

Thirty-third
Annual Report
of the
United States Tariff Commission
1949



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UNITED STATES TARIFF COMMISSION

OSCAR B. RYDER, *Chairman*

LYNN R. EDMINSTER, *Vice Chairman*

EDGAR B. BROSSARD

E. DANA DURAND

JOHN P. GREGG

GEORGE MCGILL

SIDNEY MORGAN, *Secretary*

**Address all Communications
UNITED STATES TARIFF COMMISSION
WASHINGTON 25, D. C.**

LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION,
Washington, January 3, 1950.

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

Respectfully,

OSCAR B. RYDER,
Chairman.

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

CONTENTS

	Page
Introduction:	
Background of the Commission's work in 1949.....	1
Legislation in 1949 affecting the functions of the Commission.....	3
Leading activities of the Commission during 1949.....	3
Service to the Congress.....	5
Work for the House Ways and Means Committee and Senate Finance Committee:	
Report on Havana Charter for an International Trade Organization.....	5
Revision of the Summaries of Tariff Information.....	5
War Changes in Industry Series.....	7
Changes since 1929 in the international-trade policies of foreign countries.....	8
Assistance at hearings on extension of the Trade Agreements Act.....	8
Other work for the Congress:	
Reports on fishing industry.....	8
Reports on pending legislation.....	9
Requests from individual Senators and Representatives.....	9
Trade-agreement activities:	
Functions under Trade Agreements Extension Act of 1949.....	11
Activities under Trade Agreements Extension Act of 1948 and Executive Order 10004.....	12
Preparation for new trade agreements: "Peril point" investigations.....	12
Technical assistance to Trade Agreements Committee and delegation to Annecy, France.....	13
Reports on operation of the trade agreements program.....	13
Safeguarding ("escape") clause in trade agreements.....	14
Applications for investigations.....	15
Investigation of spring clothespins.....	16
Effect of trade-agreement concessions on United States tariff levels.....	16
Other activities:	
Philippine Trade Act of 1946: Report on processing tax on coconut oil.....	17
Section 22 of the Agricultural Adjustment Act: Long-staple cotton investigation.....	17
Section 336, Tariff Act of 1930.....	18
Section 337, Tariff Act of 1930.....	19
Synthetic organic chemicals.....	20
Unmanufactured copper, lead, and zinc.....	21
Fisheries convention.....	22
Cooperation with other Government agencies.....	22
Schedule A.....	22
Schedule B.....	22
Schedule E.....	23

	Page
Other activities—Continued	
Work of the New York office.....	23
Service to representatives of industry, agriculture, and labor.....	24
Postponed work.....	24
Personnel and administration:	
Membership of the Commission.....	25
Personnel.....	25
Finances and appropriations, fiscal year 1949.....	27
Appendix I. Summaries of reports issued in 1949:	
Operation of the Trade Agreements Program: Second Report.....	27
Report on the Havana Charter for an International Trade Organization.....	29
Woolens and Worsteds.....	31
Mining and Manufacturing Industries in Latin American Countries:	
Guatemala.....	34
Honduras.....	36
Estimated Costs of Production of Wool, Sheep, and Lambs, in 1948..	38
Processing Tax on Certain Coconut Oil.....	40
The Import Quota on Long-Staple Cotton: Supplemental Report (1949).....	41
Synthetic organic chemicals:	
Final report on production and sales in 1947.....	41
Preliminary report on production and sales in 1948.....	43
Final report on production and sales in 1948.....	43
Specified synthetic organic chemicals, monthly releases on production, 1949.....	44
Synthetic plastics and resin materials, monthly releases on production and sales, 1949.....	44
Imports of Coal-Tar Products, 1948.....	45
Unmanufactured Copper, Lead, and Zinc.....	46
Trade-Agreement Concessions of the United States: Extent to Which Authority Under the Trade Agreements Acts to Reduce Rates of Duty Has Been Exercised.....	48
Effect of Trade Agreement Concessions on United States Tariff Levels Based on Imports in 1947.....	49
Appendix II:	
Trade Agreements Act of June 12, 1934, as amended.....	51
Executive Order 10082.....	53

INTRODUCTION

Background of the Commission's work in 1949

The Tariff Commission is an independent agency charged with furnishing information and assistance to the Congress and the Executive regarding tariff matters. In performing this function, the Commission assembles and analyzes data regarding the international trade of the United States, particularly its import trade. This duty requires the Commission to maintain at all times, as its "working capital," a vast body of statistical, economic, and technical information.

During 1949, as in most past years, much of the time of the Commission's staff has necessarily been given to the maintenance of this basic information, which is so essential to the performance of the Commission's more specific functions. In particular, a large part of the work of the commodity experts consists in assembling, arranging, and analyzing statistical, economic, and technical information relating to the multitude of commodities which enter into the production and the foreign trade of the United States. Emphasis is placed on information showing the extent and the character of the competition of imports with domestic production. Among other purposes, this basic information was used in the preparation of the extensive series of revised tariff summaries which was completed for dutiable commodities during the fiscal year 1949. This was the first publication of tariff summaries since 1929.

Throughout the past year, as in most years since 1934, a major part of the Tariff Commission's activities has consisted in furnishing factual information in connection with the effort of the United States Government to bring about an increased flow of goods in international trade through the reduction of trade barriers. This effort has been exerted principally through the trade agreements program, wherein the United States has negotiated for moderations in the tariffs and other trade restrictions of foreign countries in return for reciprocal concessions on the part of the United States. Since the end of World War II this program has had its most definite results in the General Agreement on Tariffs and Trade, which was negotiated in 1947 by the United States and 22 other countries at Geneva, Switzerland, and in the projected accession to that agreement of 10 additional countries as a result of the negotiations during the Third Session of the Contracting Parties to the General Agreement, held at Annecy, France, April 8–August 27, 1949.

The United States trade agreements program in the postwar years has been closely related to this Government's proposal that an international trade organization should be established as one of the specialized agencies of the United Nations. This proposal contemplated that countries in becoming members of the proposed International Trade Organization would agree to follow policies designed to increase international trade and would be committed specifically to enter into negotiations with one another looking toward the reduction of their tariffs and other barriers to imports and exports and to the elimination of discriminations in their trade relations with other member countries. In March 1948, at the close of the United Nations Conference on Trade and Employment held at Havana, Cuba, representatives of 54 countries agreed to the text of the Charter for an International Trade Organization. The document adopted by the Havana Conference is known as the Havana Charter to distinguish it from preliminary drafts which were drawn up in the course of preparation for the United Nations Conference on Trade and Employment. The International Trade Organization will be established only if individual countries accept the obligations which the Charter would impose upon them; such acceptance is still to be considered by the United States and other countries. In April 1949 the President transmitted the Charter to Congress with a message recommending approval.

The General Agreement on Tariffs and Trade was negotiated by the countries that participated in the proceedings of the Preparatory Committee for the United Nations Conference on Trade and Employment. At the same time the Preparatory Committee prepared a draft Charter for an International Trade Organization. Thus, in its inception the General Agreement was related to the proposal to establish an International Trade Organization. Moreover, if countries that are parties to the General Agreement should become members of the International Trade Organization, the concessions made by them in the agreement are to be considered as made in pursuance of their obligations under the ITO Charter. The General Agreement, however, is not dependent on adoption of the Charter, and by March 1949 all the countries that participated in the negotiation of the General Agreement had brought the agreement into effect under a Protocol of Provisional Application. The significance of subscribing to the agreement under the Protocol rather than subscribing unconditionally to the agreement arises from the fact that some of the provisions of the agreement would necessitate changes in existing laws of this and other contracting countries. Under the Protocol of Provisional Application provisions of the General Agreement are binding only insofar as not inconsistent with the existing laws of the various countries.

In 1948, 11 additional countries not then parties to the General Agreement indicated their desire to accede to it. Negotiations for reciprocal concessions by 10 of these countries and by those already parties to the agreement were concluded at Annecy, France, in August 1949. A third round of negotiations in connection with the General Agreement is now projected to begin in September 1950.

Legislation in 1949 affecting the functions of the Commission

The only legislation enacted in 1949 which materially alters the duties of the Tariff Commission is the Trade Agreements Extension Act of 1949. The Trade Agreements Extension Act of 1948 had imposed on the Tariff Commission a special duty which it had not previously had in the trade agreements program. That act had required the Commission to determine, and report to the President, for each import article listed for consideration in proposed trade-agreement negotiations, the maximum concession which might be made without causing or threatening serious injury to domestic producers of like or similar articles. The act of 1949 removes this duty from the Commission. Under the act of 1948 members of the Commission and its staff had been prohibited from participating in the trade-agreement decisions and negotiations. This prohibition also is removed by the act of 1949. Thus under the Trade Agreements Act as now amended the duties of the Commission are approximately what they were before 1948.

Leading activities of the Commission during 1949

During the past year the Tariff Commission assembled and analyzed data relevant to the concessions to be considered by the United States in the trade-agreement negotiations at Annecy. This work was done for the information of the interdepartmental committees set up by the President to carry out trade-agreement negotiations. In addition, in accordance with the provisions of the Trade Agreements Extension Act of 1948 (since superseded) the Commission determined and reported to the President the maximum concessions which might be made on the import items listed for consideration in the Annecy negotiations without involving serious injury or the threat of serious injury to United States industries producing like or similar articles. More recently the Commission has begun to assemble and analyze data in connection with the trade-agreement negotiations now projected to begin September 1950.

Another aspect of the responsibilities of the Tariff Commission under the trade agreements program has to do with the "escape clauses" contained in recent trade agreements concluded by the United

States. These clauses permit the United States and the other contracting countries to modify or withdraw any concession if as a result thereof imports occur in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic industry producing like or similar articles. The Tariff Commission is charged by the President with responsibility for making the investigations relevant to invocation of this escape clause by this country. Applications for investigations under the escape clause have occasioned considerable work for the Commission during this past year.

Another of the Commission's projects in 1949 relating to trade agreements was the preparation of the second annual report on the operation of the trade agreements program. The Commission is under instructions from the President to issue such reports at least once each year.

The trade agreements program and the question of its extension, as well as the proposed Charter for an International Trade Organization, have also been the subject of much of the information that the Commission has been called upon to supply to congressional committees and individual members of Congress during the past year. Among the projects completed in 1949 in response to specific requests from Congress was the preparation of a report on the Havana Charter for an International Trade Organization.

Other activity of the Commission in 1949 has consisted of analyzing proposed legislation in answer to requests of congressional committees. Still other activity has been connected with specific provisions of law such as section 22 of the Agricultural Adjustment Act, which makes the Tariff Commission responsible for conducting investigations to determine whether imports are interfering with or threatening to interfere with programs brought into operation by the Department of Agriculture; section 336 of the Tariff Act of 1930, which authorizes the President upon a report of the Tariff Commission to adjust duties in accordance with differences in the foreign and domestic costs of production of particular articles; and section 337 of that act, which makes the Tariff Commission responsible for investigating unfair methods of competition in the import trade.

SERVICE TO THE CONGRESS

One of the basic functions of the Tariff Commission is to investigate and report to the House Committee on Ways and Means, to the Senate Committee on Finance, and to both branches of Congress on matters concerning tariffs or other phases of foreign trade. During 1949 Congress frequently called on the Commission for assistance, especially in preparing reports on pending legislation.

Work for the House Ways and Means Committee and Senate Finance Committee

Report on Havana Charter for an International Trade Organization

At the request of the Committee on Ways and Means, the Tariff Commission prepared a report on the Havana Charter for an International Trade Organization. The report analyzes the ITO Charter and discusses the changes which acceptance of it would necessitate in the laws and practices of the United States. Although most of the laws and practices of this country are in conformity with the obligations which acceptance of the Charter would impose, some would have to be modified significantly if the United States should ratify the Charter.

The larger part of the report deals with provisions of the Charter relating to international commercial policy, such as those regarding most-favored-nation treatment, tariff bargaining, internal taxes and regulations affecting import trade, quantitative restrictions, subsidies, state trading, and valuation for duty purposes. Other sections of the report cover the provisions of the Charter regarding maintenance of employment and economic activity, economic development and reconstruction, restrictive business practices which tend to have harmful effects on international trade, intergovernmental commodity agreements, the organization and functions of the proposed ITO, and various procedural matters. (A summary of the report will be found in appendix I.)

Revision of the Summaries of Tariff Information

During the fiscal year 1949 the Commission completed revising the Summaries of Tariff Information on all dutiable commodities, and made substantial progress in revising the summaries on duty-free commodities. There are about 2,000 separate summaries on dutiable commodities; these were issued in 15 volumes containing a total of

more than 5,000 pages. There will be about 500 summaries on free commodities containing about 1,000 pages. Each summary gives the tariff history of the commodity; contains statistics on United States production; analyzes imports and exports; and provides other data pertinent to an understanding of the conditions of competition between imports and domestic production.

The work of revising the summaries was initiated in July 1947 in response to a resolution of the Ways and Means Committee. Already the revised summaries have been used extensively by the Congress, the Trade Agreements Committee, and other Government agencies. They have also been in great demand by domestic producers and importers and by the public generally.

There follows a list of the separate documents in the series of summaries on dutiable commodities (the paragraphs referred to in the list are those in the Tariff Act of 1930) :

Volume 1. Chemicals, Oils, and Paints :

- Part 1. Non-coal-tar acids, alcohols, resins, and medicinals ; and miscellaneous chemicals (paragraphs 1-18)
- Part 2. Principally coal-tar products, cellulose compounds, and non-coal-tar esters and ethers (paragraphs 19-37)
- Part 3. Principally tanning materials, glues, gelatins, and salts of magnesium and lead (paragraphs 38-51)
- Part 4. Fats and oils, including essential oils ; and perfume materials (paragraphs 52-62, 1730, and 1732)
- Part 5. Principally pigments ; paints ; soaps ; starches ; and compounds of sodium, potassium, copper, and zinc (paragraphs 63-97, 1612, 1659, 1753, and 1781)
- Part 6. Crude petroleum and petroleum products (paragraphs 1710 and 1733)

Volume 2. Earths, Earthenware, and Glassware :

- Part 1. Refractories, pottery, nonmetallic minerals, and manufactures (paragraphs 201-216)
- Part 2. Glass, glassware, and stone (paragraphs 217-236)

Volume 3. Metals and Manufactures :

- Part 1. Principally pig iron, ferrous scrap, and ferro-alloys (paragraphs 301 and 302)
- Part 2. Principally iron and steel mill and foundry products (paragraphs 303-338)
- Part 3. Principally household articles, cutlery, timepieces, and electrical equipment (paragraphs 339-368)
- Part 4. Principally vehicles and machinery except electrical (paragraphs 369-372)
- Part 5. Principally nonferrous metals, miscellaneous metal products, and solid fuels (paragraphs 373-397, 1620, 1634, 1650, 1657, 1658, and 1719)

Volume 4. Wood and Manufactures (paragraphs 401-412, 1760, and 1803)

- Volume 5. Sugar, Molasses, and Manufactures (paragraphs 501-506)
- Volume 6. Tobacco and Manufacturers (paragraphs 601-605)
- Volume 7. Agricultural Products and Provisions:
- Part 1. Livestock, meats; and dairy and poultry products (paragraphs 701-716)
 - Part 2. Fishery products (paragraphs 717-721)
 - Part 3. Grains and grain products (paragraphs 722-733)
 - Part 4. Fruits and fruit products (paragraphs 734-752 and 1649)
 - Part 5. Bulbs, plants, edible nuts, and seeds (paragraphs 753-764 and 1727)
 - Part 6. Principally vegetables, spices, cocoa, and long-staple cotton (paragraphs 765-783 and 1768 (part))
- Volume 8. Spirits, Wines, and Other Beverages (paragraphs 802-809)
- Volume 9. Cotton Manufactures (paragraphs 901-924)
- Volume 10. Flax, Hemp, Jute, and Manufactures (paragraphs 1001-1023)
- Volume 11. Wool and Manufactures:
- Part 1. Raw wool and related hair (paragraphs 1101-1104)
 - Part 2. Manufactures of wool and related hair (paragraphs 1105-1122)
- Volume 12. Silk Manufactures (paragraphs 1201-1211)
- Volume 13. Manufacturers of Rayon or Other Synthetic Textile (paragraphs 1301-1312)
- Volume 14. Papers and Books (paragraphs 1401 to 1413 inclusive)
- Volume 15. Sundries:
- Part 1. Asbestos products, athletic goods, beads, straw hats and braids, brushes, bristles, buttons, and cork products (paragraphs 1501-1511)
 - Part 2. Dice, toys, abrasives, fireworks, matches, ammunition, feathers, artificial flowers (paragraphs 1512-1518)
 - Part 3. Furs, fur felt hats, hair products, fans (paragraphs 1519-1526)
 - Part 4. Jewelry and related articles, and gem stones (paragraphs 1527 and 1528)
 - Part 5. Laces, embroideries, braids, elastic fabric, and related articles (paragraph 1529)
 - Part 6. Cattle hides and calfskins; leather and leather products (paragraphs 1530-1532)
 - Part 7. Fishing tackle, rubber products, and manufactures of miscellaneous materials (paragraphs 1533-1540, 216 (part), and 369 (c))
 - Part 8. Musical instruments and accessories; phonographs; dictophones (paragraphs 1541 and 1542)
 - Part 9. Works of art, pencils and pens, photographic goods, smokers' articles, and miscellaneous dutiable products (paragraphs 1543-1559)

War Changes in Industry Series

During 1949 the Commission issued a report on woolens and woreds, which constituted its twenty-ninth report in the series on the effects of the war on the United States industries. Undertaking this series in 1945 in response to requests from the House Committee on Ways and Means and the Senate Committee on Finance, the Commission had planned a series of much greater scope than the 29 reports now issued. Pressure of other work on a depleted staff, however, has

made it necessary to set aside this project from time to time, and because of changed conditions in the past 4 years no further reports with this particular orientation are planned. A summary of this report, the final one in the series (*Woolens and Worsteds*, Rept. No. 29, War Changes in Industry Series), is included in appendix I.

Changes since 1929 in the international-trade policies of foreign countries

During 1949 the Commission continued work on its series of reports on Trade Problems of the Latin American Republics, prepared in response to a request from the House Committee on Ways and Means and the Senate Committee on Finance for information on changes in the international-trade policies of foreign countries. Two additional reports were issued during 1949—on the mining and manufacturing industries in Guatemala and in Honduras.

A total of 50 reports on the Latin American countries has now been released. The reports are divided into four series, as follows: (1) Economic Controls and Commercial Policy, consisting of 20 reports, all of which have been completed; (2) Mining and Manufacturing Industries, also a series of 20 reports, which is now completed; (3) Agricultural, Pastoral, and Forest Industries, consisting of 7 reports, now completed; and (4) Recent Developments in Foreign Trade, a series which to date consists of 3 reports and which is planned to include reports on 4 additional countries.

Summaries of the 2 reports released during 1949 will be found in appendix I.

Assistance at hearings on extension of the Trade Agreements Act

During the consideration of the legislation for the extension of the Trade Agreements Act, which resulted in the passage of the Trade Agreements Extension Act of 1949, the Tariff Commission responded to a request to assign members of its staff to work directly with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the United States Senate. The Commission was also active in supplying information to individual members of the committees.

Other Work for the Congress

Reports on fishing industry

At the request of the Department of State, the Commission furnished factual material for the Department's report submitted in response to a House resolution (H. Res. 147) on May 17, 1949. This material included a discussion of the general impact of foreign competition on

the United States fishing industry, together with data on consumption, production, trade, and tariff status of groundfish fillets, other fish fillets, whole or partly dressed salt-water fish, whole or partly dressed fresh-water fish and eels, crabmeat, lobsters, shrimp, and canned tuna.

Another resolution (H. Res. 174) directed the Secretary of State, the Secretary of Commerce, and the Tariff Commission to make a study of the effects on the domestic fishing industry of the increasing imports of fresh and frozen fish and to report to Congress thereon not later than September 15, 1949. In accordance with this resolution the Commission participated in the preparation of a report concerning the competition between foreign and domestic fishery products in the United States markets. This report stresses the trade in fresh and frozen fillets, wherein competition between the imported and domestic products is especially keen. The report also includes data on production, imports, exports, and consumption of the various fresh and frozen products of the fisheries and gives the tariff status of the several kinds of fish and fish products. The Tariff Commission did not participate in the conclusions set forth by the Secretaries of State and Commerce in the report.

Reports on pending legislation

More than 50 bills and resolutions have been referred to the Commission for comment and report since the opening of the Eighty-first Congress, 25 of them from the Ways and Means Committee, 22 from the Finance Committee, and the rest from other committees. Practically all of the bills commented upon by the Commission related to some phase of foreign trade or to the tariff or exemption from tariff of imports of particular commodities. For most bills, detailed reports were required to give the information needed by the committees. Indicative of the types of bills referred to the Commission for comment were ones providing for the temporary suspension of duties or import taxes on plywood, aluminum, copper, lead, zinc, and metal scrap; the imposition of duties on certain articles, among them being undressed rabbitskins, certain counting and registering devices, and patna rice; generalization of the so-called "substitution" provision relating to the payment of draw-back; and amendment of the laws relating to free-trade zones.

Requests from individual Senators and Representatives

Approximately 200 requests have been received from individual members of Congress since the opening of the first session of the Eighty-first Congress. A number of these requests were for compilations of production, import, and export data, information relative

to the tariff history of specified commodities, or information concerning the competition encountered from imports of certain articles. Other requests related to questions such as the practice of Canada regarding its preferential rate of duty on Australian wool, under which the preferential rate does not apply to such wool if shipped through a non-British country, and the effect of the consequent loss of business to a specified United States port; and the import controls of foreign countries. In response to another request the Commission prepared a compilation covering 63 commodity classifications, giving trade data for 1947, 1948, and a pre-trade-agreement year, as well as the ratio of production to consumption, the principal producing States, and rates of duty. As a result of still another request the Tariff Commission issued the report *Extent to Which Authority under the Trade Agreements Acts to Reduce Rates of Duty Has Been Exercised*. (A summary of that report appears in appendix I.)

Changing conditions affecting costs of production, prices, and profits in the sheep-ranching industry in the western region of the United States prompted one Senator to ask the Tariff Commission to bring up to date a study which it had previously made covering the period 1940-46. The results, embodied in a report issued in 1949, are summarized in appendix I of this annual report.

TRADE-AGREEMENT ACTIVITIES

Functions Under Trade Agreements Extension Act of 1949

On September 26, 1949, the President signed the Trade Agreements Extension Act of 1949. This act repeals the Trade Agreements Extension Act of 1948 and extends to June 12, 1951, the President's authority to negotiate reciprocal trade agreements. Under the new act the Tariff Commission is no longer required, as it was under the act of 1948, to determine and report to the President the maximum duty reduction that might be made on each article listed for possible trade-agreement concession without causing or threatening serious injury to the domestic industry producing a similar article.

Procedures to be followed in concluding trade agreements under the new act are prescribed by Executive Order 10082, issued October 5, 1949. These procedures are essentially the same as those in force before the passage of the Trade Agreements Extension Act of 1948 and the issuance of Executive Order 10004. Under the new order, which supersedes Executive Order 10004, a Commissioner of the Tariff Commission serves on the Interdepartmental Trade Agreements Committee and serves as chairman of the Committee for Reciprocity Information, and members of the Commission's staff participate in the work of the interdepartmental subcommittees engaged in trade-agreement activities.

The new Executive order continues the designation of the Tariff Commission as the agency to investigate matters coming within the provisions of the "escape clause" in trade agreements. This clause provides that under certain specified conditions a tariff concession may be withdrawn or modified if it has resulted in serious injury to the domestic industry concerned or threatens to have that result.

The order also provides that the Commission shall continue to supply the trade agreements organization with pertinent information concerning all import commodities listed for possible trade-agreement concessions, that it shall keep informed on all developments in the trade agreements program, and that at least once each year it shall report to the President and to Congress on the operation of the program.

Activities Under Trade Agreements Extension Act of 1948 and Executive Order 10004

The Trade Agreements Extension Act of 1948 (repealed by the 1949 act described above) prescribed new duties for the Tariff Commission, and Executive Order 10004 of October 5, 1948, prescribed procedure for the Commission to follow in carrying out the new functions.

This order directed the Tariff Commission to (1) investigate each item on the list of import articles to be considered in negotiating a trade agreement and report its findings to the President; (2) furnish the Trade Agreements Committee with information on import items to be considered; (3) investigate, under the escape clause of trade agreements, injury or threatened injury to domestic industry resulting from a trade-agreement concession; (4) report at least once a year on the operation of the trade agreements program; and (5) prescribe rules for investigations and hearings in connection with the carrying out of the Commission's duties under the Executive order. (Executive Order 10004 has been superseded by Executive Order 10082, referred to elsewhere in this report.)

Preparation for new trade agreements: "Peril point" investigations

The Trade Agreements Extension Act of 1948 required the Commission to submit findings to the President on the minimum tariff protection (within the limits of authority to change tariff rates under the law) that might be accorded on each commodity in any new trade agreement without causing or threatening serious injury to the American industry concerned. The report of these findings of "peril points" was to be made within 120 days after receiving from the President the list of items to be considered for possible concessions. Within these 120 days the Commission had to hold hearings, analyze the information submitted by interested parties, and review all other data already in its possession or obtained by special investigations. In preparation for the Ancey negotiations of 1949, in which 11 countries not then parties to the General Agreement on Tariffs and Trade participated, the Commission reported as to peril points on about 500 items, about one-tenth of the total number in the tariff schedule.¹

The first "peril point" investigation was ordered on November 5, 1948, and a public hearing was held December 7-14, 1948. This inves-

¹ These 11 countries were Colombia, Denmark, Dominican Republic, Finland, Greece, Haiti, Italy, Liberia, Nicaragua, Sweden, and Uruguay. El Salvador and Peru had made request to accede to the General Agreement but withdrew their request while preparations for the Ancey negotiations were in progress. Colombia, which participated in the Ancey conference, withdrew its application to accede to the General Agreement near the end of the conference.

tigation covered the articles included in the first list of import items announced on November 5, 1948, to be considered in forthcoming negotiations at Annecy. The report on these articles was sent to the President on March 4, 1949. A second investigation was instituted on December 17, 1948, to cover articles included in a supplemental list received from the President. A public hearing was held concerning these items January 25–27, 1949, and a report was sent to the President on April 14. In both these investigations interested parties who were unable to attend the public hearings and present oral testimony were permitted to file written statements with the Tariff Commission. In the first investigation 87 witnesses were heard and 127 written statements were received. In the second investigation, which covered a considerably smaller number of commodities, 34 witnesses appeared at the hearing and 26 written statements were filed.

Technical assistance to Trade Agreements Committee and delegation to Annecy, France

Under the Trade Agreements Extension Act of 1948 members of the Commission and Commission experts were prohibited from participating either in the negotiation of trade agreements or in the formulation of the terms of trade agreements by serving on the Interdepartmental Trade Agreements Committee, its auxiliary country committees, or the Committee for Reciprocity Information. However, at the request of the Trade Agreements Committee certain members of the Tariff Commission staff were present as observers at virtually all its meetings and those of the country committees which made preparation for the negotiations at Annecy. The Tariff Commission observers responded to requests of these committees for technical information and assistance, and for information concerning the tariffs and trade policies of the countries with which negotiations were proposed. They also recorded the acts of the Trade Agreements Committee and its subcommittees, for the information of the members of the Tariff Commission.

A small group of Tariff Commission experts, again at the request of the Trade Agreements Committee, attended the session in Annecy as observers, for the purpose of furnishing pertinent trade and technical information to assist the trade-agreement authorities, and of keeping the Commission informed of developments.

Reports on operation of the trade agreements program

In 1947 Executive Order 9832 directed the Tariff Commission to submit at least once each year to the President and to the Congress a report on the operation of the trade agreements program. Super-

seding Executive Orders 10004 (1948) and 10082 (1949) continued this directive. In fulfillment of this responsibility the Commission issued in May 1948 its preliminary first report on the operation of the trade agreements program. The report covered the program from the time of its inception in 1934 to April 1948. The report was issued in preliminary form in order that it should be available to the Congress while the extension in 1948 of the President's authority to negotiate trade agreements was under consideration. At that time it was not possible to complete a detailed analysis of the concessions obtained by the United States from foreign countries in the General Agreement on Tariffs and Trade, which was concluded at Geneva, Switzerland, on October 30, 1947. Later, the preliminary report was revised and extended to take more adequate account of the concessions obtained in the General Agreement. The report as finally completed consists of five volumes (389 pages in all).

The Commission's second report on the operation of the trade agreements program, covering developments from April to March 1949, was issued in preliminary form in June 1949. The report has since been sent to the printer and is now in press. Although no new trade agreements were concluded by the United States in the period to which this second report relates, several developments of importance to the trade agreements program occurred and are discussed in the report. Among these may be mentioned the extension, with important amendments, of the United States Trade Agreements Act; changes made in the provisions of the General Agreement on Tariffs and Trade; the preparation for and initiation of negotiations with additional countries which had indicated their desire to accede to the General Agreement; and the rather widespread invocation by countries parties to trade agreements with the United States of provisions which permit them to deviate in exceptional circumstances from their trade-agreement commitments. A summary of this report is included in appendix I.

Safeguarding ("escape") clause in trade agreements

The agreement with Mexico, which agreement became effective in January 1943, contained an escape clause providing that, under specified conditions, either country party to the agreement might withdraw or modify any concession made. Since then all trade agreements concluded by the United States, including the multilateral General Agreement, have contained a similar clause. Executive orders of the President charge the Tariff Commission with the responsibility of making investigations relevant to invocation of these escape clauses by the United States.

Applications for investigations.—Beginning in 1948 the Commission began to receive applications from interested parties for investigations under the escape clause. Ten such applications have now been received. All of them have involved the preparation of preliminary reports by the staff. Six have been dismissed on the ground that the then existing situations did not justify formal investigation. One investigation has been ordered, and a report on it is now before the Commission for consideration. Three applications are still pending. There follows a list of the applications received:

Commodity	Name and address of applicant	Date received	Status
Marrons.....	G. B. Raffetto, Inc., New York, N. Y.	Apr. 20, 1948	Dismissed Aug. 27, 1948.
Whiskies and spirits.....	U. S. Distillers Tariff Committee, Washington, D. C. (Application filed on behalf of 28 distilling companies.)	Sept. 7, 1948	Dismissed Jan. 3, 1949.
Spring clothespins.....	The DeMerritt Co., Waterbury, Vt.; Diamond Match Co., B.F.D. Division, New York, N. Y.; Forster Manufacturing Co., Inc., Farmington, Maine; Munising Wood Products Co., Chicago, Ill.; National Clothes Pin Co., Inc., Montpelier, Vt.; Penley Bros., West Paris, Maine; The Wallace Corp., St. Louis, Mo.	Nov. 10, 1948	Investigation ordered Apr. 27, 1949; hearing held June 1, 1949.
Knitted berets, wholly of wool ¹	The American Basque Berets, Inc., New York, N. Y.	Feb. 11, 1949	Dismissed July 8, 1949.
Crude petroleum and petroleum products.	Independent Petroleum Association of America, Washington, D. C.	Feb. 15, 1949	Dismissed May 3, 1949.
Hops.....	U. S. Hop Growers Association, San Francisco, Calif.	Mar. 28, 1949	Dismissed May 11, 1949.
Reeds, wrought or manufactured from rattan or reeds, cane wrought or manufactured from rattan, cane webbing, and split or partially manufactured rattan, n. s. p. f.	American Rattan & Reed Manufacturing Co., Brooklyn 23, N. Y.	May 20, 1949	Pending.
Narcissus bulbs.....	Northwest Bulb Growers Association, Sumner, Wash.	June 9, 1949	Pending.
Sponges, n. s. p. f.....	Sponge Industry Welfare Committee, Chamber of Commerce, Board of City Commissioners, Greek Community, all of Tarpon Springs, Fla.	June 14, 1949	Dismissed July 22, 1949.
Knit gloves and knit mittens, finished or unfinished, wholly or in chief value of wool; gloves and mittens, embroidered in any manner, wholly or in chief value of wool; gloves or mittens, knit or crocheted, finished or unfinished, wholly or in chief value of cotton.	Association of Knitted Glove & Mitten Manufacturers, Gloversville, N. Y.	Aug. 5, 1949	Pending.

¹ A second application on these articles, now pending, was filed Nov. 23, 1949.

In addition to the formal applications filed for investigation under the "escape" clause in trade agreements, a number of informal conferences have been held with representatives of industry concerning this provision. The Commission welcomes this kind of conference, which may be arranged by addressing a request to the Secretary of the Com-

mission stating the subject to be discussed at the proposed conference.

Investigation of spring clothespins.—On April 27, 1949, the Tariff Commission instituted an investigation under part III of Executive Order 10004 of October 5, 1948, in response to an application for action on spring clothespins under the escape clause in the agreement with Mexico. On June 1 the Commission held a public hearing at which interested parties were given opportunity to present evidence.

The rate of duty on spring clothespins in the Tariff Act of 1930 was 20 cents per gross. This rate was reduced to 15 cents per gross in the trade agreement with Sweden, effective in 1935, and to 10 cents per gross in the trade agreement with Mexico, effective in 1943. In trade-agreement negotiations in 1949 at Annecy, France, the United States agreed to continue the existing rate of 10 cents per gross on spring clothespins with the following proviso:

Provided, that if less favorable customs treatment for spring clothespins is established by or pursuant to a proclamation issued by the President of the United States of America, pursuant to proceedings instituted April 27, 1949, in accordance with Article XI of the trade agreement of December 23, 1942, between the United States of America and the United Mexican States, the treatment of spring clothespins for the purposes of this item shall be that so established (included in United States concessions granted under schedule XX (par. 412) attached to *Protocol of Accession and Schedules to the General Agreement on Tariffs and Trade*, negotiated at Annecy, France, April–August 1949).

The Annecy concession on spring clothespins was initially negotiated with Sweden and Denmark. Although the Annecy concessions are not yet in effect, they are likely to enter into effect in the near future.

The question to be decided by the investigation is whether as a result of unforeseen developments and of the concession granted in the trade agreement with Mexico, spring clothespins are being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar articles.

Effect of trade-agreement concessions on United States tariff levels

In May 1949 the Tariff Commission issued a report designed to show the effect on customs duties of all concessions made by the United States under the trade agreements program. This report, in the form of a statistical compilation, shows the number of rates reduced, the number bound against increase, the general level of duties in 1949 in comparison with preagreement duties, and the amount of trade that has been affected by tariff concessions, using 1947 import data as a basis. The report is discussed further in appendix I.

OTHER ACTIVITIES

Philippine Trade Act of 1946: Report on Processing Tax on Coconut Oil

Acting on a report of the Tariff Commission, the President on July 27, 1949, issued a proclamation reimposing the 2-cent-per-pound additional processing tax on coconut oil derived from copra produced in foreign countries other than the Philippines. This tax had been suspended early in the war, when trade with the Philippines had been cut off, so as to augment United States supplies of much needed coconut oil. The Commission having found that adequate supplies are available from the Philippines, the reimposition of the tax was in accordance with the Philippine Trade Act of 1946 and with the trade agreement between the United States and the Philippines provided for in that act. (The Commission's report on coconut oil is summarized in appendix I.)

Section 22 of the Agricultural Adjustment Act: Long-Staple Cotton Investigation

Section 22 of the Agricultural Adjustment Act authorizes the President to restrict imports of agricultural commodities if they render ineffective or materially interfere with any program of the Department of Agriculture. Before the President takes any such action there must be an investigation (including a public hearing) and a report and recommendations by the Tariff Commission. In 1948 Congress enacted legislation extending the scope of the programs to which the section would apply, and thereby expanding the potential scope of the Commission's functions under the section.

In June 1949 the Tariff Commission reopened the investigation on cotton under the provisions of section 22 to determine whether the circumstances requiring the import quota on long-staple cotton continued to exist, or whether changed circumstances required modification of the quota or of the method of administering it. A public hearing was held on July 7, 1949. Among specific questions advanced for consideration at the hearing were (1) should imports be subject to license for purposes of allocation to consuming mills according to their individual needs? (2) should the quota year be changed to begin on a date other than September 20? (3) should the quota be subdivided to put limits on the amounts that may be entered quar-

terly? and (4) should imports be permitted only by or for the account of consuming mills?

In accordance with the findings and recommendations contained in the Commission's subsequent report, the President, on September 3, 1949, proclaimed February 1 (instead of September 20 as heretofore) to be the opening date of the quota year for imports of cotton having a staple of $1\frac{1}{8}$ inches or more but less than $1\frac{11}{16}$ inches in length, with an interim quota of 16,487,042 pounds on such cotton during the period September 20, 1949, to January 31, 1950. The Commission made no finding or recommendation on the other proposals advanced during the course of the investigation. It will continue to study them in order to be in a position later, if conditions warrant, to report to the President on the advisability, for the long term, of adopting any of them.

Section 336, Tariff Act of 1930

During the fiscal year 1949 the Tariff Commission received seven applications for investigation under section 336, the so-called flexible-tariff provision, of the Tariff Act of 1930. This section prescribes procedure for ascertaining differences between domestic and foreign costs of production. The number of applications was larger than had been received in any previous year since the passage of the Trade Agreements Act in 1934. Two applications are still under study to determine whether a formal investigation is justified; four applications, after careful consideration, were dismissed; and a formal investigation was ordered on one other application (almonds).

When an application for an investigation under section 336 is filed, the first step is to conduct a preliminary study to determine whether the situation is such as to warrant a formal investigation. Considerable work is required even on applications which do not result in formal investigations. There follows a list of the applications received for investigation, all of these applications looking toward increases in duty:

Commodity	Name and address of applicant	Date received	Status
Almonds, shelled and blanched.	California Almond Growers Exchange, Sacramento, Calif.	July 8, 1948	Investigation ordered Sept. 16, 1948; hearing held Dec. 3, 1948. ¹
Lemons and lemon oil.....	The California Fruit Growers Exchange, Exchange Lemon Product Co., Mutual Orange Distributors, American Fruit Growers, Independent Citrus Growers & Shippers Association, and Southern California Citrus Fruits.	Nov. 26, 1948	Dismissed Mar. 18, 1949.
Wooden umbrella handles...	Gus Schlesinger Co., Newark, N. J.	Dec. 13, 1948	Dismissed Mar. 22, 1949.

¹ See text footnote 1.

Commodity	Name and address of applicant	Date received	Status
Filberts, not shelled.....	Northwest Nut Growers, Dundee, Oreg.	Jan. 24, 1949	Dismissed Apr. 8, 1949.
Olive oil, in all size containers.....	Olive Advisory Board, San Francisco, Calif.	Mar. 15, 1949	Dismissed May 4, 1949.
Dental burs.....	American Dental Trade Association, Washington, D. C., filed on behalf of S. S. White Dental Manufacturing Co., Philadelphia, Pa.; Ransom & Randolph Co., Toledo, Ohio; and Lee S. Smith & Son Manufacturing Co., Pittsburgh, Pa.	June 3, 1949	Preliminary study under way.
Filberts, not shelled.....	Northwest Nut Growers, Dundee, Oreg.	Sept. 2, 1949	Preliminary study to be made.

On September 16, 1948, the Commission ordered an investigation under section 336 on almonds, shelled, and on almonds, blanched, roasted, or otherwise prepared or preserved. The investigation was later extended to include almonds, not shelled. A public hearing was held on December 3, 1948. In the course of the investigation extensive field work was undertaken among importers and also in the almond-growing areas (Pacific coast).¹

Section 337, Tariff Act of 1930

Section 337 of the Tariff Act of 1930 provides for investigations by the Tariff Commission of alleged unfair methods of competition and unfair acts in the importation or sale of articles in the United States, and for reports to the President on cases in which such methods or acts are found.

During 1949 two complaints were filed under the provisions of this section. In January the Ralston Purina Co. of St. Louis, Mo., filed a complaint of unfair competition in the importation of crisp rye wafers under a name which the complainant alleged to be sufficiently close to its trade name as to cause confusion in the minds of the consumers. Preliminary study disclosed that the trade names of both the domestic producer and the importer were registered, and the Commission dismissed the complaint. The second complaint of unfair competition was filed on August 1 by the Chicago Metal Hose Corp. of Maywood, Ill. This complaint alleges that certain machines for manufacturing corrugated flexible metal tubing or hose, now being imported or about to be imported into the United States, contain features which infringe United States patents owned by the complainants, and that such impor-

¹ While this annual report was in preparation, the Tariff Commission sent the President its report on the almond investigation. The conclusions of the majority of the Commission were that a finding as to difference between the cost of production of almonds in the United States and in the principal competing country (Italy) could not be made because invoice values of imports in this case could not be taken as evidence of cost of producing almonds in Italy.

tation is an unfair method of competition or unfair act under section 337. This complaint is still pending.

Synthetic Organic Chemicals

For many years the Commission has issued annual preliminary and final reports on the production and sales of synthetic organic chemicals and their raw materials. Until the current year it was the practice to issue a single preliminary report covering all such chemicals grouped according to their principal uses; as a result, the report was usually not released before September following the end of the calendar year to which the data related. At the request of the industry and of the Division of Statistical Standards of the United States Bureau of the Budget, the Commission changed its procedure with the preliminary report covering the calendar year 1948, issuing it in 13 separate sections, each section being made public as soon as sufficient data had been received. The first section was issued early in June 1949 and all sections had been issued by the end of July. This earlier release of the preliminary report has made it possible to advance the date of issuing the final report by several months.

Members of the industry have sent the Commission a number of letters attesting to the usefulness of the preliminary report for 1948 and emphasizing the importance of continued prompt issuance. Departure from the usual practice of issuing the preliminary report under one cover entailed considerably more work both for those preparing the material and for the service units processing and distributing it. The final report for 1948 was issued in a single document, giving final statistics for each section of the organic chemicals industry, together with a Directory of Manufacturers, statistics on imports of chemicals entering the country under paragraphs 27 and 28 of the Tariff Act of 1930, and statistics on personnel engaged in organic chemical research and on research expenditures.

Demand for both the current and the earlier reports on this subject has increased. The only reports for the years 1918-39 still available are those for the years 1921, 1926, and 1927, and these only from the Government Printing Office. All these reports will be found in the main public libraries in the larger cities and in the libraries of many universities.

During World War II the Commission compiled production data on certain specified synthetic organic chemicals that are important to the economy or health of the Nation. These data proved so valuable to the Government and to industry that the Commission has continued to issue the monthly releases in the Facts for Industry Series 6-2.

Among the items reported in recent monthly releases are penicillin and its salts, certain barbituric acid derivatives, creosote oil, and certain dyes.

Since 1942 the Commission has compiled annual data on imports of coal-tar products. This compilation covers imports of intermediates, dyes, medicinals, flavor and perfume materials, and other finished coal-tar products under paragraphs 27 and 28 of the Tariff Act of 1930. The compilation containing data for 1948 was issued in March 1949.

In November 1948 the Tariff Commission issued its first release in the Facts for Industry Series 6-10, giving monthly statistics of shipments and consumption of plastics and synthetic resins. The Bureau of the Census of the United States Department of Commerce, which had previously issued this information, ceased to do so in 1948. At the request of Government agencies concerned with national security and of interested industries, the Tariff Commission undertook the collection and the monthly distribution of the data. In response to later requests of industry and the Department of Defense, the series was expanded to include statistics on resins for protective coatings. A further change consisted in giving separately data on production and sales rather than data on consumption in producing plants plus shipments. (These reports and releases are summarized in appendix I.)

Unmanufactured Copper, Lead, and Zinc

In August 1949 the Tariff Commission issued a report summarizing changes in United States production, consumption, imports, and exports of unmanufactured copper, lead, and zinc, as shown by the latest available Government statistics.

This publication was designed to facilitate the comparison of recent trends for the three metals. It presents annual information for selected years from 1937 to 1948, supplemented by quarterly and monthly data for the five quarters January 1948 through March 1949, and for April and May 1949. The more recent information appears in part 1 of the report. Part 2 comprises the Commission's summaries of tariff information prepared in 1948; it sketches world as well as domestic developments in production, consumption, foreign trade, and competitive conditions relating to these metals.

There had been many requests for the latest available information regarding developments in the copper, lead, and zinc industries. The report was prepared to meet these requests and to serve as a convenient reference work for those interested in legislative proposals regarding the three metals pending before Congress. (A summary of the report appears in appendix I.)

Fisheries Convention

A member of the Commission's staff participated in the drafting and negotiation of the Northwest Atlantic Fisheries Treaty. This convention was signed in February 1949 by representatives of the Governments of Canada, Denmark, France, Iceland, Italy, Newfoundland, Norway, Portugal, Spain, the United Kingdom, and the United States. It contains provisions relating to investigation, protection, and conservation of the fisheries of the Northwest Atlantic Ocean, with a view to maintenance of a maximum sustained catch from those waters.

Cooperation With Other Government Agencies

Section 334 of the Tariff Act of 1930 provides for cooperation between the Tariff Commission and other agencies of the Federal Government. The Commission complies with this provision by supplying technical information requested by various agencies and by serving on interdepartmental committees.

Continuous cooperation is practiced between the Commission and the Bureau of Customs of the United States Treasury Department and the Bureau of the Census of the United States Department of Commerce. The Bureau of the Census supplies the Commission with necessary statistical data regarding foreign trade, and the Tariff Commission assists that Bureau in revision of its several compilations prescribing the items to be distinguished in reporting imports and exports. A description of the work done on these revisions follows:

Schedule A

Although most of the work involving changes in Schedule A, *Statistical Classification of Imports into the United States*, was done during 1948 by reason of the General Agreement on Tariffs and Trade negotiated at Geneva, Switzerland, considerable time was spent in 1949 in incorporating these commodity reclassifications and rate-of-duty changes into the latest edition, in preparation for reprinting of this schedule, which contains more than 6,000 items, as of July 1, 1949. Recently, the Commission's representative on the Advisory Committee on Foreign Trade Commodity Classification made a comprehensive review of the manuscript prepared by the Census Bureau for transmittal to the Government Printer.

Schedule B

A major revision of Schedule B, *Statistical Classification of Domestic and Foreign Merchandise Exported From the United States*, was

made during 1948 for the January 1, 1949, edition; this revision was facilitated by the establishment of working groups composed of commodity specialists from the various Government agencies, including the Tariff Commission, represented in the Advisory Committee on Foreign Trade Commodity Classification.

Since then, changes in Schedule B have been held to a minimum, except for the inspection of new items to be added to the listings under the commodity classes, and except for a study of strategic items which for security reasons the Census Bureau groups as "Special Categories" in its official export and shipping statistics.

Schedule E

The Statistical Division of the Tariff Commission maintains a basic file of United States import data arranged by tariff schedules and tariff paragraphs, with detailed statistics by Schedule A commodity classes. These imports (for consumption) are posted monthly by decoding the official machine tabulations referred to as Schedule E, copies of which are furnished the Commission by the Census Bureau.

Work of the New York Office

During 1949 the work of the New York office was heavier than usual because of preparation for new trade agreements, applications and investigations under the escape clause of trade agreements, applications and investigations under section 336 of the Tariff Act of 1930, complaints under section 337, and special services to other Government agencies.

The New York office analyzes consular and commercial invoices attached to the original customhouse documents in order to obtain detailed data as to commodity descriptions, grades, qualities, and other matters not available in published statistics of the United States Department of Commerce. This, its principal work, is coordinated with other activities of the Commission through an invoice analysis unit in Washington. The New York office also makes contacts with importers and others in the New York area and sometimes conducts more extensive investigations in that area, to obtain information necessary for certain of the Commission's activities.

During the year the staff of the New York office analyzed some 850 statistical commodity classifications, covering imports into all customs districts. Of these, 550 were analyzed for each month and 300 for alternating months.

Service to Representatives of Industry, Agriculture, and Labor

Although the dominant proportion of the Commission's activities is represented by work for Congress, the performance of other specific functions required under law, and the preparation of reports and surveys relating to international trade problems, the Commission also provides a large volume of information on specific problems in response to numerous requests from representatives of industry, agriculture, and labor. These requests are received by letter, by telephone, and through personal visits at the offices of the Commission. Dealing with them entails a variety of services ranging from the preparation of special statistical compilations to meeting with individuals and officials for the discussion of problems in which they are interested.

Postponed Work

Lack of funds to increase its staff, or even to replace persons who have left the staff over a number of years, has forced the Tariff Commission to drop, curtail, or postpone a number of projects so that the necessary attention could be given to current work of the highest priority.

Among the curtailed projects is the War Changes in Industry Series, originally planned to include about 75 reports but brought to a close with publication of 29 reports.

Before the war the Commission published a number of comprehensive surveys on various United States industries such as those engaged in the production of flat glass; grapes, wines, and other grape products; earthen tile; iron and steel; and chemical nitrogen. These surveys proved to be very useful to the Congress and to members of the industries concerned. If its research staff were adequate, the Commission would cover more industries in this series.

In the past year the Commission has not been able to devote any time to the study of United States customs administrative laws and regulations or tariff classifications, with a view to adjusting them to accord with changed conditions. Recent criticism of United States customs laws and procedure has heightened the urgency of this study.

Notwithstanding the ever increasing demands made upon the Commission, its staff is now considerably smaller than it was 10 or 20 years ago. The progressive shrinkage in staff is shown by numbers on the roll on June 30 as follows:

<i>Year</i>	<i>Number on roll</i>	<i>Year</i>	<i>Number on roll</i>
1937-----	308	1945-----	301
1939-----	311	1947-----	235
1941-----	297	1949-----	239
1943-----	307	1949 (Oct. 31)-----	223

PERSONNEL AND ADMINISTRATION

Membership of the Commission

Oscar B. Ryder, Democrat from Virginia, has been a member of the Tariff Commission since June 1934. In 1945 he was reappointed by the President for the term ending June 16, 1951. Mr. Ryder has been Chairman of the Commission since July 1942 and was again designated by the President as Chairman for one year beginning July 1, 1949.

Lynn R. Edminster, Democrat from Illinois, has been a member of the Tariff Commission since June 1942. In 1949 he was reappointed by the President for the term ending June 16, 1955. Mr. Edminster has been Vice Chairman of the Commission since August 1942 and was again designated by the President as Vice Chairman for one year beginning August 4, 1949.

George McGill, Democrat from Kansas, was appointed to the Tariff Commission in August 1944. In February 1949 he was reappointed by the President for the term ending June 16, 1954.

Edgar B. Brossard, Republican from Utah, has been a member of the Tariff Commission continuously since July 1925. In May 1944 he was reappointed by the President for the term ending June 16, 1950.

E. Dana Durand, Republican from Minnesota, a member of the Commission since December 1935, was reappointed by the President in June 1946 for the term ending June 16, 1952.

John P. Gregg, Republican from Oregon, has been a member of the Commission since 1946 and was reappointed by the President in June 1947 for the term ending June 16, 1953.

Personnel

On June 30, 1949, the personnel of the Commission numbered 239, consisting of 6 Commissioners and 233 employees; 136 of the total number were men and 103 women.

The accompanying table shows the distribution of the staff as of June 30, 1948, June 30, 1949, and October 31, 1949.

Number of persons on the staff of the United States Tariff Commission, by title, departmental and field services, on June 30, 1948, June 30, 1949, and Oct. 31, 1949

Title	June 30, 1948	June 30, 1949	Oct. 31, 1949
Commissioners.....	5	6	6
Secretary.....	1	1	1
Director of Investigation.....	1	1	1
Chief Economist.....	1	1	1
Chief, Technical Service.....	1	1	1
Adviser.....	1	1	1
General Counsel.....	1	1	1
Executive Officer.....	1	1	1
Chiefs of Divisions.....	9	9	8
Acting Chief of Division.....			1
Chief, New York Office.....	1		
Acting Chief, New York Office.....		1	1
Assistant General Counsel.....	1	1	1
Chiefs of Sections.....	7	7	7
Librarian.....	1	1	1
Graphic Presentation Designer.....	1	1	1
Accountants.....	7	7	7
Commodity Specialists.....	44	52	46
Industrial Engineers.....	3	4	4
Economists.....	20	20	19
Commercial Policy Analysts.....	3	3	2
Attorneys.....	1	3	2
Marine and Foreign Transportation Specialist.....	1	1	1
Assistant Librarian.....	1	1	1
Library Assistants.....	3	3	3
Statistical Assistant.....	1	1	1
Secretaries to Commissioners.....	6	6	6
Junior Administrative Assistant.....	1	1	1
Clerks and Stenographers.....	83	86	79
Operators, Office Devices.....	7	7	7
Telephone Operators.....	3	3	3
Messengers.....	6	7	7
Skilled Laborer.....	1	1	1
Total.....	223	239	223

FINANCES AND APPROPRIATIONS, FISCAL YEAR 1949

The appropriated funds available to the Tariff Commission during the fiscal year 1949 were for salaries and expenses, \$1,248,300, and for printing and binding, \$20,000. At the end of the fiscal year the unobligated balance of available funds was \$95. Expenditures were as follows:

	<i>Item</i>	<i>Amount</i>
Salaries:		
Commissioners	-----	\$53, 716
Employees:		
Departmental	-----	1, 114, 325
Field	-----	40, 614
Overtime pay	-----	4, 312
Travel expense	-----	7, 545
Books of reference and publications	-----	3, 389
Communication service	-----	4, 331
Contractual services	-----	5, 228
Office equipment, supplies, etc	-----	14, 758
Printing and binding	-----	19, 987
Total	-----	1, 268, 205

APPENDIX I

SUMMARIES OF REPORTS ISSUED IN 1949

Operation of the Trade Agreements Program: Second Report

Executive Order 9832 of February 25, 1947, required the Tariff Commission at least once each year to submit to the President and the Congress a report on the operation of the trade agreements program. This requirement was continued in Executive Order 10004 of October 5, 1948, and again in Executive Order 10082 of October 5, 1949. In compliance with these orders, the Commission submitted its first report in April 1948. That report covered the period from June 1934 through April 1948.

The Commission's next report, *Operation of the Trade Agreements Program: Second Report* (Rept. No. 163, 2d ser.), now in press, was issued in mimeographed form in June 1949. It covers the period from May 1948 to April 1949. Since no trade agreement was negotiated in this period, the second report differs considerably from the first in both nature of contents and size. It deals mainly with

trade-agreement legislation enacted during the period covered, changes that were made in the provisions of the General Agreement on Tariffs and Trade, plans for the accession of new parties to the General Agreement and for negotiations with such parties, and the extent to which certain countries parties to the agreement during the year utilized the various exceptional provisions to deviate from those basic principles of the agreement which were adopted to further the long-run interests of multilateral trade.

The principal change in United States legislation affecting trade agreements during the period covered by the second report was the enactment of the Trade Agreements Extension Act of 1948, approved June 26, 1948. This act was repealed in August 1949 (see earlier section on trade-agreement activities). The report traces the legislative history of the act, describes its provisions, and discusses Executive Order 10004, which established procedures for the administration of the new law.

Because of the relationship between the General Agreement on Tariffs and Trade and the proposed Charter for an International Trade Organization, certain revisions in the latter, made at the United Nations Conference on Trade and Employment held at Havana, Cuba, November 21, 1947–March 24, 1948, were paralleled by revisions in the corresponding provisions of the General Agreement. Such revisions are described in the Tariff Commission's report.

This report was issued before the conclusion at Annecy, France, of the Third Session of the Contracting Parties to the General Agreement and of the tariff negotiations conducted at the same time. The results of the conference are therefore not covered in the report. Included, however, is a discussion of events leading to the conference and of preparatory work for it done by the Tariff Commission.

The report then deals with certain trade controls applied by various countries which, though perhaps unavoidable on a temporary basis, are generally regarded as inimical to the long-run program of increasing the flow of multilateral trade. Such controls, both tariff and nontariff, have arisen largely from the balance-of-payments difficulties which the so-called "soft currency" countries have experienced in their trade with "hard currency" countries.

The concluding chapter discusses the nontariff trade controls used by the United States during the period under review. These controls include a system of import licenses on certain commodities; the mixing regulations respecting the use of synthetic rubber; and the import quotas on wheat and wheat flour, cotton, and sugar.

Report on the Havana Charter for an International Trade Organization

The *Report on the Havana Charter for an International Trade Organization* was prepared by the Tariff Commission at the request of the Chairman of the Committee on Ways and Means of the House of Representatives.¹ This Charter was adopted by the Havana Conference which was concluded March 24, 1948. The Final Act of the Conference, authenticating the ITO Charter for submission to the governments represented, was signed by 54 countries including the United States. Acceptance or rejection of the Charter is still being considered by the United States and other countries.

Acceptance of the Charter by the United States would require legislative action; it was transmitted by the President to Congress on April 28, 1949, with a message recommending approval.

Although most of the Charter's provisions would not conflict with this country's laws and practices, a few would necessitate changes if the United States becomes a member of ITO. The Commission's report calls attention to the changes that would thus be required.

The Havana Charter prescribes rules for member countries as to policies and measures affecting their international trade, particularly their trade with other member countries, and defines the structure, functions, and procedures of the proposed ITO. ITO would provide facilities for collaboration among member countries on a wide range of economic problems related directly or indirectly to international trade. In addition, it would have authority (1) to relieve members of obligations undertaken by them in subscribing to the Charter, (2) to make findings pertinent to the interpretation of the obligations of members, and (3) to permit member countries under specified conditions to institute or maintain certain types of measures which, in the absence of such permission, would be in violation of their commitments. The only definite sanction that ITO would be authorized to apply against a member found to be violating its obligations would be to release other members from some or all of their Charter obligations to the offending member. However, since ITO would provide facilities for international discussion of trade policies of the various

¹In response to similar requests the Commission had previously prepared reports on earlier drafts of the Charter for an International Trade Organization. The first of those reports was on the so-called London Draft—the product of the First Session of the Preparatory Committee of the United Nations Conference on Trade and Employment; the second was on the Geneva Draft, which was drawn up at the Second Session of the Preparatory Committee. The report here summarized is more important than the two earlier ones because it deals with the Charter as finally proposed by the full United Nations Conference—the document which has been submitted to this and other governments for ratification.

members and effects of these policies on the interests of other members, it may influence public opinion as to such policies. Its influence, moreover, might in some instances extend to national policies involving no demonstrable commitments under the Charter.

The features of the code of conduct which the Charter would prescribe for member countries are contained in chapters II–VI, which relate to the following subjects:

Chapter II—Employment and Economic Activity

Chapter III—Industrial Development and Reconstruction

Chapter IV—Commercial Policy

Chapter V—Restrictive Business Practices

Chapter VI—Intergovernmental Commodity Agreements

The Commission's report indicates that some of the commitments that would be made by countries in subscribing to the Charter and becoming members of the ITO are in the nature of contractual obligations requiring specific performance and subject to enforcement through ITO in the manner referred to above. Other commitments set forth in the Charter cannot be so regarded; they are less definite. In the former category are most of the commitments in chapter IV, which relate to tariffs and other government measures directly affecting imports and exports, such as import and export quotas. In the latter category are the main commitments made in chapter II (Employment and Economic Activity), chapter III (Industrial Development and Reconstruction), and chapter V (Restrictive Business Practices).

Chapter II would pledge member countries to maintain domestic employment, to assist in the solution of balance-of-payments difficulties, and to maintain fair labor standards. Chapter III would commit them to develop and reconstruct their own economies and to facilitate such development and reconstruction in other member countries. Chapter V would pledge them to prevent business practices which restrain competition, limit access to markets, or foster monopolistic control whenever such practices have harmful effects on international trade. In all these matters the specific measures to be taken by member countries are not defined in the Charter, and the member countries are not committed to accept determinations of ITO as to the appropriate measures. Rather the measures to be taken are those which each member considers appropriate to its political, economic, and social institutions, and the member countries would not guarantee that the measures taken by them would accomplish the specified objectives.

In general, the commercial policy provisions of the Charter, which relate to tariffs and other governmental measures directly affecting imports and exports, such as quantitative import controls and export

subsidies, are less subject to interpretation by the individual countries than other provisions are. And it is in respect to the commercial policy provisions that ITO would have the most definite authority. For these reasons the commercial policy provisions are the heart of the Charter, and the analysis of them constitutes the major part of the Commission's report.

The commercial policy provisions of the Charter are generally designed to confine governmental controls of foreign trade by the member countries, so far as possible, to tariffs, and to promote the reduction of tariffs and the elimination of discriminatory tariff systems. The Charter recognizes, however, that for many countries it would not be feasible to eliminate the nontariff trade controls in the disturbed conditions of international trade and finance that now prevail, and that in some countries it is to be expected that imports and exports of some commodities will be conducted directly by State trading enterprises. Nevertheless, the Charter's provisions are clearly intended to make it feasible to continue and restore as much free enterprise in international trade as possible.

The Commission's report calls attention to the fact that many of the articles of the Havana Charter, and especially those which have to do with tariffs and other measures directly relating to international trade, are paralleled by the general provisions of the General Agreement, which was negotiated at Geneva in 1947. That agreement has now been brought into effect, under a Protocol of Provisional Application, by the United States and 22 other countries. The report points out, however, that acceptance of the General Agreement under the Protocol of Provisional Application differs in important respects from acceptance of the Charter. The difference arises partly from the fact that some provisions in the Charter have no parallels in the General Agreement and partly from the fact that, under the Protocol of Provisional Application, many provisions of the General Agreement are binding on a subscribing country only insofar as they are not inconsistent with its existing legislation.

Woolens and Worsteds

The report *Woolens and Worsteds* (Rept. No. 29, War Changes in Industry Series) covers the principal finished products of the wool-manufacturing industry. It does not cover, except incidentally, by-products such as noils and wastes; intermediate products such as tops and yarns; or more advanced products made from fabrics, principally clothing. It does not cover knit goods or woven fabrics for certain special uses, such as blankets and carpets.

The woolen and worsted industry is the second largest textile industry in the United States, ranking next to cotton manufacture. In 1939 the industry comprised 722 establishments with 150,000 wage earners, producing wool tops, yarns, and woven fabrics valued at 736 million dollars. Ordinarily the output of the worsted branch of the industry has more than twice as great a value as that of the woolen branch. About two-fifths of the industry is in Massachusetts and Rhode Island; the other principal producing States are New Hampshire, Maine, Pennsylvania, New Jersey, Connecticut, and New York. There has been a slight tendency toward development of the industry in the South.

During the 1920's and 1930's raw (virgin) wool constituted somewhat more than half, by weight, of the fiber used in the domestic woolen and worsted goods industry. The principal other materials are wool byproducts and wastes, and cottons; some rayon (chiefly staple fiber) and animal fiber other than wool also are used. Materials other than wool are much more important in the manufacture of woolens than in the manufacture of worsteds. Although rayon cloth has displaced the lighter weight wool fabrics to a considerable extent, relatively little rayon fiber is used as a material in the United States woolen and worsted industry; this proportion may increase somewhat but it is not likely to become very large. Wool is a relatively expensive fiber; in 1948 its average price per pound was 4.7 times that of cotton, 4.4 times that of rayon staple fiber, and 2.1 times that of rayon filament yarn.

In recent decades imports of wool have supplied a widely fluctuating share of the raw wool consumed in the United States woolen and worsted industry. This share, though varying considerably from year to year, averaged more than 30 percent in the 1920's but only 15 percent in the 1930's. The great wartime consumption of apparel wool necessitated immense imports; from 1942 through 1945 foreign wool constituted two-thirds of the quantity consumed. Continued large consumption raised this proportion still higher in 1946. By 1947, consumption had begun to decline, and, when it becomes more nearly normal, domestic growers will probably again supply half or more of the total, although their share will vary with fluctuations in total consumption. Since 1943, however, domestic production of raw wool has declined substantially.

In 1939, the last prewar year, United States production of woolens and worsteds was 309 million pounds. Heavy wartime demands, including export requirements, raised production to 440 million pounds in 1944. After the war, despite reduced exports, civilian demand pushed output to the record height of 494 million pounds in 1946. In 1948, however, production declined to 414 million pounds.

Wages in the domestic industry have about tripled since 1932, the advance in wages being particularly great during and since the war. Hours of labor likewise have varied considerably; Government regulation has influenced hours somewhat. During the war and up until 1949, average weekly hours worked per operator have been about the same as during the depression of the early 1930's; consequently, the increase in wages has been fully reflected in average weekly earnings, which rose from \$16.32 in 1932 to \$51.72 in 1948.

During the war the Government adopted a highly complex series of price regulations with respect to wool goods. Nevertheless rising prices of raw wool and rising wages necessitated a materially higher level of prices for cloth than before the war. A representative type of wool cloth, which had sold for \$2.23 per yard in 1939, sold under price control for \$3.29 during 1943-45. After the Government removed the controls, prices of wool fabrics went materially higher. By November 1948 the price of this representative cloth had advanced to \$5.12 per yard.

United States imports of woollens and worsteds have tended to decline over the years, partly because of the general upward trend of tariff rates until 1939, when the process began to be reversed. Increasing efficiency of the domestic industry has been a major factor. Imports, which had averaged 41 million dollars annually under the act of 1894, declined to 20 million under the act of 1922, and to only 5 million under the act of 1930, before the reduction in duties effective January 1, 1939. The low average value of imports under the act of 1930 is explained partly by the increase in duties in that act, but more by the depression, which reduced both consumption and prices and lessened also the value of domestic production. In quantity, imports averaged about 10.2 million pounds a year under the act of 1922 and 3.3 million under the act of 1930, for the period 1930-38. The low point in imports during the depression was in 1932, when 1.9 million pounds, valued at 2.5 million dollars, was imported. In 1938 imports totaled 3.4 million pounds, valued at 5.2 million dollars, which represented a decline from 1937; the recession in 1938 and the holding back of imports in anticipation of decreased duties in the trade agreement with the United Kingdom doubtless contributed to the decline.

For the first 4 years (1939-42) after the reduction in duty in January 1939, annual imports averaged 5.9 million pounds, valued at 10.1 million dollars. By this time, the demand for woollens and worsteds was rising in response to growing national income. Both imports and domestic production helped to supply this increased demand. After 1942, when lend-lease arrangements lessened the need of the United Kingdom for dollar exchange, that country restricted

the manufacture and export of wool fabrics, and United States imports fell to lower levels than the average for 1930-39. After the war, imports rose sharply, particularly in value, amounting to 18.6 million dollars in 1948; in quantity, however, they were about the same in 1948 as the average for 1937-39.

United States exports of woolens and worsteds were extremely small in the two decades before World War II. During both world wars and for a short time thereafter they greatly exceeded imports. Lend-lease arrangements during World War II resulted in very large shipments to the Allied countries, especially the Soviet Union. The peak of exports was in 1944, when they were valued at nearly 99 million dollars. By 1948, however, exports had dropped to 13 million. As European industries resume normal operation, exports are likely to decline still further.

Unlike many United States industries which expanded greatly to meet war requirements, the woolen and worsted industry did not undergo much expansion of plant capacity during the war, and there was practically no investment by the Government. The large wartime increase in output was achieved by more complete utilization of existing facilities, especially by use of two or more shifts. Now that postponed civilian demand has been largely filled, the prevailing pre-war practice of one-shift operation has been generally restored. The war has left no enduring changes in the magnitude or nature of the demand for woolen and worsted goods. Demand will continue to be materially influenced, as it was before the war, by the general level of national income.

The report includes a section on the tariff problem with respect to woolens and worsteds, especially as that problem relates to the ratio of imports to domestic production for all fabrics and for fabrics involving the most direct competition between the imported and domestic product.

Mining and Manufacturing Industries in Latin American Countries

Guatemala

The report *Mining and Manufacturing Industries in Guatemala* shows that Guatemala is predominantly agricultural; more than 90 percent of the people gain their livelihood from the soil. Mining and manufacturing industries are of secondary importance in the Guatemalan economy. Throughout the colonial period fairly large quantities of gold and silver were mined, but most of the deposits of these metals have been exhausted. In recent years the only minerals which have been produced on a commercial scale are chromite, lead

ore, and salt; small quantities of sulfur, gold, mica, and marble also have been mined. Of the minerals produced in Guatemala, only salt and sulfur are consumed within the country. There are no smelting or refining installations in Guatemala.

Manufacturing industries in Guatemala are concerned primarily with processing foodstuffs and other agricultural products and with producing light consumers' goods; there are no heavy industries. Among the commodities produced are cotton and woolen textiles, flour, sugar, meat, cheese, alcoholic beverages, soft drinks, candy, cigarettes, matches, soap, candles, pharmaceutical products, citronella and lemon-grass oil, leather and leather goods, lumber, cement, brick, and tile. Although a policy of limited industrialization is being fostered by the Government, a number of factors will continue to restrict the country's industrial development.

Because of the difficulty of importing machinery, equipment, raw materials, and fuel, there was little expansion of manufacturing industries in Guatemala during the war. However, certain industries which had access to domestic supplies of raw materials engaged in a program of expansion; among these were the essential-oils industry, the sugar refineries, and the flour mills. Mining industries were slightly stimulated by Allied wartime requirements, which led to increased demand for Guatemalan chrome ore and lead. In general, however, the war did not alter the basic pattern of Guatemalan manufacturing. The high prices paid during and immediately after the war in world markets for Guatemala's agricultural exports resulted in unprecedented industrial activity within the country. In 1946, domestic production of cement, alcoholic beverages, textiles, sugar, flour, and cigarettes reached record levels. Consumption of electric power, as well as passenger and freight traffic on railroads, bus lines, and air lines, also was at a record level.

It is possible that mining may assume a more important position in the economy than it has reached in the past; there are limited deposits of lead, chromite, zinc, and antimony, and indications of fairly substantial deposits of iron, petroleum, and copper. Some search for petroleum has been conducted; the areas showing the most promise are in the Departments of Izabal, Alta Verapaz, and El Peten. Although the best indications of petroleum are in El Peten, access to it is extremely difficult.

One of the principal handicaps to the further development of Guatemala's mining industries has been inadequate transportation facilities; future development will depend largely on the improvement of roads and railways. Guatemala has a well-organized and progressive highway program, but most of the country's undeveloped

mineral resources are in areas so inaccessible that the mining industries will not benefit appreciably from this program at least for some years to come.

Industrial development in Guatemala, as well as agricultural development, has been retarded by inadequate transportation facilities. Completion of the present public-roads program should result in lower transportation costs and facilitate interchange of products within the country. Industrialization would also be furthered by a greater utilization of hydroelectric resources to offset the lack of indigenous fuel, which necessitates imports of coal and petroleum products. Finally, additional capital, both national and foreign, is needed to develop sources of raw material, sources of power, and adequate transportation facilities.

The economic future of Guatemala appears to lie primarily in the further development of its agricultural, pastoral, and forest resources. Because of the lack of deposits of coal and the absence of a large-scale domestic market, the establishment of heavy or semiheavy industries in the country does not appear feasible, and there is little likelihood of developing extensive export markets for manufactured products. On the other hand, there will probably be further expansion of small industries producing light consumers' goods for the domestic market. In many respects, however, Guatemala is a country of limited resources for manufacturing industries, and such development as does take place must of necessity be moderate, at least for a number of years. One of the basic factors retarding the development of manufacturing industries is the low purchasing power of the Guatemalan people. A major means of broadening the market for manufactures in Guatemala is by increasing the productivity, and thereby the purchasing power, of people engaged in agriculture and other rural pursuits.

Honduras

The report *Mining and Manufacturing Industries in Honduras* shows that Honduras, like Guatemala, is essentially agricultural; almost all the Honduran people gain their livelihood from the soil. Mining and lumbering rank second and third among the country's industries; manufacturing industries play only a minor role in the economy of the Republic. Industrialization has been hindered chiefly by low purchasing power, lack of capital, and inadequate transportation facilities.

A great number and variety of mineral deposits have been reported in Honduras, but only silver and gold have been worked on a large scale; for many years the precious metals (principally silver) have

been the second most important export product. Except for small quantities of silver and gold recovered from the river beds by the Indians, virtually the entire industry is operated by two large United States companies.

Manufacturing industries in Honduras are concerned primarily with the processing of foodstuffs and other agricultural products and the production of light consumers' goods. There are no heavy industries. With few exceptions, manufacturing enterprises operate on a small scale, employ but few workers each, and produce for a limited local market. Manufactures for the domestic market include beer, soft drinks, cigarettes, soap, candles, flour, sugar, vegetable shortening, cotton drill, shoes, and clothing. The only manufactured products exported by Honduras are matches, cigars, citronella oil, and lumber, all of which customarily go to neighboring Central American countries, except citronella oil, which is exported to the United States.

Unlike the industries in some of the other Latin American countries, Honduran manufacturing industries were little affected by the war. Production of certain articles declined somewhat, however, because sufficient raw materials were unobtainable; these articles included cigarettes, cigars, lard, shirts, trousers, underwear, paper bags, suitcases, leather bags, and candy. Nonstrategic mining activities were also curtailed to some extent during the war. On the other hand, production of some commodities increased, primarily to satisfy the domestic demand; these included pine lumber, flour, beer, soft drinks, soap, candles, shoes, straw hats, and matches. Distillation of citronella oil increased and the manufacture of dehydrated-banana products was begun, both for the export market. Production of matches was also expanded for the export market; as it was considered easier to ship the raw materials from the United States rather than the finished products, the match company received the encouragement of both the Honduran and the United States Governments. At present the match factory supplies much of the Central American market, in addition to the domestic market.

During the war the Honduran Government endeavored to meet the needs of United States industries for raw materials, such as citronella oil, abacá, luffa sponges, and antimony. The country's major efforts, however, were directed toward increasing domestic production of foodstuffs.

Many minerals occur in Honduras but few, besides gold and silver, in quantities sufficient to warrant extraction under present conditions. Moreover, high costs of internal transportation retard the development of mineral deposits. As soon as imported machinery is again

available, however, it is expected that the important gold and silver mining industry will expand somewhat.

The expansion of pine lumbering to supply the domestic market and nearby republics during the war, when imports from the United States were sharply curtailed, also poses some problems for the future. High internal transportation costs and lack of high-quality finishing machinery may make it difficult for Honduran pine lumber to compete with United States pine lumber when the latter is again freely available in international trade. Distillation of citronella oil, which increased during the war, appears to be on a firmer basis; stimulated by world scarcity and high prices, production continues to increase. Similarly, Honduras has retained the export market for matches which it has recently developed in nearby republics. The only important new industry that was established during the war—dehydration of bananas—owed its existence to wartime shortages of shipping for fresh fruit. It is doubtful whether the industry can be advantageously continued on more than a very limited scale.

Economic prospects of Honduras, like those of Guatemala, appear to depend chiefly on further development of its agricultural, pastoral, and forest resources. Lack of deposits of coal and absence of a large-scale domestic market make the establishment of heavy or semiheavy industries in the country scarcely feasible, and there is little likelihood of developing extensive export markets for manufactured products. On the other hand, there will probably be further expansion of small industries producing light consumers' goods for the domestic market, and establishments processing agricultural, pastoral, and forest products will probably continue to predominate.

Estimated Costs of Production of Wool, Sheep, and Lambs, in 1948

In May 1949 the Commission prepared and released the study *Estimated Costs of Production of Wool, Sheep, and Lambs, in 1948*, comparing costs obtained in the western region of the United States² with costs ascertained by the Commission in a study covering the period 1940-46. Since the earlier study three postwar increases in general wage levels had taken place. Upon the removal of price control in 1946, prices of everything the ranchers purchased had risen greatly. The short feed supply of 1947 had seriously affected the cost of ranch purchases of feedstuffs for use in 1948, especially grain and high-protein concentrates. On the other hand, beginning late in 1946, there had been a striking increase in prices received for sheep

² Western South Dakota, Texas, Montana, Idaho, Wyoming, Colorado, New Mexico, Utah, Nevada, Oregon, and California, the same States covered in the cost investigation for most of the earlier years in the period 1940-46.

and lambs, and these prices averaged very much higher in 1947-48 than in 1946 and earlier. It was considered essential to estimate the net effect in 1948 of these changes in cost and income factors on the situation of the western sheep raisers, who account for about 70 percent of the business in the United States.

The Commission, therefore, arrived at approximate costs and income in 1948 chiefly through the use of general estimates prepared each year by the Department of Agriculture. Many of these estimates applied separately to the individual States of the western region. One or two dealing with costs applied to the region as a whole, and one or two others to the country as a whole, since State or regional data were not available. For a few items estimates of the Commission's specialists were used.

In 1946 the relative importance of sources of income, and the distribution of costs, were roughly the same as in the earlier years. After 1946, however, a striking change occurred in income from lambs and sheep compared with income from wool. Between 1946 and 1948 income from sheep and lambs rose about 70 percent, but income from wool increased only about 10 percent. In 1946 and earlier, from 45.0 to 49.8 percent of total ranch income came from wool compared with only 35.9 percent in 1948. Consequently a much larger proportion of the joint costs was allocated to sheep and lambs in 1948 than previously, since this allocation is based on the relationship of income from each of the two sources to the combined income from both.

Chiefly because of much higher prices for sheep and lambs, total income per head increased from about \$7.68 in 1946 to \$10.83 in 1948, or approximately 40 percent. Estimated costs, excluding interest (whether paid on funds borrowed, or imputed on the rancher's equity) increased from about \$7.63 per head to \$9.83, or approximately 30 percent. The margin, or excess of income over cost (excluding interest) rose from about 5 cents to \$1 per head. With interest included in cost, the loss, or excess of cost over income, fell from about \$1.18 to 48 cents per head.

The estimated income per head in 1948 was about \$10.83 compared with \$5.26 in 1940. Estimated costs per head (excluding interest) were about \$9.83 compared with \$4.10. Income from sheep and lambs was about 2.5 times larger, and income from wool was about 1.5 times larger, but costs (excluding interest) were 2.4 times larger.

The foregoing change in relationship between income and cost largely explains the recent striking decline in numbers of stock sheep, from about 49.3 million head on hand on January 1, 1942, to 27.8 million head on January 1, 1949.

Processing Tax on Certain Coconut Oil

In 1934 Congress imposed a processing tax of 3 cents per pound on all coconut oil processed in the United States and an additional tax of 2 cents per pound on coconut oil derived from copra produced in foreign countries other than the Philippine Islands. In 1942, when supplies of coconut oil and copra from the Philippines were shut off by the war, the 2-cent additional tax was suspended by act of Congress.

The Philippine Trade Act of 1946 authorizes the President, in effect, to continue the suspension of the additional 2-cent tax if, after consultation with the President of the Philippines, he finds that adequate supplies of neither copra nor coconut oil of Philippine origin are readily available for processing in the United States; when such supplies become adequate, the President is to issue a proclamation to that effect and the additional 2-cent tax is again to be in force on the processing of oil not derived from Philippine copra. In accordance with these provisions, the President issued a proclamation on June 27, 1946, proclaiming the inadequacy of supplies of copra and coconut oil the product of the Philippines, and, in effect, continued in suspense the 2-cent additional tax on coconut oil not derived from Philippine copra.

Like provisions were included in the trade agreement with the Philippines entered into on July 4, 1946, providing for the restoration of the 2-cent-per-pound preference to the Philippines when supplies of Philippine copra or coconut oil were adequate. However, not until February 1949 was international allocation of fats and oils discontinued. On April 6, 1949, a summary of the data relating to the 2-cent additional processing tax on coconut oil was sent by the Commission to the President. The report *Processing Tax on Certain Coconut Oil* (Rept. No. 165, 2d ser.) is now in press. It shows that exports of copra and coconut oil from the Philippines (to all destinations), and imports of copra and coconut oil into the United States from the Philippines were higher in 1947 (the highest ever recorded) and in 1948 than during prewar years.

In accordance with this information and the provisions of the Philippine Trade Act and trade agreement, the President, on July 27, 1949, issued a proclamation revoking the suspension of the additional 2-cent-per-pound processing tax on coconut oil from countries other than the Philippine Republic, effective 30 days from that date.

The Import Quota on Long-Staple Cotton: Supplemental Report (1949)

On June 9, 1949, the Commission announced a supplemental investigation, under section 22 of the Agricultural Adjustment Act, as amended, regarding the import quota on long-staple cotton ($1\frac{1}{8}$ inches and longer). In 1939 an import quota on long-staple cotton, totaling 45,656,420 pounds for each 12-month period beginning September 20, became effective by Presidential proclamation. Since 1940, cotton having a staple of $1\frac{11}{16}$ inches or more in length has been removed from quota control and the total import quota on long-staple cotton has applied to cotton $1\frac{1}{8}$ inches or more but less than $1\frac{11}{16}$ inches in length.

The Commission reported to the President on August 11, 1949, that September 20, fixed by earlier Presidential proclamation as the opening date of the import quota year, comes at the very beginning of the new crop year when domestic mills using long-staple cotton are forced to buy their requirements of foreign cotton from the stocks of Egyptian cotton left on hand from the previous crop, and also comes at a time when the mills still do not know what supplies will be available from the new domestic crop. The report recommended a change to February 1 as the opening date of the quota year for long-staple cotton, because this change will enable domestic mills using such cotton to obtain their requirements under more favorable conditions and will give domestic producers of such cotton a considerable period in which to market their new crop before the opening of the new quota year. The Commission also recommended an interim quota of 16,487,042 pounds for the period September 20, 1949, to January 31, 1950, on cotton $1\frac{1}{8}$ inches or more but less than $1\frac{11}{16}$ inches in staple length. A proclamation signed by the President on September 3, 1949, gave effect to both of these recommendations. The total annual quota remains at 45,656,420 pounds. This report (*The Import Quota on Long-Staple Cotton: Supplemental Report (1949)*, Rept. No. 166, 2d ser.) is now being printed.

Synthetic Organic Chemicals

Final report on production and sales in 1947

The final report on United States production and sales of synthetic organic chemicals in 1947 (Rept. No. 162, 2d ser.) was compiled from data supplied by about 560 companies on more than 6,000 items. Included in the report are statistics on crude chemicals from coal tar and petroleum, intermediates, dyes, color lakes and toners, medicinal

chemicals, flavor and perfume materials, rubber-processing chemicals, bulk surface-active agents, plasticizers, plastics materials, elastomers, and miscellaneous synthetic organic chemicals.

Sales of all synthetic organic chemicals and their raw materials in 1947 amounted to 2.5 billion dollars, compared with 2.2 billion in 1946. The total quantity produced was 38.0 billion pounds, or 2.6 billion more than in 1946. The quantity sold, 26.5 billion pounds, was also slightly greater than in 1946. The difference between the total quantity produced and the total quantity sold (11.5 billion pounds) represents material used at the producing plants in the manufacture of other products.

In 1947, production of tars (oil-gas tar, water-gas tar, and coal tar) slightly exceeded a billion gallons, or 20 percent above production in 1946 of 837 million gallons. All the tar crudes, except motor benzene, increased in volume of production compared with 1946—benzene (except motor benzene), 23 percent; toluene, 80 percent; naphthalene, 30 percent; and creosote oil, 17 percent. Production of motor benzene in 1947 was 38 percent below that of 1946.

Crude products from petroleum and natural gas for chemical conversion were produced in 1947 in the amount of 3.1 billion pounds. Sales were 3.0 billion pounds, valued at 118 million dollars. In 1946, production of these chemicals amounted to 3.5 billion pounds and sales to 3.2 billion pounds, valued at 167 million dollars. The decline in production and sales in 1947 was due chiefly to the reduced requirements for butadiene, one of the primary ingredients of synthetic rubber.

The output of cyclic intermediates in 1947 was 2.6 billion pounds, or 7 percent greater than the 2.4 billion pounds reported for 1946. Sales of intermediates totaled 1.4 billion pounds, or 54 percent of the quantity produced. This ratio of sales to output is slightly less than that for 1946. The value of intermediates sold reached 189 million dollars in 1947 compared with 160 million in 1946.

Production of finished chemical products, including acyclic intermediates, increased 13 percent in 1947 over the preceding year, totaling 13.3 billion pounds. Sales of 8.6 billion pounds, valued at 2.0 billion dollars, slightly exceeded those reported for 1946. All groups of finished products except elastomers increased in production in 1947 over 1946. The largest increases were reported for plastics materials (22 percent), plasticizers (22 percent), bulk medicinals (22 percent), and surface-active agents and miscellaneous chemicals (20 percent each). Elastomers declined 30 percent in output from 1946.

In addition to furnishing data on the production and sales of synthetic organic chemicals in 1947, the report includes statistics on the

1947 imports of coal-tar intermediates and finished coal-tar products under paragraphs 27 and 28 of the Tariff Act of 1930. It also gives data on the total expenditures of producing companies in 1947 on synthetic organic chemical research. The report includes a directory of manufacturers, which lists for each chemical the names of the producers except those who have requested that they not be identified as manufacturers.

Preliminary report on production and sales in 1948

The preliminary report on the 1948 production and sales of synthetic organic chemicals comprises 13 releases, each covering one section of the industry. Reports were issued on crude organic chemicals from coal tar and from petroleum and natural gas, cyclic intermediates, coal-tar dyes, lakes and toners, bulk medicinal chemicals, flavor and perfume materials, plastics and resin materials, plasticizers, rubber-processing chemicals, elastomers, surface-active agents, and miscellaneous chemicals. The first of these releases was issued in June and the last in July 1949. Thus the complete preliminary report for 1948 was made available at a much earlier date than corresponding reports in previous years.

Final report on production and sales in 1948

Similarly, the final report on United States production and sales of synthetic organic chemicals in 1948 (Rept. No. 164, 2d ser.) was issued earlier than corresponding reports in previous years. It was compiled from data supplied by approximately 550 companies on about 6,000 chemical items. The report contains final statistics on chemical crudes from coal tar and petroleum, intermediates, dyes, color lakes and toners, medicinals, flavor and perfume materials, rubber-processing chemicals, surface-active agents, plasticizers, plastics materials, elastomers, and miscellaneous synthetic organic chemicals.

More than 1 billion gallons of tar was produced from all sources in 1948, or slightly more than in 1947. Of this amount, 753 million gallons was coal tar and 269 million gallons was oil-gas and water-gas tar. Production of coal tar was about the same as in 1947; production of oil-gas and water-gas tar was 17 million gallons greater.

The major crude chemicals derived from tar are benzene, toluene, naphthalene, xylene, and creosote oil. In 1948 the output of benzene (except motor grade) exceeded that of 1947 by 4 percent. Production of motor benzene declined 47 percent in 1948 from 1947. Other crude chemicals for which increased production was reported in 1948 are as follows: Toluene, 37 percent; xylene, 48 percent; and naphtha-

lene, 4 percent. Production of creosote oil, on the other hand, decreased 9 percent.

Crude products from petroleum and natural gas for chemical conversion increased in production to 3.9 billion pounds in 1948, from the 3.1 billion reported for 1947. Of this group, the C₄ hydrocarbons were produced in the greatest amounts; 661 million pounds of butadiene and 820 million pounds of 1-butene, 2-butene fraction were produced in 1948. Propylene and propene increased in output to 714 million pounds in 1948 from 464 million in 1947, and ethylene to 383 million pounds from 342 million.

The output of cyclic intermediates in 1948 totaled 2.9 billion pounds, compared with 2.6 billion in 1947, an increase of 10 percent. About 60 percent of the quantity produced in 1948 was consumed in the producing plants in the manufacture of more advanced products.

The combined total output of cyclic finished products, and of acyclic intermediates and finished products in 1948, was 15.5 billion pounds, compared with 13.2 billion in 1947. Acyclic chemicals accounted for 12.9 billion pounds of the total in 1948, an increase of 19 percent over 1947. This increase is attributed to the large output of plastics and resins, plasticizers, surface-active agents, and miscellaneous chemicals. Production of finished cyclic products in 1948 totaled 2.7 billion pounds, compared with the 2.5 billion pounds reported for 1947.

Specified synthetic organic chemicals, monthly releases on production, 1949

During 1949 the Tariff Commission continued to issue statistical reports each month on the production of certain important organic chemicals. These reports serve as an index of activity in the several branches of the industry. Statistics are given on about 50 chemicals, including the large volume products, such as acetic acid and anhydride, methanol, and coal-tar chemicals, and on certain medicinals, dyes, and intermediates. The list covered was selected with the assistance of representatives of Government agencies, and the chemical industry. The report is released as Facts for Industry Series 6-2, and gives production data for each listed chemical in the current month, and the preceding months of the year.

Synthetic plastics and resin materials, monthly releases on production and sales, 1949

During 1949, the Tariff Commission continued to release monthly statistics on synthetic plastics and resin materials. This survey was taken over during 1948 from the Bureau of the Census. Beginning in January 1949, the reporting form was revised to obtain information

on production and sales of plastics and resins rather than on consumption and shipments as formerly. Also beginning in January 1949, data on resins for protective coatings were obtained. Released as Facts for Industry Series 6-10, this report gives monthly statistics on the production and sales of plastics and resins for major classes such as tar-acid, urea and melamine, and vinyl resins, and for such major uses as laminating, adhesives, molding, and protective coatings. The report serves as an index of activity in the plastics materials industry, as well as giving information on specific groups. Reports are received each month from 130 manufacturers, covering 43 individual classes of materials. The reporting form used in the survey was designed with the assistance of representatives of Government agencies and the plastics industry.

Imports of Coal-Tar Products, 1948

The annual analysis of imports for consumption of the coal-tar products entered under paragraphs 27 and 28 of the Tariff Act of 1930 was released in March 1949. The report *Imports of Coal-Tar Products, 1948*, which covers imports through all United States customs districts, is based on data obtained from import invoices by the Commission's New York office.

Imports of coal-tar intermediates entered under paragraph 27 in 1948 totaled 2.0 million pounds, with a foreign value of 1.1 million dollars, compared with 2.6 million pounds, valued at \$530,000 in 1947, and 3.1 million pounds, valued at \$437,000 in 1946. In terms of quantity, the most important intermediates imported in 1948 were phthalic anhydride for alkyd resins, plasticizers, and dyestuffs, principally from Belgium and Italy; ortho-cresol for the plastics industry, from the United Kingdom, Australia, Canada, and Switzerland; and β -naphthol for the dye industry, principally from Germany.

Imports of finished coal-tar products entered under paragraph 28 consisted of dyes, medicinals and pharmaceuticals, flavor and perfume materials, and miscellaneous finished products. In 1948 imports of these coal-tar products amounted to 1.6 million pounds, with a foreign value of 3.5 million dollars. Corresponding imports were 1.4 million pounds, valued at 2.3 million dollars, in 1947, and 2.0 million pounds, valued at 2.6 million dollars, in 1946. Among the finished coal-tar products imported in 1948, dyes constituted the most important group. They came almost entirely from Switzerland. In terms of value, imports of dyes were greater in 1948 than in 1947, accounting for 2.7 million dollars, or 78 percent of the total foreign value of all imports under paragraph 28 in 1948, compared with 2.0 million dollars, or 88 percent of the total value in 1947. Medicinals and pharmaceuticals

came principally from Switzerland, and ranked next to dyes in total value, amounting to \$692,000, or 20 percent of the total value of imports under paragraph 28, compared with \$129,000, or 6 percent in 1947. Among the remaining groups of imported finished products, flavor and perfume materials declined in foreign value from \$84,000 in 1947 to \$49,000 in 1948, and all other finished coal-tar products, chiefly synthetic resins, from \$53,000 in 1947 to \$34,000 in 1948.

Unmanufactured Copper, Lead, and Zinc

The report *Unmanufactured Copper, Lead, and Zinc* was released by the Tariff Commission in mid-1949 for those interested in the latest available statistics and other information regarding these metals, particularly as these developments related to tariff problems and legislative proposals before Congress. It was designed to permit review of current changes against the background material for a number of years, as given in the Commission's summaries of tariff information, covering world as well as United States developments in production, consumption, foreign trade, and competitive conditions. The term "unmanufactured" used in the title of the report refers to metal not advanced by manufacture beyond such crude forms as ingots, pigs, bars, and slabs.

Copper, lead, and zinc are the most important industrial nonferrous metals. For many years the United States has been the largest producer and consumer of these metals in the world.

The outstanding postwar development has been the marked growth of United States demand for copper, lead, and zinc compared with the prewar period. Annual consumption, including transfers to the strategic stock pile, during 1946-48 averaged 1.6 million short tons for copper, about 1.1 million tons for lead, and 1.2 million tons for zinc; these three averages represent increases over prewar averages (for 1937-39) of 91, 71, and 86 percent, respectively.

United States production (primary output plus secondary output from old scrap) also increased in the postwar period above the prewar level. However, the rise was not so large in production as in consumption.

United States foreign trade in copper, lead, and zinc was greatly affected by this changed relationship between domestic consumption and production of these metals. Before the war, United States production of lead and zinc virtually equaled United States consumption; prewar production of copper not only met total requirements for domestic consumption but also provided substantial quantities for export. During the first three postwar years, however, the demand

for copper, lead, and zinc in the United States greatly exceeded the supply available from domestic sources. Consequently, in this period the United States depended on imports to augment domestic production to a much larger extent than before the war. A similar situation prevailed during the war. Net imports of copper, lead, and zinc during 1946-48 amounted to 19, 21, and 21 percent, respectively, of the total consumption of these metals in the United States.

The shortage of copper, lead, and zinc was reflected in sharp price advances after OPA price controls terminated on November 9, 1946. On the previous day, at representative markets, average prices had been as follows: Electrolytic copper, 14.375 cents per pound; Common lead, 8.25 cents; and Prime Western slab zinc, 9.25 cents. In the last half of 1948, the prices of all three metals reached their postwar peaks—namely, 23.5 cents per pound for copper (on August 10), 21.5 cents for lead (on November 1), and 17.5 cents for zinc (on November 16). These prices represented increases above November 1946 OPA ceilings of 64, 160, and 89 percent, respectively. Prices remained at these peak levels until March 1949.

To increase the supply of metal available to domestic consumers, the Congress (1) early in 1947 suspended the import taxes on copper-bearing materials and articles from April 30, 1947, through March 31, 1949 (later extended through June 30, 1950), (2) early in 1948 suspended the import duties on lead-bearing materials from June 30, 1948, through June 30, 1949, and (3) extended the suspension of import duties and taxes on metal scrap (including copper, lead, and zinc scrap) through June 30, 1949 (these duties and taxes had been originally suspended in 1942).

When first suspended, the import-excise tax on copper-bearing materials amounted to 4 cents per pound on the copper content. Under the General Agreement on Tariffs and Trade (effective in 1948), the tax was reduced to 2 cents, and this is the rate that would become applicable when the tax suspension terminates. The duties on lead-bearing materials on July 1, 1949, amounted to $\frac{3}{4}$ cent per pound on lead contained in lead-bearing ores, flue dust, and mattes, and $1\frac{1}{16}$ cents per pound on lead contained in lead bullion, pigs and bars, dross, and scrap. The duties on zinc-bearing materials on July 1, 1949, amounted to $\frac{3}{4}$ cent per pound on the zinc content of zinc-bearing ores; $\frac{3}{4}$ cent per pound on zinc scrap, dross, and skimmings; and $\frac{7}{8}$ cent per pound on zinc in blocks, pigs, or slabs.

In the earlier months of 1949, copper, lead, and zinc were still in short supply, as far as could be determined from data then available. As previously noted, the prices of these metals did not begin to decline until March. Early in the year a law was passed continuing the

suspension of the import taxes on copper-bearing articles through June 30, 1950. In addition, bills were introduced in Congress to continue the suspension, beyond June 30, 1949, of the import duties on lead-bearing articles and to suspend the import duties on zinc-bearing articles.

However, a decline in domestic demand for copper, lead, and zinc soon became apparent. Beginning in March 1949 this decline was reflected in prices: the low point for lead (12 cents per pound) was reached on May 26, for zinc (9 cents) on June 15, and for copper (16 cents) on June 17. These prices for copper, lead, and zinc were 32, 44, and 49 percent, respectively, below their postwar peaks. Legislation was proposed in Congress in the first half of June to terminate the suspension of import taxes on copper-bearing articles. Previously introduced bills to extend beyond June 30, 1949, the suspension of import duties on lead-bearing articles and the import duties and taxes on metal scrap were not enacted by the time these suspensions terminated; neither was (by July 1, 1949) the bill to suspend the import duties on zinc-bearing articles.

An upturn in the demand for copper, lead, and zinc became manifest in price rises during July 1949. By July 25, the last date for which price quotations are given in the report, the price of copper had risen to 17.625 cents per pound, the price of lead to 14.25 cents, and the price of zinc to 10 cents.

Trade-Agreement Concessions of the United States: Extent to Which Authority Under the Trade Agreements Acts to Reduce Rates of Duty Has Been Exercised

The present trade agreements legislation provides that, pursuant to a trade agreement, the President may reduce (or increase) any rate of duty by an amount not exceeding 50 percent of the rate in effect January 1, 1945 (whether or not the duty had been reduced before that date by a previous trade agreement). The principal purpose of the report *Trade-Agreement Concessions of the United States* is to determine what part of this authority has actually been exercised, and what part remains capable of exercise.

In order to provide perspective and to show how much the rates had been reduced before 1945 under the authority of the original Trade Agreements Act, the rates of duty that would have been paid (calculated on the basis of 1947 values) if no agreements had been made are also included in the report. These data indicate that before 1945 the rates of duty on all dutiable imports had been reduced on the average 32 percent compared with authority to reduce them

50 percent. The rates prevailing in 1945 have since been reduced 22 percent, whereas there was authority to reduce them 50 percent from that level. The two stages of reduction combined result in an average reduction of 47 percent from the rates in effect before any agreements were made, whereas the maximum permissible reduction would have been 75 percent.

The body of the report consists of a series of tables, one for each tariff schedule, with a few pages of explanatory text for each. These tables list all dutiable imports valued at \$500,000 or more each in 1947, and in addition show averages for a number of groups depending on the concession status of the commodities and the extent of reduction in duty since 1945. For each commodity or group, the tables show the value of imports in 1947; the ad valorem equivalents of the rates in effect (1) before any agreement had been signed, (2) as of January 1, 1945, (3) as of January 1, 1949, and (4) as if the maximum reduction had been made since 1945; the percentage reduction in rates made before 1945, since 1945, and for both periods combined; and the permissible additional percentage reduction that might be made in the 1945 rates if the present authority were fully exercised.

The report indicates that about 43 percent of the total dutiable imports in 1947 had not been subject to any reduction since 1945; that about 40 percent had been reduced since 1945 by an average of 29 percent and are thus subject to an additional reduction of 21 percent from the 1945 level; and that the remaining 17 percent of the total have been reduced by the maximum permissible degree (50 percent) since 1945.

Effect of Trade Agreement Concessions on United States Tariff Levels Based on Imports in 1947

The compilation *Effect of Trade Agreement Concessions on United States Tariff Levels Based on Imports in 1947* measures the scope of concessions (both reductions in rates and bindings of duties) made by trade agreements and the effects thereof on the average ad valorem equivalents of the duties when based on imports in 1947. Comparison is made between the rates in effect before any trade agreements were signed and those in effect on January 1, 1949.

The tables indicate that, based on imports in 1947, about 88 percent of the total dutiable imports are subject to reduced rates provided in trade agreements in effect on January 1, 1949; about 6 percent are subject to preagreement rates bound against increase; and the remaining 6 percent are not subject to any concession.

The report also brings out that, if imports in 1947 had paid the rates in force before any trade agreements had been negotiated, the ad valorem equivalent for all dutiable imports would have averaged 28.3 percent. On the other hand, if the imports in 1947 had paid the reduced rates provided in all trade agreements in effect on January 1, 1949, the ad valorem equivalent would have averaged 15.0 percent, a reduction of 47 percent from the rates previously in force. Similar data are shown by tariff schedules, by economic classes (crude materials, semimanufactures, etc.), and for about 50 of the more important dutiable import commodities.

Another table shows the number of rates reduced and the number bound against increase, by tariff schedules, and two charts compare preagreement and agreement tariff levels.

APPENDIX II

Trade Agreements Act of June 12, 1934, as Amended

There is reproduced below the Trade Agreements Act of June 12, 1934, as amended, including amendments made by the TRADE AGREEMENTS EXTENSION ACT OF 1949. References to all legislation amending the original Trade Agreements Act are contained in the footnote to section 2 (c) of the act.

AN ACT

To Amend the Tariff Act of 1930

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Tariff Act of 1930 is amended by adding at the end of title III the following :

“Part III—Promotion of Foreign Trade

“Sec. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

“(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

“(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 per centum any rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress), or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly, or indirectly: *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purposes set forth in this sec-

tion; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.

“(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an exclusive agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba. Nothing in this Act shall be construed to preclude the application to any product of Cuba (including products preferentially free of duty) of a rate of duty not higher than the rate applicable to the like products of other foreign countries (except the Philippines), whether or not the application of such rate involves any preferential customs treatment. No rate of duty on products of Cuba shall in any case be decreased by more than 50 per centum of the rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress).

“(c) As used in this section, the term ‘duties and other import restrictions’ includes (1) rate and form of import duties and classification of articles, and (2) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports.

“(d) (1) When any rate of duty has been increased or decreased for the duration of war or an emergency, by agreement or otherwise, any further increase or decrease shall be computed upon the basis of the post-war or post-emergency rate carried in such agreement or otherwise.

“(2) Where under a foreign trade agreement the United States has reserved the unqualified right to withdraw or modify, after the termination of war or an emergency, a rate on a specific commodity, the rate on such commodity to be considered as ‘existing on January 1, 1945’ for the purpose of this section shall be the rate which would have existed if the agreement had not been entered into.

“(3) No proclamation shall be made pursuant to this section for the purpose of carrying out any foreign trade agreement the proclamation with respect to which has been terminated in whole by the President prior to the date this subsection is enacted.”

Sec. 2. (a) Subparagraph (d) of paragraph 369, the last sentence of paragraph 1402, and the provisos to paragraphs 371, 401, 1650, 1687, and 1803 (1) of the Tariff Act of 1930 are repealed. The provisions of sections 336 and 516 (b) of the Tariff Act of 1930 shall not apply to any article with respect to the importation of which into the United States a foreign trade agreement has been concluded pursuant to this Act, or to any provision of any such agreement. The third paragraph of section 311 of the Tariff Act of 1930 shall apply to any agreement concluded pursuant to this Act to the extent only that such agreement assures to the United States a rate of duty on wheat flour produced in the United States which is preferential in respect to the lowest rate of duty imposed by the country with which such agreement has been concluded on like flour produced in any other country; and upon the withdrawal of wheat flour from bonded manufacturing warehouses for exportation to the country with which such agreement has been concluded, there shall be levied, collected, and paid on the imported wheat used, a duty equal to the amount of such assured preference.

(b) Every foreign trade agreement concluded pursuant to this Act shall be subject to termination, upon due notice to the foreign government concerned, at the end of not more than three years from the date on which the agreement comes into force, and, if not then terminated, shall be subject to termination thereafter upon not more than six months' notice.

(c) The authority of the President to enter into foreign trade agreements under section 1 of this Act shall terminate on the expiration of three years from June 12, 1948.¹

Sec. 3. Nothing in this Act shall be construed to give any authority to cancel or reduce, in any manner, any of the indebtedness of any foreign country to the United States.

Sec. 4. Before any foreign trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this Act, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe; and before concluding such agreement the President shall seek information and advice with respect thereto from the United States Tariff Commission, from the Departments of State, Agriculture, and Commerce, from the National Military Establishment, and from such other sources as he may deem appropriate.

Executive Order No. 10082

PRESCRIBING PROCEDURES FOR THE ADMINISTRATION OF THE RECIPROCAL TRADE-AGREEMENTS PROGRAM

By virtue of the authority vested in me by the Constitution and the statutes, including section 332 of the Tariff Act of 1930 (46 Stat. 698) and the Trade Agreements Act approved June 12, 1934, as amended (48 Stat. 943; 57 Stat. 125; 59 Stat. 410; Public Law 307, 81st Congress), and in the interest of the foreign-affairs functions of the United States and in order that the interests of the various branches of American economy may be effectively promoted and safeguarded through the administration of the trade-agreements program, it is ordered as follows:

PART I—ORGANIZATION

1. There is hereby established the Interdepartmental Committee on Trade Agreements (hereinafter referred to as the Trade Agreements Committee), which shall act as the agency through which the President shall, in accordance with section 4 of the said Trade Agreements Act, as amended, seek information and

¹ The original act limited the authority of the President to enter into foreign trade agreements to a period of 3 years from June 12, 1934, the date of enactment of the act (48 Stat. 943). The President's authority to enter into foreign trade agreements has been extended from time to time as follows: Public Res. No. 10, 75th Cong., for 3 years from June 12, 1937 (50 Stat. 24); Public Res. No. 61, 76th Cong., for 3 years from June 12, 1940 (54 Stat. 107); Public Law 66, 78th Cong., for 2 years from June 12, 1943 (57 Stat. 125); Public Law 130, 79th Cong., for 3 years from June 12, 1945 (59 Stat. 410); Public Law 792, 80th Cong., from June 12, 1948, until the close of June 30, 1949; Public Law 307, 81st Cong. (which repealed Public Law 792, 80th Cong.) for 3 years from June 12, 1948.

advice before concluding a trade agreement. With a view to the conduct of the trade-agreements program in the general public interest and in order to coordinate the program with the interests of American agriculture, industry, commerce, labor and security, and of American financial and foreign policy, the Trade Agreements Committee shall consist of a Commissioner of the United States Tariff Commission, who shall be designated by the Chairman of the Commission, and of persons designated from their respective agencies by the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, and the Administrator for Economic Cooperation. There shall likewise be designated from the foregoing agencies alternates to act in place of the members on the Committee when the members are unable to act. A member or alternate from the Department of State shall be the Chairman of the Trade Agreements Committee.

2. There is hereby established the Committee for Reciprocity Information, which shall act as the agency to which, in accordance with section 4 of the Trade Agreements Act, as amended, the views of interested persons with regard to any proposed trade agreement to be concluded under the said Act shall be presented. The Committee for Reciprocity Information shall consist of the same members as the Trade Agreements Committee or their alternates. A member or alternate from the Tariff Commission shall be the Chairman of the Committee for Reciprocity Information.

3. The Trade Agreements Committee and the Committee for Reciprocity Information may invite the participation in their activities of other government agencies when matters of interest thereto are under consideration. Each of the said committees may from time to time designate such sub-committees, and prescribe such procedures and rules and regulations, as it may deem necessary for the conduct of its functions.

PART II—CONCLUSION OF AGREEMENTS

4. Before entering into the negotiation of a proposed trade agreement under the Trade Agreements Act, as amended, the Trade Agreements Committee shall submit to the President for his approval a list of all articles imported into the United States which it is proposed should be considered in such negotiations for possible modification of duties and other import restrictions, imposition of additional import restrictions, or specific continuance of existing customs or excise treatment. Upon approval by the President of any such list, as originally submitted or in amended form, the Trade Agreements Committee shall cause notice of intention to negotiate such agreement, together with such list of articles, to be published in the *Federal Register*. Such notice and list shall also be issued to the press, and sufficient copies shall be furnished to the Committee for Reciprocity Information for use in connection with such hearings as the Committee may hold with respect thereto. Such notice, together with the list or a statement as to its availability, shall also be published in the *Department of State Bulletin*, *Treasury Decisions*, and the *Foreign Commerce Weekly*.

5. Any interested person desiring to present his views with respect to any article in any list referred to in paragraph 4 hereof, or with respect to any other aspect of a proposed trade agreement, may present such views to the Committee for Reciprocity Information, which shall accord reasonable opportunity for the presentation of such views.

6. With respect to each article in a list referred to in paragraph 4 hereof, the Tariff Commission shall make an analysis of the facts relative to the production, trade, and consumption of the article involved, to the probable effect of granting a concession thereon, and to the competitive factors involved. Such analysis shall be submitted in digest form to the Trade Agreements Committee.

7. With respect to each article exported from the United States which is considered by the Trade Agreements Committee for possible inclusion in a trade agreement, the Department of Commerce shall make an analysis of the facts relative to the production, trade, and consumption of the article involved, to the probable effect of obtaining a concession thereon, and to the competitive factors involved. Such analysis shall be submitted in digest form to the Trade Agreements Committee.

8. Each Department and agency officials from which are members of the Trade Agreements Committee shall, to the extent it considers necessary and within the sphere of its respective responsibilities, make special studies of particular aspects of proposed trade agreements from the point of view of the interests of American agriculture, industry, commerce, labor, and security. Such studies shall be submitted to the Trade Agreements Committee.

9. After analysis and consideration of (a) the studies of the Tariff Commission provided for in paragraph 6 hereof, (b) the studies of the Department of Commerce provided for in paragraph 7 hereof, (c) the special studies provided for in paragraph 8 hereof, (d) the views of interested persons presented to the Committee for Reciprocity Information pursuant to paragraph 5 hereof, and (e) any other information available to the Trade Agreements Committee, including information relating to export duties and restrictions, the Trade Agreements Committee shall make such recommendations to the President relative to the conclusion of the trade agreement under consideration, and to the provisions to be included therein, as are considered appropriate to carry out the purposes set forth in the Trade Agreements Act, as amended. If there is dissent from any recommendation to the President with respect to the inclusion of any proposed concession in a trade agreement, the President shall be furnished a full report by the dissenting member or members of the Trade Agreements Committee, giving the reasons for his or their dissent.

10. There shall be applicable to each tariff concession granted, or other obligations incurred, by the United States in any trade agreement hereafter entered into a clause providing in effect that if, as a result of unforeseen developments and of such concession or other obligation, any article is being imported in such relatively increased quantities and under such conditions as to cause or threaten serious injury to the domestic industry producing like or directly competitive articles, the United States shall be free to withdraw or modify the concession, or suspend the other obligation, in whole or in part, to the extent and for such time as may be necessary to prevent such injury.

11. There shall be obtained from every government or instrumentality thereof with which any trade agreement is hereafter entered into a most-favored-nation commitment securing for the United States the benefits of all tariff concessions and other tariff advantages accorded by the other party or parties to the agreement to any third country. This provision shall be subject to the minimum of necessary exceptions and shall be designed to obtain the greatest possible benefit for the trade of the United States.

PART III—ADMINISTRATION OF AGREEMENTS

12. The Trade Agreements Committee shall at all times keep informed of the operation and effect of all trade agreements which are in force. It shall recommend to the President or to one or more of the agencies represented on the Committee such action as is considered required or appropriate to carry out any such trade agreement or any rectifications and amendments thereof not requiring compliance with the procedures set forth in paragraphs 4 and 5 hereof. The Trade Agreements Committee shall, in particular, keep informed of discriminations by any country against the trade of the United States which cannot be removed by normal diplomatic representations, and, if it considers that the public interest will be served thereby, shall recommend to the President the withholding from such country of the benefit of concessions granted under the Trade Agreements Act, as amended. The Committee may also consider such other questions of commercial policy as have a bearing on its activities with respect to trade agreements.

13. The Tariff Commission, upon the request of the President, upon its own motion, or upon application of any interested party when in the judgment of the Tariff Commission there is good and sufficient reason therefor, shall make an investigation to determine whether, as a result of unforeseen developments and of the concession granted, or other obligation incurred, by the United States with respect to any article to which a clause similar to that provided for in paragraph 10 hereof is applicable, such article is being imported in such relatively increased quantities and under such conditions as to cause or threaten serious injury to the domestic industry producing like or directly competitive articles. Should the Tariff Commission find, as a result of its investigation, that such injury is being caused or threatened, it shall recommend to the President, for his consideration in the light of the public interest, the withdrawal or modification of the concession, or the suspension of the other obligation, in whole or in part, to the extent and for such time as the Tariff Commission finds necessary to prevent such injury. In the course of any investigation under this paragraph, the Tariff Commission shall hold hearings, giving reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. The procedure and rules and regulations for such investigations and hearings shall from time to time be prescribed by the Tariff Commission.

14. The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President under the authority of the Trade Agreements Act, as amended. The Tariff Commission, at least once a year, shall submit to the President and to the Congress a factual report on the operation of the trade-agreements program.

15. The Committee for Reciprocity Information shall accord reasonable opportunity to interested persons to present their views with respect to the operation and effect of trade agreements which are in force or to any aspect thereof.

PART IV—TRANSITORY PROVISIONS

16. All action relative to trade agreements already concluded or to the conclusion of new trade agreements which has been taken by the Trade Agreements Committee or by the Committee for Reciprocity Information between June 25,

1948, and the date of this order shall be considered as *pro tanto* compliance with the provisions of this order, provided that the member from the Tariff Commission on the Trade Agreements Committee shall be accorded full opportunity to present to that Committee, and to the President pursuant to the final sentence of paragraph 9 hereof, information and advice with respect to the decisions, recommendations, and other actions of that Committee between June 25, 1948, and the date of this order relative to the conclusion of any trade agreement after the enactment of the Trade Agreements Extension Act of 1949, approved September 26, 1949 (Public Law 307, 81st Congress).

PART V—SUPERSEDDURE

17. This order supersedes Executive Order No. 10,004 of October 5, 1948, entitled "Prescribing Procedures for the Administration of the Reciprocal Trade-Agreements Program."

HARRY S. TRUMAN.

THE WHITE HOUSE,
October 5, 1949.

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