

TWENTY-SIXTH ANNUAL REPORT

of

THE UNITED STATES

TARIFF COMMISSION

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1942

Washington, D. C.

UNITED STATES TARIFF COMMISSION

Office: Seventh and E Streets, N.W., Washington, D.C.

COMMISSIONERS

Oscar B. Ryder, Chairman
Lynn R. Edminster, Vice Chairman
Edgar B. Brossard
E. Dana Durand
E. M. Whitcomb, Acting Secretary

LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION
Washington, January 6, 1943

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

In view of the present need for limiting reports to the briefest possible statement of essential matters, the Commission has confined itself in this report to summarizing its principal activities and has omitted much of the detail which has been customary in previous annual reports.

In Regulation No. 3, dated September 25, 1942, the Office of War Information directed that this report should not be printed.

Respectfully,

OSCAR B. RYDER, Chairman

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

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UNITED STATES TARIFF COMMISSION
Washington

TWENTY-SIXTH ANNUAL REPORT

INTRODUCTION

During the past year, the United States Tariff Commission completed the mobilization of its resources for full wartime duty. These resources have been concentrated on rendering direct assistance in the war effort and on studies of war-created economic problems which must be dealt with during or after the war, or both. This shift from peacetime to wartime activity occasioned no fundamental change in the Commission's functions and duties, but did involve a change in the emphasis and direction of its work.

The primary function of the Tariff Commission has always been to supply the Government with analyses of the facts bearing upon the position of United States industries in the production and distribution of specific commodities and to furnish information in the field of international trade and trade policies. The information and experience accumulated by the Commission have always been brought to bear, both in times of peace and in times of war, on the major international trade problems confronting the Nation. In the present national emergency, the Commission's long experience in analyzing such problems is being made use of by a number of Government agencies, particularly those charged with the conduct of military operations, the procurement of materials, and the promulgation of regulations governing the civilian economy under war conditions.

While dealing with current war problems, the Commission has also organized work on the more complex problems which will confront the

Nation as the war progresses and when hostilities cease—possibly piecemeal—in the various theatres of war. It realizes that the questions of trade and trade policy demanding solution at the close of the war will be the most difficult of the kind that this country has ever faced, and at the same time the most critically important. In this field, which it is directed by law to cover, the policy of the Commission is to anticipate problems and thus be able to supply information bearing on them at the earliest possible time.

Although the Commission is occupied principally with analyses of problems created by the war, it is performing other duties required by law, notably those connected with the trade-agreements program and with section 22 of the Agricultural Adjustment Act of 1933, as amended. It has also continued to supply the Committees of Congress and Members of Congress with information required in their work.

WAR WORK OF THE TARIFF COMMISSION

The war work of the Commission is largely based upon, and to a considerable extent inseparable from, the Commission's regularly continuing work, which consists chiefly of preparing reports and surveys on commodities where major problems are involved and of keeping up to date the Summaries of United States and Foreign Production and Trade. These summaries which cover practically all commodities are a development from the Tariff Information Summaries originally prepared to assist Congress in the tariff revisions of 1922 and 1930. Revised and expanded, they form the basis of the Commission's work in connection with the trade-agreements program. Still further changed and amplified in the light of war conditions, they have been widely used by the war agencies for the basic commodity information they contain. Moreover, they supply the basic data for many of the special reports

prepared at the direct request of these agencies, although the data frequently must be reanalyzed in order to satisfy specific requests.

Aside from this continuing basic work, the Commission's war work may be classified under two main heads: (a) Work done at the request of agencies engaged in military operations, procurement, and wartime regulations; and (b) investigations and studies directed toward the solution of production and trade problems which have developed or which will likely develop in the war period, or after the war. At present, the Commission devotes the greater part of its time to direct assistance to war agencies. In order to take care of specific requests from these agencies, the Commission has found it necessary to make some expansion of its staff on the basis of funds supplied by such agencies. As an impartial fact-finding body, especially equipped to supply information and analyses required by the war agencies with respect to difficult industrial and trade situations, the aid of the Commission is increasingly sought by those agencies.

Work Done at the Direct Request of War Agencies

Of necessity, any summary, such as is here given, of the work of the Commission at the direct request of the war agencies must relate only to the larger projects conducted for them. It will be understood, however, that a large part of the work done for these agencies, and some of the most important of it, consists of supplying spot information, doing special short jobs, and performing consultative functions.

Although the summary which follows describes the work done at the specific request of each of the war agencies, attention should be called to the fact that investigations conducted at the request of one war agency frequently prove to be of value to others. A good example is the Commission's study of Western pine lumber, which the Office of Price

Administration, the War Production Board, and the Forest Service are all using although the study was originally requested by the National War Labor Board. This investigation was conducted by the Tariff Commission in cooperation with the Bureau of Labor Statistics of the Department of Labor, which also has a direct interest in the results. Another investigation in this category is an extensive continuing investigation concerning the cost of producing petroleum. Undertaken at the request of the Office of Price Administration, it is also of special use to the Petroleum Administration for War.

Work for the War Department.

The Tariff Commission has completed a number of important projects directly requested by the War Department, and others are now in progress. The confidential character of much of this work precludes making public a complete list of the specific projects, but a few may be mentioned.

An extensive field investigation was made to obtain information for the Quartermaster Corps of the Army to enable it to determine what changes in price differentials between foreign and domestic wools were necessary to offset increases in domestic wool costs in 1942 as compared with 1941. Upon a further request from the Quartermaster Corps, the Commission made an extensive cost-price study of woollens and worsteds used in military uniforms to assist in carrying out title IV of Public Law No. 528, 77th Congress, relative to the renegotiation of Government contracts. This study, with certain supplemental inquiries, also provided much-needed information for the Office of Price Administration.

Early in 1942 the War Department requested that the Commission prepare for its use a series of factual surveys covering primary products and their manufactures in certain strategic areas. The first request, which related to certain areas in Africa, was soon followed by requests for similar information regarding India, Ceylon, and certain countries in the Near East. Subsequently, the War Department requested

similar data on Far Eastern areas, including the Netherlands Indies. These studies, which are now in progress, are intended for restricted use only. With the approval of the War Department, however, the data assembled have been furnished to a number of Government agencies, including the Board of Economic Warfare, the War Production Board, the Office of the Surgeon General, and the Office of Strategic Services.

With a view to complementing the above series of reports, which apply to specified strategic areas, the Commission is also preparing factual surveys covering selected strategic commodities in all areas throughout the world. Reports already have been prepared on copper, rubber, tin, cobalt, lead, and antimony, and studies concerning other products are in progress. These surveys, like those described in the preceding paragraph, are being prepared at the direct request of the Army and are restricted as to distribution.

Work for the War Production Board.

Because of the staff of experts and the large amount of information relating to industries and commodities possessed by the Tariff Commission as a result of its experience during the past 25 years, the War Production Board has asked the Commission to participate in a large number of projects and to prepare a number of extensive reports.

One of the more important continuing projects being carried out by the Commission for the War Production Board deals with synthetic organic chemicals, many of which are of vital importance to the war program. This involves a monthly canvass of approximately 175 manufacturing concerns in order to obtain statistics of production, stocks, and shipments of about 350 classes of products. These statistics are tabulated by the Commission and are submitted to the War Production Board shortly after the end of each month. Similar monthly reports are being made for the War Production Board on sisal, benequen, and other vegetable fibers.

For the War Production Board and other war agencies, the Commission also prepares monthly analyses of invoices covering imports of a wide range of commodities. Typical of these studies, which are conducted through the New York office of the Commission, is an invoice analysis of raw wool, which currently provides detailed statistics showing the imports by grades and by countries of origin. Similar studies are being made on imports of mica, instrument jewels, and other commodities.

Typical of the general commodity work done by the Commission for the War Production Board is the assistance it gives to the Fats and Oils Section of the Chemical Branch. This assistance, which has involved field work, has resulted in reports on such important subjects as fatty acids, sulphonated fats and oils, and substitutes for glycerin. One of the senior members of the Commission's staff has been detailed to this section to serve as a consultant on a part time basis.

One of the most useful contributions of the Commission to the war effort is the large amount of work it continues to do for the Stockpiling and Transportation Division and the Interdepartmental Shipping Priorities Committee of the War Production Board. A senior member of the Commission's staff serves as special consultant and adviser to the Division of Stockpiling and Transportation, and under his direction the Commission's staff prepares numerous reports and memoranda for the use of that division and for the Interdepartmental Shipping Priorities Committee, of which he is also a member. These reports and memoranda contain, for the most part, technical and trade data indicating the relative importance in the war effort of obtaining various commodities which must be imported. They are used in connection with the determination of ocean-shipping priorities. Similar work has recently been instituted with respect to movements of goods within the United States.

Work for the Office of Price Administration.

This year the Commission has been increasingly active in work for the Office of Price Administration, for which it had previously made a number of investigations and reports. In general, these investigations have been directed toward ascertaining recent costs of producing and marketing various commodities, in order to assist in the determination and maintenance of price ceilings. In this work the Commission's experience in obtaining domestic costs under the flexible provision of the tariff law has been very helpful. Moreover, assistance given in these investigations by the Commission's commodity and economic staff has helped to expedite these investigations and has increased their usefulness.

Important commodities covered by these investigations for the Office of Price Administration include petroleum, cotton textiles, and sugar. The Commission had previously conducted extensive research in each of the industries producing these articles.

The cotton-textile investigation is concerned with various cotton yarns and cotton fabrics. The investigation of petroleum, which is of importance to the Petroleum Administration for War as well as to the Office of Price Administration; is an extensive continuing investigation covering all the domestic producing fields of any magnitude. Since the original study was instituted, several requests for supplementary information have been made by the Office of Price Administration, and a study of petroleum refining is now being planned. Cost data with respect to the refining of imported and domestic raw cane sugar, the manufacturing of domestic beet sugar, and the Puerto Rican sugar industry were obtained in field studies. These data were used by the Department of Agriculture as well as the Office of Price Administration.

Other important cost investigations undertaken for the Office of Price Administration included those on ponderosa-pine millwork, cigars, wood pulp, rayon yarns, wool tops, and woolen and worsted fabrics.

Work for the Board of Economic Warfare.

In December 1941 the Tariff Commission placed its facilities at the service of the Board of Economic Warfare. Through a liaison arrangement the Commission cooperates closely with that Board. Because of the confidential nature of most of the work for the Board, only a few of the specific projects may be described.

One of the major projects only recently completed is a series of so-called Maximum Foreign Supply Surveys. These consist of about 100 separate studies showing the foreign-supply situation and import possibilities of all the strategic and critical commodities. These surveys have been widely used by the Board of Economic Warfare and by the other war agencies to which the Board has released them.

At the request of the Board, the Commission has initiated studies of certain Far Eastern areas. These studies show the effects of the war on United States trade with these areas and give information that will be of marked assistance in preparing for readjustment that must be made in the post-war period. In addition the Commission has reviewed certain studies prepared by the Board or for it by other agencies.

The Commission also has undertaken for the Board extensive statistical work, including detailed export analyses to guide the Board in the administration of its export-licensing operations.

Another project undertaken at the request of the Board is the preparation of a series of highly confidential reports with respect to commodities which are either of critical or strategic importance to the enemy.

Work for other war agencies.

Although assistance to war agencies has been rendered principally to the War Department, the War Production Board, the Board of Economic Warfare, and the Office of Price Administration, the work done by the Tariff Commission for other war agencies has likewise been important. This includes assistance rendered the Division of Statistical Standards of the Bureau of the Budget in preparing a statistical classification of industries for the use of the War Production Board in connection with its controlled materials planning; completed studies for the National War Labor Board; current work for the Department of Justice on certain price violations; a study of a highly confidential nature for the Inter-American Defense Board which is also of importance to the War Department; work for the Defense Supplies Corporation; and a statistical compilation of United States-Philippine trade for the Office of the High Commissioner to the Philippines in the Department of the Interior.

Other Work Relating to War and Post-War Problems

In addition to the activities described above, the Commission has undertaken, pursuant to its prescribed functions, several series of extensive reports designed to assist in the understanding and solution of war-created problems involving major questions of commercial policy which must be decided by the Congress and the President. It is also doing extensive work on interdepartmental committees concerned with the implementation of article VII of the Lend-Lease agreements, and problems related to war and post-war relief and rehabilitation.

Reports relating to Latin America.

The Foreign Trade of Latin America. - A report on the foreign trade of Latin America was originally issued by the Commission in 1940 and 1941 in multilithed form. Increasing interest in the study of Latin America prompted the Commission to print the report. Certain

observations with respect to the effects of the war on Latin American foreign trade were incorporated, and the revised report has now been published in four volumes. Financial assistance in the printing of this report was given by the Office of the Coordinator of Inter-American Affairs. That office, together with the Department of State, also assisted in defraying the cost of translating and publishing a Spanish edition which is now being printed.

Trade Problems of Latin America. - The Commission recently began the preparation of a new report dealing with the Trade Problems of Latin America. This not only will bring up to date the material contained in the report entitled, "The Foreign Trade of Latin America," but also will analyze in detail the effects of the war on the economies of the various Latin-American countries and on their present and post-war international trade situation. This report is being prepared in sections, which will be made available, as quickly as they are ready, to the interested Government agencies. It will be of particular usefulness to the Subcommittee on Post-War Problems, which has been set up by the Inter-American Financial and Economic Advisory Committee.

Commercial Policies and Trade Relations of the European Possessions in the Caribbean Area. - This report will include all the European possessions in the Caribbean area. For each of these possessions there will be a short description of its physical characteristics, population, and natural resources and economy; an examination of its commercial policy; and a detailed analysis of the foreign trade of the possession with particular reference to trade with the United States and the effects of the war.

Reports on the trade and trade policies of European countries.

An extensive report analyzing foreign trade and exchange controls in Germany, recently completed, is now being printed. Nearing

completion also is a report on French commercial policy and foreign trade, similar in scope to the report on Italy published in 1941.

Of more immediate importance is the comprehensive report on the trade and trade policies of the British Empire, now in course of preparation. Among the principal topics to be covered by this report are the return to protection in England after 1930, the Imperial preferences and their influence on international trade, and the effects of the war on the economies of the United Kingdom and the various self-governing Dominions, including India.

This report, particularly as it relates to the Imperial preferences, is of vital importance in connection with article VII of the Lend-Lease agreements, discussed below, and in connection with the future trade policies of the United States.

Work on the implementation of article VII of the Lend-Lease agreements.

Work has recently been initiated on the problems associated with the implementation of article VII of the Lend-Lease agreements which relates, among other things, to restrictions on international trade, particularly restrictions involving discrimination between countries. The Commission is represented on 11 interdepartmental committees recently set up to study various phases of the problems involved in carrying out the provisions of this article, and its staff is preparing extensive factual material for the use of these committees.

The effects of war changes in United States industries.

The Commission recently began work on a series of reports that ultimately will cover the most important United States industries substantially affected by the war. These reports are designed to analyze war-created changes in domestic industries, particularly as they alter the international competitive positions of these industries relative to industries in foreign countries. Industries covered by these studies include those concerned with synthetic rubber, plastics, synthetic

fibers, copper, aluminum, wine, and dehydrated foods. Some of the information in these studies will be of the type that must be considered confidential at the present time. They cannot therefore be made available as completed.

The effect of industrial developments during the war on the economic and trade positions of various geographical areas.

Closely connected with the projected series of reports on the effect of war changes in United States industries, is a series of reports on the effect upon the economies and the trade positions of various geographic areas of industrial developments during the war. A pilot study has already been prepared on British Malaya, formerly an important source of United States imports of rubber and tin. In this study consideration is given to the effect on Malaya of the establishment of a synthetic-rubber industry and tin-ore smelting facilities in the United States. Because much of the data in these reports are confidential, they are not immediately available for general distribution.

Work on relief and rehabilitation problems.

The Commission is represented on the interdepartmental advisory committees, created by the Department of State, which are preparing estimates of requirements and available supplies for relief and rehabilitation of foreign areas. The committees organized to date are concerned with: Food, agricultural rehabilitation, clothing and other textile products, medical supplies and personnel, and essential services and industries (including housing, fuels, storage facilities, and public utilities).

As countries now under Axis control are occupied by United Nation forces the problem of relief becomes acute and the factual information that will provide the basis for allocations and shipments of relief materials must be ready for immediate use. Committees for the study of

these problems were formed by the Allied countries in London some time before the United States entered the war, and the work of the two sets of committees is being integrated through the State Department.

OTHER WORK OF THE COMMISSION

Work on trade agreements.

Although the disruption of foreign trade wrought by the war, and preoccupation with the war effort, have resulted in a reduction of the Government's activity under this program, there has, nevertheless, been considerable activity in this field. The trade-agreements program may receive new emphasis because of its close connection with the pledges made in the Atlantic Charter and in article VII of the Lend-Lease agreements.

During the past year, trade agreements were entered into with Cuba, Peru, Uruguay, and Mexico and announcements were issued by the State Department of intention to undertake negotiations for trade agreements with Bolivia, Iceland, and Iran. Preparatory to each of these negotiations, the Tariff Commission made commodity trade analyses for the use of those concerned with the negotiations. A digest of trade data with respect to concessions made by the United States in the trade agreement concluded with Argentina in late 1941 was issued by the Commission. Similar digests with respect to Peru and Mexico are now being prepared.

The customary assistance by the Commission to the Committee for Reciprocity Information continues. The Vice Chairman of the Commission, Mr. Lynn R. Edminster, serves as Chairman of the Committee.

Miscellaneous work.

Under section 22 of the Agricultural Adjustment Act of 1933, as amended, the Commission conducted supplemental investigations with regard to cotton and wheat, and made recommendations to the President. As a result of these investigations and recommendations, the President.

by proclamation, relaxed existing quota restrictions on specified types of wheat and wheat flour, suspended import-quota restrictions on certain cotton and cotton waste, and also suspended country limitations within the global quota for imports of long-staple cotton.

One of the investigations made during the past year, in response to a Senate resolution, under the general powers of the Commission set forth in section 332 of the Tariff Act of 1930, resulted in a report to the Senate on the effect upon the red-cedar-shingle industry in the United States of the importation of these shingles from Canada.

Summaries of the Commission's reports that have been made public during the past year will be found in the appendix. These reports represent but a small part of the Commission's work during the year, inasmuch as most of the studies that have been made for the war agencies have been confidential and no report concerning them has been published.

PERSONNEL AND FINANCES

Personnel.

The present members of the Commission are:

Mr. Oscar B. Ryder, Chairman
 Mr. Lynn R. Edminster, Vice Chairman
 Mr. Edgar B. Brossard
 Mr. E. Dana Durand

Mr. Ryder was designated by the President to be Chairman of the Commission for a period of 1 year beginning July 1, 1942. Mr. Ryder succeeded in this office Mr. Raymond B. Stevens, who served as Chairman from June 1937 until his death in May 1942.

Mr. Edminster was appointed to the Tariff Commission in June 1942 for the term which expires June 16, 1943, and was designated by the President to be Vice Chairman of the Commission.

Finances and appropriations.

The appropriations available to the Tariff Commission in the fiscal year 1942 consisted of the appropriation for salaries and expenses amounting to \$905,000 and that for printing and binding, \$15,000. There was turned back to the Treasury \$24,864 from the general appropriation and \$5,720 from the appropriation for printing and binding.

The net expenditures and obligations for the year are summarized below. The figures do not include expenses amounting to \$112,768 incurred in conducting work for war agencies, for which the Commission was reimbursed.

Net Expenditures and Obligations, Fiscal Year 1942

Salaries:	
Commissioners -----	\$38,833
Employees:	
Departmental service -----	756,695
Field service -----	24,618
Travel expenses -----	23,363
Books of reference and publications -----	3,700
Telephone and telegraph service -----	3,735
Repairs and alterations -----	888
Office equipment, supplies, miscellaneous expenses -----	28,304
Printing and binding -----	<u>9,280</u>
Total -----	889,416

APPENDIX

SUMMARIES OF REPORTS ISSUED

Fats, Oils, and Oil-Bearing Materials in the United States

Trade Agreement Between the United States and Argentina (Digest)

Red-Cedar Shingles

United States Production and Sales of Synthetic Organic
Chemicals, 1941

The Foreign Trade of Latin America

Cotton and Cotton Waste

Import Quotas on Long-Staple Cotton

Wheat and Wheat Flour

Canned Fish

Effect of Trade-Agreement Reductions on Tariff Levels in the
United States.

FATS, OILS, AND OIL-BEARING MATERIALS IN THE UNITED STATES

The war between the United States and the Axis Powers, the general dislocation of world trade, the disruption of ocean shipping, the increased need for certain fats and oils both to meet the country's own requirements and to supply aid under its Lend-Lease commitments all draw special attention to the subject of fats and oils. The United States Tariff Commission, accordingly, issued a report giving statistical data on the consumption, uses, and foreign trade in fats, oils, and oil-bearing materials which are commercially important in the United States.

The report shows the amounts of the various foreign and domestic fats and oils which enter into the most important uses in this country. In 1940, total consumption amounted to 9.8 billion pounds, of which 67 percent entered into food products, 20 percent into soap, 8 percent into paints, varnishes, etc., and 5 percent into miscellaneous products. Domestic fats and oils accounted for about 85 percent of the total consumption in all uses.

The United States has long been on a net import basis with respect to fats and oils entering each of the four broad classes of consumption mentioned above except edible products. The principal imports have always been vegetable oils and the nuts and seeds from which these are obtained. In 1940, 12 vegetable oils of foreign derivation (i.e., imported either as oils or as nuts and seeds) accounted for about 95 percent of the total quantity of United States imports of fats, oils, and oil-bearing materials of all kinds. Six of these oils (coconut, palm, olive, babassu nut, palm-kernel, and cottonseed) are used principally in the manufacture of edible products

or soap or both, and of this group as a whole much the greater part came from the Philippines and the Netherlands Indies, trade with which is now disrupted by war operations. The other six imported oils are used principally in paints and varnishes and for other technical purposes; of this group as a whole, Western Hemisphere countries have been the dominant suppliers, Latin America furnishing the bulk of imports of the two most important oils in the group, linseed and castor (both of which are imported principally as seeds or beans), and also supplying all of the oiticica oil. Tung oil, however, came almost exclusively from China, and perilla and rapeseed oils almost exclusively from Japan and the Japanese dominated areas of China.

Stocks of fats and oils at the end of September 1941 amounted to less than 2.7 billion pounds, as compared with 3.3 billion at the end of 1940. Annual consumption during the past decade averaged more than 9 billion pounds.

Prices of fats and oils rose sharply during 1941. By the middle of the year the average prices of many (including butter) reached levels higher than in any preceding year in a decade. The rise in prices in 1941 was brought about principally by restricted availability of ocean shipping, increased exports, enlarged domestic demand, and inventory purchasing in expectation of higher prices.

THE TRADE AGREEMENT BETWEEN THE UNITED STATES
AND ARGENTINA (DIGEST)

The material presented in the report of the Tariff Commission entitled Trade Agreement Between the United States and Argentina has been drawn from the detailed data made available by the Tariff Commission, prior to and during the negotiations with Argentina, to the interdepartmental body charged with carrying out the trade-agreements program. The agreement with Argentina has been in effect since November 15, 1941.

The body of the report consists of digests of trade data relating to the commodities with respect to which the United States granted tariff concessions in the agreement with Argentina. The digests show for each commodity the old and new rate of duty, statistics of production, imports and exports, and a brief analysis of the factors that affect international trade, particularly that between the United States and Argentina.

The introduction gives a detailed analysis of the agreement, showing the individual tariff concessions granted by the two countries, and the volume of trade affected thereby. It also contains a general discussion of Argentina's foreign trade in recent years with particular reference to the United States. The text of the agreement is included in an appendix to the report.

RED-CEDAR SHINGLES

Having investigated the effect upon the red-cedar shingle industry in the United States of importations of red-cedar shingles from Canada, the Commission submitted a report of the investigation to the Senate on May 13, 1942, in response to Senate Resolution 79, 77th Congress, 1st session.

Matters covered by the report include the tariff treatment of shingles and other regulations affecting their importations; the organization of the red-cedar-shingle industry in the United States and Canada; production and trade; the supply of raw material; labor conditions in both countries; the costs of production; and the competition between red-cedar shingles and other roofing materials in the domestic market.

As addenda, there are included the texts of the regulations of June 1942, establishing maximum prices for west-coast logs and for red-cedar shingles.

UNITED STATES PRODUCTION AND SALES OF
SYNTHETIC ORGANIC CHEMICALS, 1941

A preliminary report on United States production and sales of synthetic organic chemicals in 1941 was issued. The report includes statistics of production and sales of coal-tar dyes, other finished coal-tar chemicals, and synthetic non-coal-tar organic chemicals.

In 1941 sales of all synthetic organic chemicals were valued at 724 million dollars, an increase of 50 percent over 1940 sales, which previous to 1941 were the highest on record. The value of sales of coal-tar finished products and intermediates was 60 percent greater

than in 1940, and that of sales of non-coal-tar synthetic organic chemicals 42 percent greater.

Figures of production are considerably larger than those of sales because a large part of the total output of synthetic organic chemicals is consumed in further processing by the producing companies. In the more important groups, the increases in production in 1941 over 1940 were as follows: Intermediates 25 percent, dyes 32 percent, coal-tar medicinals 64 percent, coal-tar resins 50 percent, and all non-coal-tar synthetic organic chemicals 27 percent.

Statistics concerning coal-tar crudes, plasticizers, various pharmaceuticals, intermediates, and solvents (included in the reports for previous years) are omitted from the 1941 report to avoid disclosure of information that might be of value to the enemy.

THE FOREIGN TRADE OF LATIN AMERICA

During 1940 and 1941 the Commission issued in multilithed form a report under the title "The Foreign Trade of Latin America." The original issue had been exhausted and because of the increasing interest in Latin America, particularly by educational institutions and their students, the report was printed during the past year. Part I of the report deals with the foreign trade of Latin America with the world, and particularly with the United States; this part was revised in some particulars for the printed edition. Part II is in two volumes and covers the commercial policies and trade relations of individual Latin American countries. Volume I deals with the South American republics and Volume 2 with Mexico and the republics of Central America and the West Indies. Part III gives an analysis of the trade in selected

Latin American export commodities.

A Spanish translation of this report is now in course of printing.

COTTON AND COTTON WASTE

As the result of a report of the Tariff Commission pursuant to the provisions of section 22 of the Agricultural Adjustment Act, as amended, the President issued a proclamation on March 31, 1942, suspending the existing quota restrictions on entries of the following classes of cotton and of cotton waste:

(a) Cotton produced in the United States, sold for export and actually exported on or after January 31, 1940, provided the Secretary of Agriculture shall have certified that there has been exported without benefit of subsidy, as an offset to the proposed reentry, an equal or greater number of pounds of cotton produced in the United States, of any grade or staple. The certification is not required as a condition of reentry of cotton sold for export and actually exported during the period July 1 to September 17, 1941, inclusive;

(b) Bona fide commercial samples of cotton or cotton waste of any origin, identified as commercial samples, in uncompressed packages weighing not more than 50 pounds gross weight per package; and

(c) Card strips made from cottons having a staple 1-3/16 inches or more in length.

Import quotas on certain types of cotton and cotton waste were first established by Presidential proclamation effective September 20, 1939. Under the original quotas, no exported American cotton or cotton waste could be brought back and entered into the commerce of the country. This was found to work unnecessary hardship in certain cases.

Samples of American cotton or of cotton waste produced in American mills, returned to the United States to settle quality disputes between the foreign purchaser and the American seller, also were excluded from

reentry. Samples of foreign cotton and cotton waste, of the kinds subject to quota restrictions, were charged against the quota of the country of origin. When the quota for a country was exhausted, no samples from that country could be entered. Foreign samples are also required to develop trade in the United States or through United States dealers in another foreign country, to retain as type-samples of cotton sold, or for arbitration of disputes over cotton sold to a foreign purchaser. Under the original quotas, therefore, American cotton sellers were hampered in their foreign sales of either American or foreign cotton and cotton waste. The Tariff Commission found that commercial samples of cotton and of cotton waste are so small that the trouble and expense incident to packaging them in small lots would prevent entry of quantities sufficient to adversely affect the Government's cotton program.

One of the purposes of this proclamation is to remove unnecessary impediments to the trade in American or foreign cotton or cotton waste.

Imports of card strips made from cottons having a staple 1-3/16 inches or more in length came mostly from the United Kingdom. This type of cotton waste is needed in the United States for special purposes. Imports of this type of cotton waste from the United Kingdom have ceased, and the suspension of the quota restrictions will allow entry of a supply available from Canada.

IMPORT QUOTAS ON LONG-STAPLE COTTON

On June 8, 1942, the Tariff Commission made a supplemental report to the President with regard to the allotment to individual countries of import quotas on long-staple cotton. The report was a part of the Commission's continuing investigation instituted in 1939, under section 22 of the Agricultural Adjustment Act of 1933, as amended, to determine what import limitations were necessary to prevent imports from interfering with the domestic cotton program. The analysis prompting the report of June 8 was undertaken at the request of the Secretary of State as a result of an exchange of notes accompanying the trade agreement with Peru, signed on May 7, 1942, which provided for reduction in the United States import duty on long-staple cotton from 7 cents to $3\frac{1}{2}$ cents per pound. In the accompanying exchange of notes it was agreed that the Tariff Commission would be requested to make an investigation to determine whether the total global quota for imports of long-staple cotton might be permitted entry without regard to individual country of origin.

In the report the Commission adverted to its original findings in 1939 that certain quantities of imported long-staple cotton were needed by the American cotton industry and that imports of 45,656,420 pounds of such cotton in each quota year would not interfere with the domestic cotton program. The Commission also found that in view of the changed conditions of supply resulting from the war it was no longer advisable to rely solely upon the sources which supplied long-staple cotton to the United States before 1939. It was accordingly recommended that the President suspend the allocations to individual countries of the import quotas on long-staple cotton. In view of commitments which had been

made for the importation of cotton under the individual country allotments, it was recommended that a notice of 30 days be granted before the suspension of allocations was made effective.

On June 29, 1942, the President proclaimed the suspension of individual country allotments in accordance with the Commission's recommendation. The suspension was made effective July 29. The suspension did not increase the total amount of foreign long-staple cotton permitted entry into the United States, nor did it affect the President's proclamation of December 19, 1940, which removed cotton having a staple 1-11/16 inches or more in length from quota control because of the needs of the defense program.

WHEAT AND WHEAT FLOUR

On March 20, 1942, the Tariff Commission reported to the President the results of its investigation to ascertain the feasibility of relaxing the import-quota restrictions imposed on wheat and wheat flour by a Presidential proclamation effective May 29, 1941, under section 22 of the Agricultural Adjustment Act of 1933, as amended. The report of March 20 was limited to shipments of wheat and wheat flour for experimental purposes, registered seed wheat, and distress arrivals of wheat and wheat flour in United States ports.

The Department of Agriculture had called the Commission's attention to the problems resulting from the quota limitations on wheat and wheat flour. Upon investigation, the Commission found that the importation of limited quantities of registered seed wheat and wheat and wheat flour for experimental purposes was highly desirable. The quota restrictions seriously interfered with such shipments, and it did not

appear that the exception of these small consignments would injure the domestic wheat program if sufficient safeguards were provided.

So-called distress arrivals of wheat and wheat flour consist of shipments of foreign wheat and wheat flour originally destined to foreign ports but which are detained at or are ordered into United States ports by military or naval authorities because of the necessities of war. Although not originally intended for entry for consumption in the United States, these arrivals were nevertheless chargeable against the quota of the country of origin if such quota had not been filled, or were denied entry if the quota was filled or if no quota had been provided for the particular country of origin. These circumstances exist infrequently, and the Commission found that the exemption of such shipments from the quota limitations would not impair the domestic wheat program.

As a result of this report, the President, on April 13, 1942, issued a proclamation suspending the provisions of the quota restrictions to the extent necessary to enable the entry of the types of shipments described without their being charged to any quota. These entries, however, are subject to the requirement of written approval by the Secretary of Agriculture except when the shipments concerned are small.

CANNED FISH

Early in 1942 a report on canned fish and shellfish was distributed to interested government offices and to packing companies engaged in supplying these products to the Government. The report brought together for the first time all of the essential economic data relating to production and foreign trade in canned fish and shellfish coupled

with a review of potential supplies of raw fishery products suitable for canning.

Preparation of the report was prompted by drastic changes in the preserved-food situation as a result of war conditions. Because of the war our imports of canned fishery products declined sharply, a substantial number of fishing vessels were diverted to military service, and fishing was restricted in some areas that were war zones. These and other events indicated an acute shortage of canned fishery products by the end of 1942. Accordingly, the report suggested a program to alleviate the situation, subject, of course, to its being consistent with the prosecution of the war.

The report was presented to the Committee on the Merchant Marine and Fisheries of the House of Representatives at an executive hearing on the threatened shortage of containers in the fishery industry, and was printed by the committee.

EFFECT OF TRADE-AGREEMENT REDUCTIONS ON TARIFF LEVELS IN THE UNITED STATES

This analysis attempts to measure the extent of reductions in duty made by trade agreements in terms of the ad valorem equivalents of those rates when applied to the imports in 1939. Similar in method to an earlier study based on imports in 1937, it takes into account all reductions in duty made by trade agreements up to May 1, 1942.

The compilation shows that if all the imports in 1939 had paid the preagreement rates, and the same quantities had been imported, the equivalent ad valorem rate for all dutiable imports would have been about 48 percent, whereas on the basis of the rates in effect on May 1,

1942, the equivalent was 34 percent. The apparent reduction in duty resulting from trade agreements was thus about 14 percent ad valorem or 29 percent of the rates previously in force.