 25 cents a pound the valuation on these mechanisms for the assessment of the duty; and reduced the duty on other parts and accessories from 42 to 35 percent ad valorem. The agreement provided that the duty on other parts and accessories would be further reduced to 27 percent ad valorem when customs receipts in Argentina exceeded a stipulated amount, but this rate has not become effective.

Cuba established a separate tariff classification for mechanical refrigerators (not for industrial use) for the first time in 1937. In the 1939 agreement with the United States and again in the Geneva agreement, it bound the existing preferential duty on imports from this country at 11.9 percent ad valorem.

Before the Geneva agreement Australia had imposed specific rates of duty coupled with a minimum ad valorem rate of 85 percent on refrigerators and parts from the United States. These rates were replaced, in the agreement, by a simple ad valorem rate of 55 percent on refrigerators and parts (except cabinets) and by a somewhat reduced compound rate on refrigerator cabinets. Commitments as to the rates on imports from the United States were accompanied by commitments as to the margin of British preference (i.e. the absolute difference between the rate on imports from the United States and the preferential rate). Based on the minimum ad valorem duty, the margin of preference on refrigerators and parts (except cabinets) was reduced from 37½ to 20 percent ad valorem, and on refrigerator cabinets it was bound at 37½ percent ad valorem. Australian imports of electric refrigerators and parts from the United States were $612,000 in the year ending June 30, 1939, compared with imports at preferential rates of duty from Canada amounting to $222,000, and from the United Kingdom amounting to $187,000 in the same period.

Radios and radio apparatus

Tariff concessions on radios and radio apparatus were granted by 32 countries. Their combined imports from the United States in 1939 of the articles included were valued at 16.5 million dollars, or about three-fourths of United States exports of these articles to all countries in that year. The United Kingdom, Brazil, the Union of South Africa, Mexico, and Argentina, the principal countries granting concessions, accounted for about two-thirds of the combined amount for all countries granting concessions.

Canada, through the extension of most-favored-nation treatment to products of the United States in the 1936 agreement, reduced the rate on American wireless and radio apparatus from 30 to 25 percent ad valorem. In the Geneva agreement Canada reduced the rate further to 20 percent ad valorem. Reduction of the duty on imports from the United States was accompanied by a corresponding reduction in the margin of preference in favor of imports from the United Kingdom, which entered Canada free of duty. Despite the preference, the United States supplied nearly all Canadian imports of radios and radio apparatus, which totaled 2.6 million dollars in 1939.

The United Kingdom reduced the rate of duty on radio gramophones from 33-1/3 to 25 percent ad valorem in the 1939 agreement with the United States. In the Geneva agreement, it further reduced the rate on radio gramophones to 20 percent ad valorem and bound the existing rate of 20 percent on most wireless receiving and transmitting sets and certain parts therefor (with the principal exception of radio tubes).

Brazil, in the 1936 agreement with the United States, reduced by one-fourth the rates of duty on radios, which had been equivalent before the agreement to 27 to 45 cents a pound, and reduced by one-third rates of duty on radio tubes, which had been equivalent to $1.20 to $1.51 a pound. Brazilian concessions in the Geneva agreement were based on its previously existing specific rates increased by 40 percent to compensate for reduced purchasing power of the Brazilian currency. They included binding of the adjusted rates on all radio receiving and transmitting apparatus, except radio tubes and electric sound amplifiers, on which Brazil granted rates a little lower than the actual rates in the 1936 agreement.

The Union of South Africa bound in the Geneva agreement the rate of duty on imports from the United States of all radio apparatus (except radio phonographs) at 15 percent ad valorem. Its imports from the United Kingdom of similar items remained dutiable at 5 percent ad valorem, as before the agreement. In 1939 the United States supplied nearly three-fifths of the radio apparatus imported into South Africa from all countries. The corresponding share of the United Kingdom was about one-eighth.

Mexico, in the 1943 agreement with this country, reduced the rates of duty on articles which comprised nearly all the imports of radio and radio apparatus from the United States in 1939. It reduced the duty on receiving sets with cabinets from the equivalent (at the 1947 rate of exchange) of 11.2 to 9.4 cents a pound; on radio tubes, from 1 to 0.6 cent each; and on separate parts and repair pieces not specifically provided for, from 3.7 to 1.9 cents a pound. Early in 1948, however, Mexico converted these specific rates to compound specific and ad valorem rates which resulted in duties the specific equivalents of which at 1947 valuations are as follows: Receiving sets with cabinets, about 12 cents a pound; radio tubes, 5½ cents each; and radio repair parts, 2.4 cents a pound. Later in the year an embargo was established on imports of radio receiving sets with cabinets; in addition official valuations (for the purpose of the ad valorem part of the duty) were established on all three classifications at levels which further increased the duties on these products above the preagreement rates.14/

Argentina, in the 1941 agreement with the United States, bound the rates of duty on radio parts at the equivalent of 5 to 12 cents a pound, on ordinary radio tubes at 8 cents each, and on small complete sets (containing up to 4 tubes each) at 24 cents a pound. It reduced the rates on radio-amplifying tubes from 41 to 31 cents each and on large sets (containing 4 tubes or more) from 33 to 30 cents a pound. Argentina agreed further to reduce the duties on radio-amplifying tubes and large sets to 21 and 24 cents a pound, respectively, when Argentine customs receipts exceeded a stipulated amount, but this further reduction has not yet become operative.

Industrial machinery

Imports of industrial machinery from the United States on which foreign countries have granted concessions amounted to 135 million dollars in 1939 and accounted for nearly half the United States exports of industrial machinery to all countries in that year. The United Kingdom, Canada, and France took about two-thirds of the imports on which concessions were obtained, and Colombia, the Union of South Africa, the Netherlands East Indies, and Brazil, most of the remainder.

The United Kingdom, in the 1939 agreement with the United States, granted concessions on relatively few articles of industrial machinery, principally sewing machine heads, portable pneumatic tools, packaging and labeling machines, and dry-cleaning and laundering machines. The list was extended in the Geneva agreement, however, to include machine tools; rolling-mill machinery; textile machinery; power-operated elevators, excavators, and grading machinery; and other items. British imports from the United States in 1939 of the industrial machinery included were valued at 39 million dollars, or four-fifths of British imports of United States industrial machinery of all kinds.

14/ The events leading up to the Mexican action and the present status of the agreement are described in the section on Mexico in the preceding chapter.

On machine tools, the United Kingdom in the Geneva agreement bound the existing rate of 20 percent ad valorem. British imports from the United States of this item alone amounted to 24 million dollars in 1939, being unusually large as the result of military preparations in that year. On rolling-mill machinery the United Kingdom reduced the rate from 33-1/3 to 25 percent ad valorem in the Geneva agreement; its imports of this machinery from the United States amounted to 4 million dollars in 1939. On most power-operated elevators, excavators, and grading machinery it reduced the rates from 20 to 15 percent in the Geneva agreement; its imports of these articles from the United States amounted to about 2 million dollars in 1939. On textile spinning machines and machines preparatory to spinning, it reduced the rates from 20 to 15 percent in that agreement; on other textile machinery it bound the existing rates of 15 or 20 percent. On sewing machine heads and on dry-cleaning and laundering machinery the United Kingdom reduced the rates in the 1939 agreement from 20 to 15 percent ad valorem and bound the reduced rates against increase in the Geneva agreement; its imports of these two kinds of machinery from the United States amounted in 1939 to 3 million dollars and $483,000, respectively.

Still other concessions were obtained from the United Kingdom. On portable pneumatic tools the rate of 20 percent ad valorem was bound in the 1939 agreement and reduced to 15 percent in the Geneva agreement. On most packaging and labeling machinery the existing rate of 20 percent was bound in the 1939 agreement and again in the Geneva agreement; on cappers, sealers, and closers the rate was reduced from 20 to 15 percent in the 1939 agreement and the reduced rate was extended to can-casing machines in the Geneva agreement.

In the three agreements with the United States, Canada has granted concessions on articles which comprised almost its entire imports of United States industrial machinery, amounting to 33 million dollars in 1939. More than half of the total consisted of "all machinery composed wholly or in part of iron or steel, not otherwise provided for"; imports of this machinery from the United States had been dutiable in 1935 at 35 percent ad valorem. In the 1936 agreement with this country, the greater part of this machinery, consisting of kinds made in Canada, became dutiable at 25 percent ad valorem; the rest, consisting of kinds not made in Canada, became dutiable at 20 percent. In the 1939 agreement, the Dominion Government bound the 25-percent rate on the kinds made in Canada and reduced the rate further to 10 percent on the kinds not made in Canada. The rates on both classifications were continued without further change in the Geneva agreement.

In addition to the concession on machinery not otherwise provided for, the Dominion Government has granted, in the three agreements taken together, concessions on many kinds of machinery specifically provided for in the Canadian tariff, including textile machinery of all kinds not made in Canada; well-drilling machinery; engines and boilers; ore crushers, rock crushers, coal cutters, and related equipment; sewing machines; Diesel engines; and other articles of less magnitude in the trade. On nearly all the articles included, the duties applicable to imports from the United States have been reduced, for the most part by one-third to one-half. Reductions in the duties on imports from the United States have been accompanied by corresponding reductions in the margin of preference, which had amounted to from one-half to all of the duty (i.e., duty-exemption), in favor of industrial machinery from British sources.

France, in the 1936 agreement with the United States, granted specific concessions on only a few kinds of industrial machinery, including sewing machine heads; steam engines, steam pumps, and compressors; and pneumatic tools. In the Geneva agreement, however, the list was greatly extended until it included, besides the foregoing, elevators, winches, cranes, excavators, crushing machinery, machinery for the preparation of concrete and of asphalt, ceramic machinery, glass-making machinery, packaging machinery, woodworking machinery, textile machinery, shoe-making machinery, laundry and dry-cleaning machinery, iron- and steel-making machinery and equipment, bearings, machine tools, and other metalworking machinery of many kinds. French imports from the United States of the articles included were valued at 19 million dollars in 1939. Nearly 16½ million dollars of this amount represented machine tools; imports of these tools from the United States were exceptionally large in that year.

In the Geneva agreement France established rates of 10 to 18 percent ad valorem on most industrial machinery and equipment on which it granted concessions. On three-fifths of the items included (based on value of imports from the United States in 1939), the rates established were approximately the same as the ad valorem equivalent of the previous specific rates on the basis of the unit values during 1936-38. On most of the remainder the new rates exceeded the ad valorem equivalent of the specific rates. The increases, at least on some items, were designed to compensate for the projected abandonment of import quotas, which had largely superseded the tariff as the effective instrument of protection in the earlier period.

Colombia, in the 1936 agreement with the United States, bound existing nominal rates of duty (equivalent to about 1/4 cent a pound) on oil pipe-line equipment, well-drilling machines, dredges, engines, pumps, sewing machines, textile machinery, woodworking machinery, and other industrial machinery and equipment, Colombian imports from the United States of all these items amounted to nearly 7 million dollars in 1939.

The Union of South Africa, in the Geneva agreement, granted concessions on classes of industrial machinery of which its imports from the United States in 1939 were 6.5 million dollars, or four-fifths of its total imports of United States industrial machinery of all kinds. About half the articles included, by value, consisted of traction engines, road building and maintenance machinery, machinery for factory installations, elevators, sewing and knitting machines, marine engines, filters, and certain dairy machinery and equipment, all of which had been duty-free and were bound duty-free in the agreement. The rest consisted almost entirely of cranes, excavators, loaders, and winches, on which the preagreement rate was 7 percent ad valorem, and mining machinery and manufacturing and industrial machinery not elsewhere specified, on which the rate was 5 percent. On cranes, excavators, loaders, and winches, South Africa made no commitment respecting the amount of duty but agreed to eliminate the margin of preference in favor of imports from the United Kingdom, which had entered duty-free. This concession was effectuated in June 1948 by making imports from the United Kingdom dutiable, like those from other sources, at 7 percent ad valorem. On mining machinery, South Africa bound the 5-percent rate, and on manufacturing and industrial machinery not elsewhere specified it reduced the rate from 5 to 3 percent ad valorem.

Concessions on industrial machinery by the Netherlands Indies occurred only in the Geneva agreement. They applied chiefly to steam engines and boilers, pumps, road-construction machinery, hoisting and lifting machinery, machinery for petroleum production, and mining machinery, on all of which the Netherlands Indies bound against increase the rate of 9 percent ad valorem applicable to imports from all sources (including the Netherlands itself). Combined imports from the United States of the articles included amounted to 5 million dollars in 1939.

Brazil, in the 1936 trade agreement with the United States, granted concessions on only a few kinds of industrial machinery, consisting principally of grinding and sharpening machines, machinery for preparing food, laundry machinery, embroidery machines, bottling machines, and sewing machines. On these items, the existing specific rate of duty, equivalent to 2.3 cents a pound, was bound against increase. In the Geneva agreement, Brazil granted concessions on an extended list of industrial machinery, including, besides the original items, pumps, internal-combustion engines, boilers, air compressors, cranes and hoists, road-making equipment, mining and quarrying machinery, metalworking machines, woodworking machinery, shoe machinery, sugar-mill machinery, brewing machinery, textile machinery, petroleum well and refining machinery, and cigarette-making machinery. Before the Geneva negotiations, these items had been dutiable at rates equivalent for the most part to from 1 cent a pound on large machines (over 22,000 pounds) to 5 cents a pound on small machines (up to 22 pounds). At the time of the Geneva negotiations, Brazil was in the process of increasing its specific tariff rates by 40 percent to compensate for reduced purchasing power of the Brazilian currency. On the listed kinds of industrial machinery, Brazil agreed only to refrain from making any increase greater than 40 percent in the rates of duty. The increased rates were still low, amounting to considerably less than 10 percent ad valorem on most items.

<u>Office machinery and appliances</u>

Concessions on office machinery and appliances were obtained from 33 countries whose imports of concession items from the United States in 1939 were 20.9 million dollars, or 70 percent of total United States exports of office machinery to all countries in that year. Imports into the United Kingdom, Canada, France, Belgium-Luxembourg, the Netherlands, Brazil, and the Union of South Africa comprised two-thirds of the amount on which concessions were obtained.

The United Kingdom granted concessions on items in this category of which imports from the United States were 5 million dollars in 1939, or three-fourths of its total imports of office machinery and appliances from this country. In the 1939 agreement with the United States, the United Kingdom reduced the rate of duty on standard typewriters (weighing 22 pounds or more) from the equivalent (at the 1947 rate of exchange) of $18 to $14 each, and it reduced the duty on other office machinery included in concessions, principally cash registers and adding, calculating, accounting, bookkeeping, and addressing machines, from 20 to 15 percent ad valorem. In the Geneva agreement, the United Kingdom further reduced the rate on cash registers to 10 percent ad valorem; it reduced the rate on cash register parts for the first time, from 20 to 10 percent ad valorem; it bound the rates on practically all other office machinery except typewriters at 15 percent ad valorem; and it made various commitments respecting typewriters according to size and price.

More specifically the United Kingdom reduced the rate on standard-size low-priced typewriters (less than $70 apiece) to the equivalent of $8 to $14 each, depending on the price; it bound the existing rate of $14 each on standard-size typewriters valued at $70 or more apiece; and on portable typewriters (which were included for the first time), it established rates of $7 to $12 each, depending on the price, in place of rates of $5 or $8 each, depending on size of the keyboard. At the average price of United States exports to the United Kingdom in 1947, which was materially higher than before the war, relatively few machines would have been subject to the reduced rates of the Geneva agreement; most standard-size typewriters would have entered in a category on which the existing rate was bound against increase, and most portables in a category on which the rate was increased.

Canada, in the 1936 agreement with the United States, reduced the rate of duty on adding, bookkeeping, calculating, and invoicing machines and parts from 25 to 20 percent ad valorem, and, by the extension of most-favored-nation treatment to imports from the United States, it reduced the rate on cash registers from 30 to 27½ percent ad valorem and on cash register parts, dictating machines and dictating machine parts, from 25 to 20 percent ad valorem. In the 1939 agreement, Canada bound the rate of 20 percent on adding machines and parts; further reduced to 12½ percent the rates on bookkeeping, calculating, invoicing machines, and dictating machines, as well as parts of these machines; and reduced for the first time the rate on typewriters and parts, from 25 to 20 percent ad valorem. In the Geneva agreement, Canada further reduced the rates on adding machines to 17½ percent, on adding machine parts to 15 percent, on bookkeeping, calculating, and invoicing machines and parts to 10 percent, and on typewriter parts to 15 percent, and it bound the existing rates of 20 percent on typewriters and 12½ percent on dictating machines and parts. Reductions in the duty on office machinery from the United States were accompanied by corresponding reductions in the margin of preference on office machinery from the United Kingdom, which was duty-free. Despite the preference in favor of the United Kingdom, however, the United States regularly supplied almost all Canadian imports of the items included, amounting to 2.5 million dollars in 1939.

France, in the 1936 agreement with the United States, reduced the rate of duty on cash registers weighing 110 pounds or more from the equivalent (at the 1939 rate of exchange) of 13.7 to 10.3 cents a pound, and granted an annual quota on typewriters and parts of 20 metric tons in addition to the customary allotment based on the share of imports supplied by this country in a previous year. This supplementary annual quota was increased to 70 tons in 1938. In the Geneva agreement France established ad valorem rates on many types of office machinery. New rates of 10 percent ad valorem on cash registers, 9 percent on calculating machines, and 32 percent on statistical machines were about the same as the ad valorem equivalents of the former specific rates on the basis of average unit values during 1936-38. The new ad valorem rate of 15 percent on typewriters and on parts for office machines and apparatus was one-fourth to one-third less than the ad valorem equivalents of the specific rates during the prewar period.

Belgium-Luxembourg, in the 1935 agreement with the United States, reduced the rates of duty on typewriters and cash registers weighing less than 110 pounds each, and parts therefor, from the equivalent (at the 1939 rate of exchange) of 31 to 23 cents a pound and on calculating machines of the same size from 27 to 23 cents a pound. These items comprised the bulk of the imports of office machinery from the United States. Belgium-Luxembourg also bound, or reduced slightly, the rates on similar items of larger size, and both bound the rate of 17-1/4 percent ad valorem and removed the luxury tax of 9 percent ad valorem on dictating machine cylinders. The Netherlands, in the 1936 agreement with the United States, bound the rate of 10 percent ad valorem on typewriters, calculating machines, adding machines, and bookkeeping machines, and parts therefor. In the joint tariff of Belgium-Netherlands-Luxembourg under the Geneva agreement a rate of 8 percent ad valorem was established on typewriters, cash registers, calculating machines, and bookkeeping machines, including parts therefor, and a rate of 10 percent on office machines not elsewhere specified. The new rates, which applied to virtually all items of office machinery imported from the United States in 1939 into the three countries, were either equal to, or below, the rates on chief corresponding items in the separate countries during the prewar period.

Brazil bound, in the 1936 agreement with this country, the existing rates of duty on typewriters, cash registers, and calculating, accounting, and statistical machines. Its concessions in the Geneva agreement were based on the previously existing rates increased by 40 percent to compensate for the decrease in purchasing power of the Brazilian currency. They consisted of binding the adjusted rates on typewriters at the equivalent of 27 cents a pound, on cash registers at 19 cents a pound, and on calculating, accounting, and statistical machines at from 4 to 21 cents a pound, depending on the weight.

The Union of South Africa granted concessions on typewriters, cash registers, calculating machinery, and duplicating and addressing machinery, which together comprised virtually all its imports of office machinery from the United States. It removed entirely the duty of 10 percent ad valorem on typewriters and the duty of 5 percent ad valorem on duplicating and addressing machinery; and it bound the existing duty of 5 percent ad valorem on cash registers and calculating machines. With the exception of typewriters, the listed items were not subject to Empire preference. Removal of the duty on typewriters did away with the preference on imports from the United Kingdom, which were already duty-free. Imports of typewriters from the United Kingdom under the preference, however, had been small, amounting to only $36,000 compared with $347,000 from the United States in 1939.

<u>Agricultural machinery and implements (except tractors)</u>

Imports from the United States of agricultural implements and machinery on which foreign countries have granted concessions amounted in 1939 to 17.7 million dollars, representing almost nine-tenths of United States exports of such products to all countries in that year. Concessions have been obtained from more than a score of countries, but four of these--Argentina, Canada, Brazil, and the Union of South Africa--accounted for four-fifths of the total amount included.

Agricultural machinery and implements in foreign countries are generally duty-free, or dutiable at very low rates. A large part of the concessions obtained on these products, therefore, consistsof the binding of existing customs treatment. Brazil and the Union of South Africa bound the existing duty-free status, and Argentina bound the existing moderate rates of duty on items which comprised most of the imports of United States agricultural machinery into these three countries. Canada reduced the rate on numerous agricultural implements and machinery from 25 to 12½ percent ad valorem in the 1936 trade agreement with the United States. During 1936 the Canadian Parliament further reduced the rate on most such products to 7½ percent. In the 1939 agreement, Canada bound the 7½-percent rate against increase and removed a 3-percent import-excise tax formerly collected on imports from the United States. Thereafter, through legislative action, Canada removed the duties on almost all agricultural machinery and implements, and in the Geneva agreement it bound their duty-free status. Elimination of the Canadian duties and import-excise tax on these products removed both the protection formerly afforded to Canadian products and the margin of preference formerly extended to agricultural implements and machinery of British origin, which already entered duty-free. British countries, however, had supplied only small quantities.

Tractors and parts (including agricultural)

Concessions on tractors and parts have been obtained from 18 countries which took 70 percent of the exports from the United States in 1939. Tractors and parts from this country on which Canada has granted concessions were valued at 14.3 million dollars in 1939 and accounted for 44 percent of the total amount covered by agreements. The United Kingdom, Australia, France, New Zealand, and the Union of South Africa accounted for most of the remaining concessions.

In the 1936 agreement with the United States, Canada bound the duty-free status of farm tractors valued at not more than $1,400 each, which comprised the bulk of the imports from this country, and removed the duty of 25 percent ad valorem on other farm tractors. In the 1939 agreement with this country and in the Geneva agreement, Canada bound the duty-free status of all tractors.

The United Kingdom, in the 1939 trade agreement with the United States, reduced the rate of duty on agricultural track-laying tractors from 33-1/3 to 25 percent ad valorem and bound against increase the duty of 15 percent ad valorem on other agricultural tractors. In the Geneva agreement, the United Kingdom reduced further, to either 20 or 15 percent ad valorem (depending on the drawbar horsepower) the rate on agricultural track-laying tractors; bound the rate on other agricultural tractors at 15 percent ad valorem as before; and for the first time bound the rate of 33-1/3 percent on nonagricultural tractors of 25 horsepower or more. On most tractors, the concession in the rate of duty was accompanied by reduction of the margin of preference in favor of imports from Empire countries, which entered duty-free. Such imports, however, afforded little competition with United States tractors in the British market.

Australia bound the existing duty of 10 percent ad valorem on track-laying tractors "as prescribed by Departmental By-laws," and agreed not to increase the existing margin of preference, amounting to 12½ percent ad valorem and equal to the full amount of the duty, on other tractors "as prescribed by Departmental By-laws." The tractors included (under By-law No. 53) in 1947 were all those other than for the manufacture of or incorporation in road rollers, and constituted by far the bulk of the imports for all purposes. The Australian Government, however, retained freedom under the Geneva agreement to make, amend, or revoke the by-laws on tractors. The United States supplied four-fifths of the Australian imports of tractors and tractor parts from all countries in 1938-39; imports from British countries obtaining preferential tariff treatment were negligible.

In the 1936 agreement with the United States, France bound existing rates equivalent at the 1935 rate of exchange to from $60 a ton on heavy tractors (over 3 tons) to $170 a ton on light tractors (less than 1-1/4 tons), and granted the United States an annual quota of 230 metric tons in addition to the customary allotment based on the share of imports supplied by this country in a previous year. In the Geneva agreement, France eliminated the quota on imports of tractors, and in place of the former specific rates established ad valorem rates of duty. On track-laying tractors and on wheel tractors weighing 1-1/5 tons and less, the new ad valorem rate, 15 percent, was about the same, based on unit values during 1936-38, as the ad valorem equivalent of the specific rate on light tractors. On other tractors the new ad valorem rate, 35 percent, was more than the equivalent of the specific rates in the prewar period, this being defended by the French negotiators because of the removal of quotas.

New Zealand reduced the rate of duty on United States tractors from 10½ to 10 percent ad valorem in the Geneva agreement. Tractors from British countries remained duty-free. The United States in 1939 supplied nine-tenths of the tractors imported from all countries, amounting to 1.8 million dollars.

The Union of South Africa had formerly charged a duty on tractors and tractor parts from the United States of 10 percent ad valorem or 8 to 9½ shillings per 100 pounds ($36 to $43 a ton), depending on the classification, whereas tractors and tractor parts from the United Kingdom were duty-free. In the Geneva agreement, South Africa reduced the duty on United States tractors of the "mechanical horse type" for hauling detachable semitrailers from 10 to 5 percent ad valorem, and removed the duties altogether from other United States tractors and tractor parts. The United States had regularly been the predominant supplier despite the preference extended to the United Kingdom. Compared with imports from the United States of 1,411 tractors, valued at $1,425,000, imports from the United Kingdom in 1939 totaled only 186 tractors, valued at $99,000.

Automobiles

Concessions on automobiles and parts have been obtained from nearly all countries with which trade agreements have been negotiated. Combined imports from the United States of products in this category on which foreign countries have granted concessions amounted to 166 million dollars in 1939, and accounted for two-thirds of the United States exports of these products to all countries. Most of the amount included in concessions consisted of imports into Canada, Argentina, the Union of South Africa, Sweden, Brazil, Belgium-Luxembourg-Netherlands, and Australia.

The Canadian rates of duty on United States automobiles in 1935 had ranged from 20 percent ad valorem for trucks and the less expensive cars, comprising the bulk of the imports, to 40 percent for the more expensive passenger cars and busses. In 1936 the rates were reduced by the most-favored-nation provision of the agreement, and later were made uniform by Canadian legislation at 17½ percent ad valorem. The 17½-percent rate was bound against increase in the 1939 agreement and again in the Geneva agreement. Reduction of the duties on finished cars was accompanied by reduction or removal of the duties on automobile parts from the United States although the parts, unlike the cars themselves, were not among the scheduled items until the Geneva agreement, when the rates on most of them still subject to duty were bound at 25 or 30 percent ad valorem. In 1939 imports of United States automobiles, trucks, and parts on which Canada has granted concessions in the three agreements amounted to 26 million dollars.

Argentina in the 1941 agreement granted concessions on automobiles, chassis, parts for assembly, and replacement parts, of which imports from the United States in 1939 amounted to 15 million dollars. The lower priced cars (valued at not more than $1,310 each), which comprised the bulk of the imports, had been dutiable in Argentina before the agreement at the equivalent of $300 to $400 each if weighing 2,205 to 3,300 pounds (the principal classification) and $400 to $550 each if weighing more than 3,300 pounds. In the agreement Argentina reduced the rates on these cars by from one-tenth to one-fifth and bound against increase the duty of 57 percent ad valorem on the heavier and more expensive cars. Argentina reduced the rates on most automobile parts by one-tenth, and bound those on other automobile parts and on chassis for trucks and busses as of the effective date of the agreement. Argentina further agreed to reduce the rate on chassis for trucks and busses and to increase the reduction already granted in the rate on most automobile parts from one-tenth to three-tenths of the preagreement rate when Argentine revenues from customs receipts exceeded 270 million pesos (80 million dollars) a year. Although revenues from customs receipts exceeded the specified amount in 1947, Argentina has not yet (December 1948) granted the agreed reductions in duty.

The Union of South Africa has granted concessions on completely assembled passenger cars, motortruck chassis, and automobile replacement parts and accessories. Its combined imports of these items from the United States in 1939 amounted to about 15 million dollars, or 70 percent of its total imports of United States automotive products. Of the products on which no concession was granted, by far the bulk consisted of passenger-car chassis and parts for assembly; duties on these items are not likely to be raised so long as there is a commitment not to increase the duties on completely assembled cars.

Two-fifths of the entire imports of United States automotive products into South Africa from the United States in 1939 consisted of passenger cars completely assembled. Before the Geneva agreement, nearly all of these entered at the specific rate of duty, equivalent to $4.60 per 100 pounds, provided for cars valued at not more than £400 ($1,600) each; those in the higher price brackets were dutiable at 25 or 30 percent ad valorem. In the Geneva agreement, South Africa extended the value bracket on lower priced cars to include all cars valued at not more than £600 ($2,400) each, on which the rate under the agreement was not to exceed 20 percent ad valorem, and it either reduced slightly or bound against increase the rates on higher priced cars.

On cars which had been dutiable at $4.60 per 100 pounds, the maximum rate of 20 percent ad valorem provided for in the Geneva agreement, though constituting a reduction in the duty on the basis of unit values in 1939, permitted an increase on the basis of unit values in 1947. In putting the agreement into effect, however, South Africa did not make the permitted increase but retained the existing rate of $4.60 per 100 pounds and even extended its application to all cars valued at not more than $2,400 each.

On motortruck chassis, South Africa in the Geneva agreement bound the rates at 3 or 5 percent ad valorem and on automobile replacement parts and accessories it bound the rates at 20 percent ad valorem.

Sweden, in the 1935 agreement with the United States, bound the existing rates of 20 percent ad valorem on passenger automobiles and chassis, 14 percent on parts for assembly, and 15 percent on other automobile parts. Its imports of these items from the United States were valued at about 14 million dollars in 1939.

Brazil, in the 1936 trade agreement, reduced the rates of duty (equivalent on most passenger cars to amounts ranging from $200 to $300 each and on most trucks to amounts ranging from $100 to $150 each) by one-fifth on all automobiles, parts, and accessories. In the Geneva agreement, Brazil further reduced the rates on certain automobile parts. On other parts and on passenger automobiles, trucks, busses, and chassis, it increased the existing specific rates by 40 percent, as compensation for the reduced purchasing power of the Brazilian currency, and bound the new rates against further increase. In 1938 imports from the United States of the automobiles and parts on which Brazil has granted concessions were valued at about 13 million dollars.

In the 1935 agreement with the United States, Belgium-Luxembourg reduced the specific rates on automobiles approximately 15 percent, or from the equivalent of $500 to $420 (at the exchange rates then prevailing) on the average American car, and reduced the duties on automobile engines and parts by amounts ranging from 64 to 86 percent. The Netherlands in the 1936 trade agreement with the United States bound the existing rate of 15 percent ad valorem on imports from this country of passenger automobiles, trucks, engines, chassis, and chassis frames.

In place of the former separate rates, the Belgium-Luxembourg-Netherlands joint tariff established under the Geneva agreement a rate of 24 percent ad valorem on assembled automobiles, trucks, and chassis, and rates of 6 to 8 percent ad valorem on most automobile parts. These rates, which were bound against increase, were more favorable to imports from the United States than the specific rates of the previous Belgian tariff, but, as applied to automobiles and chassis, were less so than the ad valorem rates of the previous Netherlands tariff. Imports from the United States of automobiles, trucks, and parts on which the Belgium-Luxembourg-Netherlands have granted concessions amounted in 1939 to 13 million dollars; by far the greater part of this amount represented imports into Belgium.

Australia in the Geneva agreement granted concessions on automotive products and parts, of which imports from the United States were 10 million dollars in 1939. Automobile chassis accounted for

85 percent of the amount included. In the Geneva agreement, Australia agreed to reduce the margin of preference in favor of imports of chassis from Canada by one-third to two-fifths, but made no commitment regarding the amount of the duty. In putting the concession into effect, however, Australia reduced the duty on imports from the United States considerably. On a 2,000-pound truck or bus chassis, the rate was reduced from the equivalent of $165 to $135 if unassembled and from the equivalent of $205 to $175 if assembled. The reduction in the rates on chassis from the United States was accompanied by comparatively slight reductions in the rates on chassis from Canada, which had been only one-half to three-fifths as high as the rates on chassis from the United States, and in those on chassis from the United Kingdom (the principal source), which had been only one-tenth to one-fourth as high. On automobile engines, as well as parts in the principal classifications, Australia granted reductions in duty of one-fourth to three-fifths, and corresponding reductions in the margin of British preference.

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