

*Thirty-sixth*  
**Annual Report**  
*of the*  
**United States Tariff Commission**  
*1952*



**UNITED STATES**  
**GOVERNMENT PRINTING OFFICE**  
**WASHINGTON : 1952**

**UNITED STATES TARIFF COMMISSION**

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**LYNN R. EDMINSTER, *Vice Chairman***

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

**LETTER OF TRANSMITTAL**

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**UNITED STATES TARIFF COMMISSION,**  
*Washington, January 5, 1953.*

SIR: I have the honor to transmit to you the Thirty-sixth 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.**



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## **PART I. SUMMARY**

For the purposes of this report, the current work of the United States Tariff Commission—described in part II—has been classified under the following headings: Work done in response to directives or requests from the Congress; work in connection with trade agreements; special investigations; general work of the Commission; cooperation with defense and other Government agencies; and miscellaneous activities. Part III of the report deals with the membership of the Commission, its organization and personnel, and finances and appropriations. As required by law, a summary of each of the publications that the Commission issued in 1952 appears in part IV of this report.

### **Work for the Congress**

During the calendar year 1952, as in previous years, an important part of the Tariff Commission's activities consisted of work undertaken at the request of the Congress, congressional committees, and individual Members of Congress. In the first 11 months of the current year the Commission analyzed and reported on some 30 bills and congressional resolutions, replied to about 600 letters from individual Members of Congress requesting information on trade and tariff matters, supplied technical assistance to congressional committees during the hearings on proposed legislation, and, in general, fulfilled that part of its statutory obligations that makes it a service agency for the Congress.

### **Work in Connection With the Trade Agreements Program**

Activities related to the trade agreements program continued in 1952 to account for a considerable part of the work of the Tariff Commission and its staff. Work on escape-clause investigations constituted the Commission's most important trade-agreement activity during the year. The Commission conducts its work in connection with the trade agreements program under the provisions of section 350 of the Tariff Act of 1930, as amended, and the Trade Agreements Extension Act of 1951.

Among other things, the Trade Agreements Extension Act of 1951 established (sec. 7) a statutory procedure for the Tariff Commission's conduct of escape-clause investigations. It also provided (secs. 3 and 4) for so-called peril-point investigations by the Commission to determine what concessions the United States may make on products listed

for consideration in prospective trade-agreement negotiations without causing or threatening serious injury to domestic industries producing like or directly competitive products. During the calendar year 1952 the Commission conducted no peril-point investigations under this provision of law. At times during the year, however, nearly half its professional staff, as well as a large part of its clerical and statistical staff, were engaged—either full time or part time—in work on escape-clause investigations.

Of a total of 23 escape-clause applications pending before the Commission during the period January 1 through November 30, 1952, the Commission, as of November 30, 1952, had completed investigations on 11 applications, and was conducting investigations on the remaining 12 applications. The completed investigations were those on hatters' fur; garlic; blue-mold cheese; watches, watch movements, watch parts, and watchcases; motorcycles and parts; dried figs; spring clothespins; groundfish fillets; bicycles and parts; candied, crystallized, or glace cherries; and bonito, canned in oil, and tuna and bonito, canned, not in oil. The nature and status of the individual escape-clause applications that were pending before the Commission during the period January 1 to November 30, 1952, are discussed in part II of this report. The Commission's reports on the investigations completed during this period are summarized in part IV of this report.

Since 1947 the Commission has been required by Executive order to report at least once each year to the President and to the Congress on the operation of the trade agreements program. The fourth report in this series, covering the period July 1950 through June 1951, was issued in May 1952. The fifth report, which will cover the period July 1951 through June 1952, is nearing completion.

On August 29, 1951, the Interdepartmental Committee on Trade Agreements announced the intention of the United States Government to negotiate with Venezuela to supplement and amend the 1939 trade agreement with that country. During the early months of 1952, the Commission continued to assist the trade agreements organization in its preparations for the negotiations with Venezuela. The negotiations began at Caracas on April 18, 1952, and were concluded in Washington on August 8. The supplementary agreement with Venezuela, which was signed in Caracas on August 28, 1952, is discussed in part II of this report.

During 1952, members of the Commission and its staff participated in trade agreements work relating to a wide variety of problems other than escape-clause investigations and the negotiations with Venezuela. Foremost among these were the preparations for United States participation in the Seventh Session of the Contracting Parties to the General Agreement on Tariffs and Trade; preparations for the meet-



ings of the ad hoc Committee for Agenda and Intersessional Business of the General Agreement; and consideration of action to include escape clauses in existing trade agreements pursuant to section 6 (b) of the Trade Agreements Extension Act of 1951.

### Special Investigations

Sections 332, 336, and 337 of the Tariff Act of 1930, section 22 of the Agricultural Adjustment Act, as amended, section 504 of the Philippine Trade Act of 1946, and Public Laws 38, 257, and 258 of the Eighty-second Congress direct the Tariff Commission to conduct various investigations and to make certain special studies. During 1952, as in most recent years, the Commission conducted several investigations and studies under certain of these provisions of law.

In accordance with the resolution of the Senate Committee on Finance of June 26, 1952, the Commission on June 30, 1952, instituted an investigation of the domestic tuna industry under the provisions of section 332 of the Tariff Act of 1930. On July 10, 1952, the Commission ordered that a public hearing, beginning November 17, 1952, be held in connection with the investigation.

On May 15, 1952, in accordance with Senate Resolution 253 (82d Cong.), the Commission instituted an investigation under section 336 of the Tariff Act of 1930—the so-called flexible-tariff provision—of the differences in the costs of production in the United States and the chief competing foreign countries of specified household china tableware, kitchenware, and table and kitchen utensils. The investigation applies predominantly to low-valued household china articles.

Under the provisions of section 22 of the Agricultural Adjustment Act, as amended, and in accordance with the recommendations of the Tariff Commission, quota restrictions have been imposed since 1939 on imports of most types of cotton, and since 1941 on imports of wheat, wheat flour, and certain other wheat products. In recent years the Commission has conducted a number of investigations to determine whether supplemental import quotas for certain types of long-staple cotton were necessary. During 1952, however, the Commission made no investigations relating to long-staple cotton. The quotas on wheat, wheat flour, and similar wheat products have not been changed since their establishment in 1941, but certain exceptions were made in 1942 and 1943 on distress shipments, on seed wheat, on wheat imported for experimental purposes, and on wheat imported during the war by the War Food Administrator.

During 1952 the Commission had pending before it a continuing investigation on edible tree nuts. This investigation was instituted under the provisions of section 22 of the Agricultural Adjustment Act, as amended. Before 1952 the Commission had held two public

hearings and had made two reports to the President in this investigation; the first of these was made in 1950 and the second in 1951. The Commission held a third public hearing in this investigation on July 28, 1952, in order to assist it in determining what action, if any, should be taken under section 22 with respect to imports of edible tree nuts during the crop year 1952-53. On September 25, 1952, the Commission submitted to the President its third report on edible tree nuts, recommending the imposition of a fee on imports of shelled almonds and an absolute quota on imports of shelled filberts during the period October 1, 1952, to September 30, 1953, inclusive. The President accepted the Commission's recommendation with respect to almonds and issued a proclamation on September 27, 1952, imposing a fee of 5 cents per pound on shelled almonds entered, or withdrawn from warehouse, for consumption during the period October 1, 1952, to September 30, 1953, until 7,000,000 pounds of such almonds had been so entered or withdrawn, and a fee of 10 cents per pound on shelled almonds entered or withdrawn during the period specified in excess of 7,000,000 pounds. These fees are to be collected in addition to the regular duties imposed by the tariff act. On October 20 the President issued a statement that he was not acting upon the Commission's recommendation to impose additional restrictions on imports of shelled filberts. The Tariff Commission's report recommended that imports of shelled filberts during the period October 1, 1952, to September 30, 1953, be restricted by an absolute quota to 4,500,000 pounds. Commissioners Brossard and Gregg recommended that imports of shelled filberts during the 12-month period be restricted by absolute quota to not more than 4,000,000 pounds.

On September 2, 1952, under the provisions of section 22 of the Agricultural Adjustment Act, as amended, the Commission instituted an investigation of sheep's wool, carbonized wool of the sheep, and tops of sheep's wool. A public hearing was held on September 29 and 30, and October 1, 1952.

Public Law 38 (82d Cong.), which suspends the import-excise tax on copper for a stated period, provides for revocation of the suspension whenever the Tariff Commission determines that the average market price of standard electrolytic copper shapes and sizes (delivered Connecticut Valley) has remained below 24 cents per pound for any one calendar month during the period. The Commission has established the procedures necessary for carrying out this function and is keeping currently informed on copper prices.

Public Laws 257 and 258 (82d Cong.), which temporarily suspended the import duties on lead and zinc, contained similar provisions. On June 5, 1952, the Commission advised the President that the average market price of lead for the month of May 1952 had been below the specified minimum of 18 cents per pound. Similarly,

on July 3, 1952, the Commission advised the President that the average market price of zinc for the month of June 1952 had been below the specified minimum of 18 cents per pound. Presidential proclamations revoked the suspension of the import duties on lead, effective June 26, 1952, and on zinc, effective July 24, 1952.

### General Work of the Commission

Under the provisions of section 332 of the Tariff Act of 1930, which sets forth the general powers of the Tariff Commission, the Commission is constantly engaged in investigating and reporting on a wide range of subjects relating to tariffs, commercial policies, and international trade.

During the 3 years 1948-50 the Commission revised and issued 44 volumes of its Summaries of Tariff Information, covering about 2,300 separate commodities. This large body of information, prepared at congressional request, is widely used as source material by the Congress, the defense agencies, the Interdepartmental Committee on Trade Agreements, other Government agencies, private business concerns, and the general public. Certain of the summaries have been revised since 1949. Although it has not been possible to publish the revised copies, they have nevertheless been made available to the defense agencies.

In 1950 the Commission began to prepare a series of reports on various industrial materials of special importance to the defense program. These reports, three of which were issued in 1951, summarize the salient economic and statistical information concerning these materials; they are designed to assist other agencies of the Government in mobilizing the Nation's resources for defense. During 1952 the Commission issued additional reports in the series.

During 1952 the Commission issued its customary preliminary and final reports on domestic production and sales of synthetic organic chemicals, as well as monthly statistics both on selected chemicals in this group and on synthetic plastics and resin materials. These reports, long recognized for their value to the Congress and to the domestic chemical industry, are now of special value to the defense agencies, and their coverage has been expanded at the request of those agencies.

Because of the pressure of other work, the Commission was unable during 1951 to issue a revised edition of its compilation of information on United States import duties. In view of the great need for it, however, a new edition, *United States Import Duties (1952)*, was completed and made available for distribution in October. This publication, which reports the latest changes in United States import duties, is widely used by business and industrial organizations and by Government agencies.

Progressive reduction of the Commission's staff and the pressure of higher priority work have made it impossible for the Commission to do any work on analyzing changes in the tariffs and commercial policies of foreign countries.

### **Cooperation With Defense and Other Government Agencies**

The Tariff Commission has always made its resources and experience freely available to other agencies of the Government. During 1952 this cooperative assistance was given to more than 30 agencies, and to 25 or more interdepartmental committees besides the Interdepartmental Committee on Trade Agreements and its "country" committees. Of particular importance, because of activities arising out of the defense program, was the aid that the Commission gave to the Munitions Board, the National Production Authority, the Defense Production Administration, and the International Materials Conference.

During the present emergency the United States Government agencies concerned with problems of defense have found the Tariff Commission a ready source of information on strategic and critical materials. Assistance that the Commission renders to the defense and emergency agencies ranges from meeting simple requests for spot information to projects involving as much as a thousand man-hours of work by members of the staff. All the divisions of the Commission participated in this important work during 1952. The Commission also loaned two members of its staff to the Office of Price Stabilization during the first half of the year.

During 1952 members of the Commission's staff continued to serve on a number of the interdepartmental commodity committees that the Munitions Board established to advise the Department of Defense, as well as on the interdepartmental advisory committees set up to assist our Government in its participation in the International Materials Conference. Likewise, members of the staff continued to serve on the Interdepartmental Advisory Committee on Foreign Trade Commodity Classification.

### **Other Activities**

Prerequisite to the Commission's varied activities is the task of assembling, maintaining, coordinating, and analyzing basic economic, statistical, and technical information. Over the years the Commission's staff has devoted a large part of its time to creating and maintaining this fund of essential information.

A substantial part of the data that the Commission uses is obtained by personal visits of staff members to manufacturers and importers. During 1952, as in 1951, the Commission found it necessary—partic-

ularly because of work on escape-clause investigations—to carry on even more extensive field work than in ordinary times.

The Tariff Commission has always received numerous requests from outside the Federal Government for assistance on problems within its field of specialization. In 1952 the Commission supplied a considerable volume of information on matters relating to tariffs and international trade, in response to requests received from agriculture, industry, commerce, labor, and the general public.

#### **Administration and Finances**

On June 30, 1952, the personnel of the Tariff Commission consisted of 5 Commissioners and 190 employees, or a total of 195 persons. Between June 30, 1945, and June 30, 1952, the number of persons on the roll of the Commission dropped from 301 to 195—a decline of 106 persons, or of more than 35 percent.

The appropriated funds available to the Commission during the fiscal year 1952 amounted to \$1,250,600. Reimbursements received amounted to \$36,909. The total funds available to the Commission amounted to \$1,287,509, and expenditures amounted to \$1,287,434. At the end of the fiscal year the unobligated balance of available funds was \$75.



## **PART II. CURRENT WORK**

### **Work Done in Response to Directives or Requests From the Congress**

During the calendar year 1952, as in previous years, work that the Commission undertook at the request of the Congress, congressional committees, and individual Members of Congress constituted an important part of its activities. This section of the report deals only with direct requests from Members of Congress and from congressional committees for information, for comments on proposed legislation, and for assistance at congressional hearings. Other phases of the Commission's work, even though based directly or indirectly on congressional directives or requests, are discussed in other sections of this report.

#### **Reports to committees on proposed legislation**

Committees of Congress regularly request the Tariff Commission to analyze proposed legislation relating to tariffs and trade matters. Most of these requests come from the Senate Committee on Finance and the House Committee on Ways and Means. During the first 11 months of 1952 the Commission prepared and submitted to congressional committees reports on about 30 bills and resolutions. Preparation of comments on bills and resolutions usually involves considerable work by the Commission, and the reports required are often extensive.

The bills and resolutions that were referred to the Commission for analysis during 1952 related to a wide variety of subjects, as may be seen from the following representative—but not inclusive—list of titles: To continue for a temporary period the existing tariff classification of impure dicalcium phosphate; to increase the duty on imports of fig paste; to remove the additional tax on coconut oil; to impose a duty on fresh and frozen tuna; to suspend the import duties on tungsten ore, concentrate, metal, alloys, and certain advanced products of tungsten; to amend certain sections of chapter 21 of the Internal Revenue Code; to continue suspension of the duty on imports of metal scrap; to establish quotas on imports of certain products under the Defense Act of 1951; to permit free entry of articles for exhibition at fairs; to prevent importation from the Soviet Union and Communist China of certain furs; to provide free entry of calcined bauxite for refractory purposes; and to permit free entry for educational purposes of textile machinery of types not produced in the United States.

**Special services to committees of the Congress**

In their consideration of proposed legislation, congressional committees often ask the Tariff Commission not only for reports, but also for the services of Commission experts. These experts are frequently asked to appear at congressional hearings, or to supply information orally in executive sessions of the committees.

During 1952 the Commission's Ceramics Division gave considerable assistance to the Senate Committee on Finance in its work on Senate Resolution 253. This resolution directs the Commission to carry out an investigation under the provisions of section 336 of the Tariff Act of 1930 with respect to certain household china tableware dutiable under paragraph 212. The Agricultural Division gave informal assistance to the House Committee on Ways and Means and the Senate Committee on Finance during their consideration of House bill 5693—a bill to impose a duty of 3 cents per pound on fresh or frozen tuna.

Another instance of special service to a congressional committee was the aid the Ceramics Division gave to the House Committee on Ways and Means in its work on tariff paragraph 1774, which covers the importation of altars, pulpits, etc., when imported for presentation to religious organizations. The Sundries and Legal Divisions spent considerable time during 1952 working with the congressional committees considering House bill 7594—a bill designed to fix quotas on the importation of certain feathers.

During the year the Commission also continued its assistance to the Joint Committee on the Economic Report and the Legislative Reference Service of the Library of Congress in studies they were making. The kind of assistance given to the Joint Committee on the Economic Report was the same as that supplied in 1951, which is described in detail in the Commission's Annual Report for that year.

**Services rendered to individual Senators and Representatives**

Each year the Tariff Commission receives many requests from individual Senators and Representatives for various types of information. Some of these requests can be answered by information from data immediately available in the files of the Commission, but others require considerable research and often involve the preparation of extensive statistical compilations and other data. In the first 11 months of 1952 the Commission replied to about 600 letters from individual Members of Congress requesting information on tariff and trade matters. Many of these requests concerned applications for investigations pending before the Commission. The Commission also regularly furnishes information to the interdepartmental Committee



for Reciprocity Information<sup>1</sup> to help that Committee in responding to inquiries by Members of Congress.

During 1952 the Commission furnished to several Members of Congress, at their request, regular monthly tabulations prepared by the Ceramics Division showing United States imports (for consumption) of glassware and pottery, by kinds and by principal sources.

In response to a request from a Member of Congress, the Commission during 1952 made a study of the circumstances surrounding the exportation from Argentina and Uruguay of wool tops at rates of exchange more favorable than the rates specified for raw wool. This study required several weeks of field work by members of the Commission's Agricultural and Textiles Divisions. The resulting report was introduced into the records of the hearings by the Senate Committee on Finance on House bill 5505—the proposed Customs Simplification Act.

#### **Work in Connection With the Trade Agreements Program**

In 1952, as in preceding years, work in connection with the trade agreements program accounted for a substantial part of the activity of the Tariff Commission and its staff. During the year, however, the major work in connection with the program differed markedly from that in most other recent years. Escape-clause investigations constituted by far the most important of the Commission's trade-agreement activities during 1952, whereas from 1946 to 1950 the outstanding trade-agreement work consisted of preparations for, and attendance at, the Geneva, Annecy, and Torquay Conferences of the Contracting Parties to the General Agreement on Tariffs and Trade. The Commission conducts its work in connection with the trade agreements program under the provisions of section 350 of the Tariff Act of 1930, as amended, and the Trade Agreements Extension Act of 1951.

Among other things, the Trade Agreements Extension Act of 1951 established (sec. 7) a statutory procedure for the conduct of escape-clause investigations by the Commission. It also provided (secs. 3 and 4) for so-called peril-point investigations by the Commission to determine what concessions may be made by the United States on products listed for consideration in prospective trade-agreement negotiations without causing or threatening serious injury to the domestic industries producing like or directly competitive products. During 1952 the Commission conducted no peril-point investigations, al-

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<sup>1</sup> The primary functions of the Committee for Reciprocity Information, which was created by Executive order in 1934, are (1) to provide an opportunity for all interested parties to present their views on proposed trade agreements and (2) to see that those views are brought to the attention of the Interdepartmental Committee on Trade Agreements.

though, in compliance with section 4, it sent to the Congress certain parts of the peril-point report it made in December 1951 before the United States-Venezuela trade-agreement negotiations. The Commission's functions under the peril-point provisions of the extension act of 1951 were discussed in detail in the Annual Report for 1951.

**Work under the escape clause**

Section 7 of the Trade Agreements Extension Act of 1951 (establishing the escape-clause procedure) provides that the Tariff Commission, upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Senate Committee on Finance or the House Committee on Ways and Means, upon its own motion, or upon application by any interested party, must promptly conduct an investigation to determine whether any product on which a trade-agreement concession has been granted is, as a result, in whole or in part, of the customs treatment reflecting such concession, being imported in such increased quantities, actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. The investigation must be concluded within 1 year of the date the application is received. Whenever in the course of its investigation the Commission finds evidence of serious injury or threat of serious injury, or whenever so directed by resolution of either the Senate Committee on Finance or the House Committee on Ways and Means, the Commission is required to hold a public hearing and afford interested parties a reasonable opportunity to be heard. In arriving at its findings and conclusions, the Commission is required to consider several factors expressly set forth in section 7 of the extension act of 1951.

Should the Commission find, as a result of its investigation, the existence or threat of serious injury as a result of increased imports due to the customs treatment reflecting the concession, it must recommend to the President, to the extent and for the time necessary to prevent or remedy such injury, the withdrawal or modification of the concession, or the suspension of the concession in whole or in part, or the establishment of an import quota. Within 60 days, or sooner if the President has given effect to its recommendations, the Commission must transmit to the Senate Committee on Finance and the House Committee on Ways and Means an exact copy of its report and recommendations to the President. When, in the Commission's judgment, there is no sufficient reason to recommend to the President that a trade-agreement concession be modified or withdrawn, the Commission must nevertheless make and publish a report stating its findings and conclusions.

Section 8(a) of the extension act of 1951 established a special procedure which, under specified circumstances, governs the institution and duration of escape-clause investigations relating to perishable

agricultural commodities. Upon report to the President and the Tariff Commission by the Secretary of Agriculture, with respect to an agricultural commodity, that due to its perishability a condition exists requiring emergency treatment, the Commission must make an immediate investigation and make recommendations to the President for such relief under those provisions as may be appropriate. The Commission's report to the President and the President's decision must be made not more than 25 calendar days after the case is submitted to the Commission. Under the provisions of section 8(a), the President may take immediate action if he deems it necessary, without awaiting the recommendations of the Commission. Section 8(a) was not invoked during 1952.

Although escape-clause investigations under section 7 of the Trade Agreements Extension Act of 1951 differ in many respects, the Commission's work on them has followed a general pattern. All the investigations that the Commission conducted during 1952 were ordered upon the application of interested parties. Upon receipt of the application, the staff prepares a preliminary report, based primarily on data submitted by the applicant and on information already available in the files of the Commission. The Commission generally orders a public hearing, usually at an early stage in the investigation, giving at least 30 days' notice. Although some of the hearings are completed in a single day, others have required as many as 8 days. Both before and after the hearings, the staff assigned to the investigation gathers, organizes, and analyzes all data pertinent to the investigation.

The Commission obtains information needed for its escape-clause investigations by a number of methods and from a variety of sources. Among the methods used are the public hearings, field trips by staff experts, questionnaires, and correspondence. Among the sources from which information is obtained are producers, importers, exporters, wholesalers, retailers, industrial and commercial associations, and Government departments and agencies. Before the Commission makes its decision, the staff assembles and analyzes the data, and submits its final report to the Commission's Planning and Reviewing Committee. That committee reviews the report and forwards it to the Commission.

At times during 1952 nearly half the Commission's professional staff, as well as a large part of its clerical and statistical staff, were engaged in work on escape-clause investigations, either full time or part time. The escape-clause investigations also occupied more of the time of the Commission members than any other single activity. For example, attendance at the public hearings, which accounted for only a small part of the time the Commission devoted to each investigation, alone required a total of about 5 weeks' time during the year.

The volume of work undertaken on escape-clause investigations by the Commission and its limited staff during 1952 made it necessary to defer a number of other important projects.

On January 1, 1952, there were 9 escape-clause investigations pending before the Commission; 1 investigation had been completed, but the President had not yet acted on the Commission's recommendation; and 1 application had been received, but an investigation had not yet been ordered.<sup>2</sup> During 1952 (to December 1) the Commission received 12 applications, and instituted investigations on each of them, as well as on 1 application it had received late in 1951. Of a total of 23 escape-clause applications pending before the Commission during the first 11 months of 1952, the Commission, as of November 30, 1952, had completed investigations relating to 11 of those applications; investigations relating to the remaining applications were in process. The completed investigations were those on hatters' fur; garlic; blue-mold cheese; watches, watch movements, watch parts, and watchcases; motorcycles and parts; dried figs; spring clothespins; groundfish fillets; bicycles and parts; candied, crystallized, or glace cherries; and bonito, canned in oil, and tuna and bonito, canned, not in oil. With respect to 2 of its completed investigations—those on hatters' fur and dried figs—the Commission recommended the imposition of increased restrictions on imports of the commodities involved, and the President proclaimed those restrictions. With respect to 2 other completed investigations—those on garlic and watches—the Commission likewise recommended the imposition of increased import restrictions, but the President rejected the Commission's recommendations. With respect to the 7 remaining completed investigations—those on motorcycles and parts; blue-mold cheese; spring clothespins; groundfish fillets; bicycles and parts; candied, crystallized, or glace cherries; and bonito, canned in oil, and tuna and bonito, canned, not in oil—the Commission did not recommend modification of the respective trade-agreement concessions.<sup>3</sup> The Commission's reports on the com-

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<sup>2</sup> On December 29, 1951, the Commission completed its escape-clause investigation on wood screws, which had been instituted on August 22, 1951, in response to an application filed by the United States Wood Screw Service Bureau, and published its report thereon. On the basis of its investigation, the Commission made no recommendation to the President for "escape" action. This action is not included in the above discussion inasmuch as the investigation had been completed before 1952 and no action was recommended to the President. The Commission's report, however, is summarized in part IV of this report, since such a summary was not included in the last Annual Report. A second application for an escape-clause investigation on wood screws was filed on April 1, 1952 (see list).

<sup>3</sup> For a record of the dissents from the Commission's findings and recommendations in the investigations listed, see the summaries of the respective reports in part IV of this report.

pleted investigations—all of which have been published—are summarized in part IV of this report.

The nature and status of the individual escape-clause applications that were pending before the Commission during the period January 1 to November 30, 1952, are shown in the accompanying list.

Under the provisions of section 7 (a) of the Trade Agreements Extension Act of 1951, any escape-clause action taken by the President with respect to a particular commodity is to remain in effect only “for the time necessary to prevent or remedy” the injury. Therefore, in those instances in which the Commission has recommended escape action and the President has given effect to its recommendations, the Commission has continued to review developments with respect to the commodities concerned.

In order to establish a formal procedure for review of escape-clause actions, the President, on October 14, 1952, issued Executive Order 10401.<sup>4</sup> The order directs the Tariff Commission to keep under review developments with regard to products on which trade-agreement concessions have been modified or withdrawn under the “escape clause” procedure, and to make periodic reports to the President concerning such developments. The first such report is to be made in each case not more than 2 years after the action became effective, and thereafter at intervals of 1 year so long as the concession remains modified or withdrawn in whole or in part.

In addition to the periodic reports, the Commission is to institute a formal investigation in any case whenever, in the Commission’s judgment, changed conditions warrant it, or upon the request of the President, to determine whether, and if so to what extent, the “escape clause” action needs to be continued in order to prevent or remedy serious injury or the threat thereof to the domestic industry concerned. Such investigations will include a public hearing, and, upon completion of the investigation, the Commission is to report its findings to the President.

During 1952 the Commission reported to the President on developments with respect to women’s fur felt hats and hat bodies; under the escape clause, the President had modified the trade-agreement concession on those products, effective December 1, 1950.

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

Since 1947 various Executive orders have directed the Tariff Commission to make a factual report to the President and to the Congress, at least once each year, on the operation of the trade agreements program. The four reports that the Commission thus far has issued in response to these directives give a detailed history of the trade agreements program since its inception in 1934.

<sup>4</sup> Published in *Federal Register*, October 15, 1952 (17 F. R. 9125).

*Applications for escape-clause investigations pending before the Tariff Commission during the period  
Jan. 1–Nov. 30, 1952*

Commodity	Name and address of applicant	Date received	Status <sup>1</sup>
1. Hatters' furs, or furs not on the skin, prepared for hatters' use, including fur skins carroted.	Hatters' Fur Cutters Association of the U. S. A., New York, N. Y.	June 22, 1950	Investigation instituted Jan. 5, 1951. Hearing held Feb. 6, 1951. Investigation completed Nov. 9, 1951. Modification in concession recommended to the President. Concession modified by Presidential proclamation of Jan. 5, 1952.
2. Jeweled watches and watch movements containing 7 jewels or more but not more than 17 jewels, and parts thereof.	Elgin National Watch Co., Elgin, Ill. Hamilton Watch Co., Lancaster, Pa.	Feb. 13, 1951	Investigation instituted on all watches and watch movements and parts thereof, Mar. 22, 1951. Hearing held May 15–24, 1951. Investigation completed June 14, 1952. Modification in concession recommended to the President.* Recommendation rejected by the President Aug. 14, 1952.
3. Motorcycles and parts -----	Harley-Davidson Motor Co., Milwaukee, Wis.	May 21, 1951	Investigation instituted June 29, 1951. Investigation extended to include parts July 19, 1951. Hearing held Sept. 18–27, 1951. Investigation completed June 16, 1952. No modification in concession recommended.*
4. Blue-mold cheese -----	National Cheese Institute, Inc., Chicago, Ill.	June 11, 1951	Investigation instituted June 29, 1951. Hearing held Apr. 14, 1952. Investigation completed June 12, 1952. No modification in concession recommended.*
5. Spring clothespins (second investigation).	Clothespin Manufacturers of America, Washington, D. C.	Aug. 22, 1951	Investigation instituted Sept. 10, 1951. Hearing held Nov. 13, 1951. Investigation completed Aug. 21, 1952. No modification in concession recommended.*

6. Fresh or frozen groundfish fillets -----	Massachusetts Fisheries Association, Inc., Boston, Mass.; and others.	Sept. 10, 1951	Investigation instituted Sept. 17, 1951. Hearing held Nov. 26-29, 1951. Investigation completed Sept. 4, 1952. No modification in concession recommended.*
7. Garlic -----	Robert S. Stapleton, Gilroy, Calif. ---	Oct. 8, 1951	Investigation instituted Oct. 15, 1951. Hearings held Feb. 13 and 26, 1952. Investigation completed June 6, 1952. Modification in concession recommended to the President.* Recommendation rejected by the President July 21, 1952.
8. Bicycles and parts -----	Bicycle Manufacturers Association of America, New York, N. Y. Cycle Parts and Accessories Manufacturers Association, New York, N. Y.	Oct. 11, 1951	Investigation instituted Oct. 15, 1951 Hearing held Mar. 3-6, 1952. Investigation completed Oct. 9, 1952. No modification in concession recommended.
9. Cherries, candied, crystallized, or glaze.	Maraschino Cherry and Glace Fruit Association, New York, N. Y.	Oct. 26, 1951	Investigation instituted Oct. 31, 1951. Hearing held Mar. 10-11, 1952. Investigation completed Oct. 17, 1952. No modification in concession recommended.*
10. Bonito, canned in oil; and tuna and bonito, canned, not in oil.	California Fish Cannery Association, Inc., Terminal Island, Calif.; and others.	Nov. 28, 1951	Investigation instituted Dec. 28, 1951. Hearing held Jan. 29-Feb. 4, 1952. Investigation completed Nov. 26, 1952. No modification in concession recommended.*
11. Tobacco pipes and tobacco pipe bowls of wood or root.	American Smoking Pipe Manufacturers Association, New York, N. Y.	Dec. 29, 1951	Investigation instituted Jan. 10, 1952. Hearing held Mar. 24-25, 1952.
12. Specified household china tableware, kitchenware, and table and kitchen utensils.	Vitrified China Association, Inc., Washington, D. C. National Brotherhood of Operative Potters, East Liverpool, Ohio.	Feb. 11, 1952	Investigation instituted Feb. 15, 1952. Hearing held June 23-26, 1952.
13. Dried figs -----	California Fig Institute, Fresno, Calif.	Mar. 17, 1952	Investigation instituted Mar. 19, 1952. Hearing held Apr. 22-25, 1952. Investigation completed July 24, 1952. Modification in concession recommended to the President. Concession modified by Presidential proclamation of Aug. 16, 1952.

See footnote at end of table.

*Applications for escape-clause investigations pending before the Tariff Commission during the period  
Jan. 1–Nov. 30, 1952—Continued*

Commodity	Name and address of applicant	Date received	Status <sup>1</sup>
14. Screws, commonly called wood screws, of iron or steel (second investigation).	United States Wood Screw Service Bureau, New York, N. Y.	Apr. 1, 1952	Investigation instituted Apr. 4, 1952. Hearing held June 30–July 1, 1952.
15. Pregnant mares' urine and estrogenic substances obtained or derived therefrom.	National P.M.U. Producers Association, Farmer City, Ill.	Apr. 8, 1952	Investigation instituted Apr. 16, 1952.
16. Chalk or whitening or paris white, dry, ground, or bolted.	Southwark Manufacturing Co., Camden, N. J.	Apr. 10, 1952	Investigation instituted Apr. 16, 1952. Hearing held July 8, 1952.
17. Screen-printed silk scarves-----	Association of Textile Screen Makers, Printers, and Processors, Inc., New York, N. Y.	Apr. 14, 1952	Investigation instituted Aug. 25, 1952. Hearing scheduled Feb. 24, 1953.
18. Wood-wind musical instruments and parts.	Penzel, Mueller and Co., Inc., Long Island City, N. Y.; and others.	Apr. 29, 1952	Investigation instituted May 6, 1952. Hearing held Aug. 5–7, 1952.
19. Hard-fiber cords and twines (except baler twine and binder twine).	Cordage Institute, New York, N. Y.; and others.	July 7, 1952	Investigation instituted July 11, 1952. Hearing scheduled Feb. 3, 1953.
20. Cotton-carding machinery and parts--	American Textile Machinery Association, Whitinsville, Mass.	Aug. 12, 1952	Investigation instituted Aug. 21, 1952. Hearing scheduled Mar. 9, 1953.
21. Rosaries, chaplets, and similar articles of religious devotion, made in whole or in part of gold, silver, platinum, gold plate, silver plate, or precious or imitation precious stones.	G. Klein & Son, New York, N. Y. H. M. H. Co., Inc., Pawtucket, R. I.	Sept. 15, 1952	Investigation instituted Sept. 19, 1952.
22. Watch bracelets and parts thereof, of metal other than gold or platinum.	Watch Attachment Manufacturers Association, New York, N. Y.	Sept. 24, 1952	Investigation instituted Sept. 26, 1952.
23. Hand-blown glassware-----	Hand Division, American Glassware Association, New York, N. Y.	Sept. 25, 1952	Investigation instituted Sept. 26, 1952. Hearing scheduled Mar. 2, 1953.

<sup>1</sup> The investigations in which there were dissents from the Commission's findings and recommendations are indicated by an asterisk (\*). For a record of the dissents, see the summaries of the respective reports in part IV of this report.



In its first three reports the Commission covered developments under the trade agreements program from 1934 through June 1950. The Commission's fourth report, which covers the period July 1950 through June 1951, was first released in May 1952, and subsequently issued in printed form in November 1952. It deals mainly with trade-agreement legislation enacted by the United States during the period covered, developments respecting the General Agreement on Tariffs and Trade, the multilateral tariff negotiations at Torquay, changes in tariffs and other trade controls by countries with which the United States has trade agreements, and United States measures relating to imports of trade-agreement items. The fourth report is summarized in part IV of this report.

The Commission's fifth report, now nearing completion, will cover the period July 1951 through June 1952. Besides the developments respecting the General Agreement during the period covered, it will discuss the concessions that the United States granted and obtained at Torquay, the effect of trade-agreement concessions on the level of the United States tariff, changes in tariffs and other trade controls by countries with which the United States has trade agreements, and United States measures relating to imports of trade-agreement items.

#### **Supplementary trade agreement with Venezuela**

On August 29, 1951, the Interdepartmental Committee on Trade Agreements issued formal notice of the intention of the United States Government to negotiate with Venezuela to supplement and amend the 1939 trade agreement with that country, and listed the articles imported into the United States that would be considered for concessions. Section 3 of the Trade Agreements Extension Act of 1951 requires the Tariff Commission to conduct a "peril point" investigation (including a public hearing) of all articles that are to be considered for the granting of trade-agreement concessions, and to make a report thereon within 120 days after it receives the list of articles. On December 27, 1951, the Commission submitted to the President its peril-point report on the articles listed for consideration in the negotiations with Venezuela.

In the early months of 1952, the Committee on Trade Agreements continued its preparations for the negotiations with Venezuela. To carry out that part of the preparations assigned to the Tariff Commission by Presidential order, the Commission supplied the Country Committee for Venezuela and the Committee on Trade Agreements with up-to-date revisions of the Summaries of Tariff Information for each of the imported items listed for possible negotiation. Members of the Commission and of its staff served on those committees, and the Vice Chairman of the Commission served as Chairman of the inter-

departmental Committee for Reciprocity Information (CRI), which held public hearings on all phases of the pending negotiations. Members of the Commission's staff prepared summaries of the oral testimony given before the CRI for the use of the Trade Agreements Committee.

The negotiations with Venezuela began at Caracas on April 18, 1952. The Committee on Trade Agreements requested the Commission to send a member of its staff to Caracas to assist the United States negotiating team there, but because of lack of funds the Commission was unable to do so. On July 16, 1952, the negotiations were transferred to Washington, where they were concluded on August 8. Venezuela and the United States signed the supplementary trade agreement at Caracas on August 28, 1952; it became effective on October 11, 1952.

In a report to the Congress on August 29, 1952, the President, pursuant to section 4 of the Trade Agreements Extension Act of 1951, reported that the concessions that the United States granted in the supplementary trade agreement with Venezuela on crude petroleum, topped crude, and fuel oil derived from petroleum did not comply with the limits specified in the Tariff Commission's peril-point report. On September 2, 1952, the Commission, as required by section 4 of the extension act of 1951, sent to the Senate Committee on Finance and to the House Committee on Ways and Means a copy of the portions of its peril-point report dealing with those products.

#### **Other trade-agreement activities**

During 1952 members of the Tariff Commission and its staff assisted in work of the Committee on Trade Agreements relating to a wide variety of problems. Foremost among these were United States preparations for participation in the Seventh Session of the Contracting Parties to the General Agreement on Tariffs and Trade, which was held at Geneva, Switzerland, beginning October 2, 1952, and for the meetings of the ad hoc Committee for Agenda and Intersessional Business of the General Agreement, three of which were held during the year. At the Seventh Session, the consultations held with various contracting parties on the quantitative import restrictions maintained by them under certain provisions of the General Agreement were of particular importance; a large part of the work of the Committee on Trade Agreements and its country committees during 1952 had to do with United States preparations for these consultations.

During the year, the Committee on Trade Agreements also considered action to include escape clauses in existing trade agreements pursuant to section 6 (b) of the Trade Agreements Extension Act of 1951. As required by this act, the President, on January 10 and July 10, 1952, reported to the Congress on the action that had been

taken to insert escape clauses in existing trade agreements which do not include such clauses. Members of the Commission and its staff participated with the members of the Committee on Trade Agreements and its country committees in the work on this subject.

### **Special Investigations**

Specific provisions of law direct the Tariff Commission to conduct various investigations and to make certain special studies. These directives are contained in sections 332, 336, and 337 of the Tariff Act of 1930; section 22 of the Agricultural Adjustment Act, as amended; section 504 of the Philippine Trade Act of 1946; and Public Laws 38, 257, and 258 (82d Cong.).

During 1952 the Commission undertook or continued investigations under sections 332 and 336 of the Tariff Act of 1930, section 22 of the Agricultural Adjustment Act, and Public Laws 38, 257, and 258. It made no investigations under the provisions of section 337 of the Tariff Act of 1930 or of section 504 of the Philippine Trade Act of 1946.

#### **Special investigation of tuna under section 332 of the Tariff Act of 1930**

On June 26, 1952, the Senate Committee on Finance passed a resolution directing the Tariff Commission, pursuant to section 332 of the Tariff Act of 1930, as amended (19 U. S. C. 1332), to make a thorough investigation of the domestic tuna industry, including the effect of imports of fresh or frozen tuna fish on the livelihood of American fishermen, and to report the results of its investigation to the Senate Finance Committee on or before March 1, 1953. The resolution also directed the Commission to give opportunity for hearing to interested parties and, in determining the facts, to "take into account all relevant factors affecting the domestic economy, including the interests of consumers, processors, and producers . . . so as to assist the Congress in determining what change, if any, shall be made in the tariff status of fresh or frozen tuna."

Pursuant to this resolution, the Tariff Commission on June 30, 1952, instituted an investigation of the domestic tuna industry. On July 10, 1952, it ordered a public hearing to be held beginning on November 17, 1952.

#### **Section 336 of the Tariff Act of 1930**

Section 336 of the Tariff Act of 1930—the so-called flexible-tariff provision—sets forth the procedure under which the import duty on an article may be changed by proclamation of the President, after investigation and report by the Tariff Commission of the difference between the cost of production in the United States and in the country that is the principal foreign supplier. The Trade Agreements Act, however, made the provisions of section 336 inapplicable to any com-

modity on which a tariff concession is in effect pursuant to a trade agreement. Since 1934, as the United States has granted concessions on more and more commodities in trade agreements, the scope of possible action under the provisions of section 336 has been progressively reduced.

On May 15, 1952, however, in accordance with Senate Resolution 253 (82d Cong.), the Tariff Commission instituted an investigation under section 336 of the differences in the costs of production in the United States and foreign countries of specified household china tableware, kitchenware, and table and kitchen utensils.<sup>5</sup> The investigation covers principally low-valued household china articles. These articles are dutiable at compound rates under paragraph 212 of the Tariff Act of 1930. The other household china articles covered by paragraph 212 (i. e., those of medium and high value) are subject to concessions granted by the United States in trade agreements.<sup>6</sup>

#### Section 337 of the Tariff Act of 1930

Section 337 of the Tariff Act of 1930 authorizes the Tariff Commission to investigate alleged unfair methods of competition and unfair acts in the importation of articles or in the sale of imported articles in the United States. When the effect or tendency of such methods or acts is to destroy or substantially injure a domestic industry, or to prevent the establishment of an industry, or to restrain or monopolize trade and commerce in the United States, the articles involved may by Executive order be excluded from entry into the United States.

In 1952 the Commission made no investigations under section 337, and it had pending before it no investigations under that section. During the year, however, the Commission received a number of inquiries regarding the applicability of—and procedures under—the provisions of section 337, and members of the staff held a number of informal meetings with interested parties. During the year the Commission also received a number of complaints against the continuance of an existing Presidential order under section 337. The questions raised in these complaints are being studied.

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<sup>5</sup> Tableware, kitchenware, and table and kitchen utensils, not containing 25 percent or more of calcined bone (except hotel or restaurant ware and utensils); plates, not over 6 $\frac{5}{8}$  inches in diameter and valued not over \$2.55 per dozen, or over 6 $\frac{5}{8}$  but not over 7 $\frac{7}{8}$  inches in diameter and valued not over \$3.45 per dozen, or over 7 $\frac{7}{8}$  but not over 9 $\frac{1}{8}$  inches in diameter and valued not over \$5 per dozen, or over 9 $\frac{1}{8}$  inches in diameter and valued not over \$6 per dozen; cups, valued not over \$4.45 per dozen; saucers, valued not over \$1.90 per dozen; and articles other than plates, cups, or saucers, valued not over \$11.50 per dozen articles; all the foregoing, whether or not painted, colored, tinted, stained, enameled, gilded, printed, or ornamented or decorated in any manner.

<sup>6</sup> The Commission has also instituted an escape-clause investigation of the household china articles on which the United States has granted trade-agreement concessions. See the section of this report on trade-agreement activities.

**Section 22 of the Agricultural Adjustment Act**

Section 22 of the Agricultural Adjustment Act authorizes the President to restrict the importation of commodities, either by the imposition of import fees or by quota limitations, if such importation tends to render ineffective or materially interfere with programs of the Department of Agriculture relating to agricultural commodities. The section requires the Tariff Commission, on direction of the President, to conduct an immediate investigation, including a public hearing, and to make a report and recommendation to the President. The scope of permissible action under section 22 was expanded by the Trade Agreements Extension Act of 1951. Under section 8 (b) of that act, no trade agreement or other international agreement entered into at any time by the United States may be applied in a manner inconsistent with the requirements of section 22. Previously, section 22 provided that no action taken under it should be in contravention of any international obligation of the United States.

The Trade Agreements Extension Act of 1951 (sec. 8 (a)) also provides for special procedures under the provisions of section 22 in emergency conditions due to the perishability of any agricultural commodity. Upon report to the President and the Tariff Commission by the Secretary of Agriculture that such emergency conditions exist with respect to any agricultural commodity, the Tariff Commission must make an immediate investigation, either under section 22 of the Agricultural Adjustment Act, as amended, or under section 7 of the Trade Agreements Extension Act of 1951, and make recommendations to the President. The Commission's report to the President and the President's decision must be made not more than 25 calendar days after the case is submitted to the Tariff Commission. Should the President deem it necessary, however, he need not await the recommendations of the Commission before taking action.

*Long-staple cotton.*—Under the provisions of section 22 of the Agricultural Adjustment Act, as amended, quota restrictions have been imposed since 1939 on imports of most types of cotton in accordance with the recommendations of the Tariff Commission. In recent years, the Commission has conducted a number of investigations to determine whether supplemental import quotas for certain types of long-staple cotton were necessary. During 1952 (to December 1) the Commission made no investigations relating to long-staple cotton, but it continued to watch closely the developments with respect to that product.

Frequently in past years, on the opening day of a new quota year for long-staple cotton, more than enough cotton to fill the quota has been offered for entry. Each applicant then was assigned a proportionate share of the quota. On February 1, 1952, however, at the opening of the yearly global quota of 45,656,420 pounds, only 16,203,-

717 pounds of long-staple cotton was presented for entry. Through October 24, 1952, entries for the current quota year amounted to 22,802,340 pounds, or 49.9 percent of the total yearly quota.

The supplemental quota of 1,500,000 pounds of harsh or rough cotton having a staple of  $1\frac{3}{16}$  inches or more but less than  $1\frac{3}{8}$  inches in length (Tanguis cotton), permitted by Presidential proclamation signed June 29, 1951, was not filled. At the expiration of the quota period on January 31, 1952, only 172,629 pounds, or 11.5 percent of the allowed total, had been entered.

Domestic production of American-Egyptian cotton was 47,200 bales (22,562,000 pounds) in the 1951-52 crop year. As of October 1, 1952, the forecast for the 1952-53 crop year was 79,800 bales (38,144,000 pounds).

An undisclosed quantity of Egyptian extra-long-staple cotton has been purchased and stored in customs bonded warehouses during the year as part of the Munitions Board program for stockpiling long-staple cotton. This cotton held under customs bond has not been charged against any quota.

Three of the factors mentioned above—the failure to exhaust the long-staple cotton quota early in the quota year, the nonfilling of the supplemental quota for harsh long-staple cotton, and the expanded production of American-Egyptian long-staple cotton—indicate that no request for a supplemental quota will be received from cotton manufacturers in the near future.

An offsetting factor, however, is the marked decline in the price of Karnak (Egyptian extra-long-staple cotton). During most of the crop year beginning August 1, 1951, Karnak sold in Egypt for more than or only a little less than \$1 (United States currency) a pound; the price on October 16, 1952, was 51.49 cents a pound. Thus if the high price discouraged consumption of Karnak cotton in the United States in 1951-52, the present lower price may increase the market for articles requiring extra-long-staple cotton in their manufacture.

The United States Government's purchase program to support the price of American-Egyptian cotton of the crop of 1952 extends through April 30, 1953. This program was undertaken to build up supplies of this strategic and critical material. The Government price on the base quality averages \$1.07 a pound, which at the time of establishment was less than the price of Karnak in Egypt. No price-support program for the 1953 crop of American-Egyptian cotton has as yet been announced.

*Wheat and wheat flour.*—Since May 1941, under the provisions of section 22 of the Agricultural Adjustment Act, and in accordance with recommendations of the Tariff Commission, the United States has restricted imports of wheat and wheat flour, semolina, crushed or

cracked wheat, and similar wheat products, in order to prevent interference with programs of the Department of Agriculture to control the production or marketing of domestic wheat. Imports in any quota year are limited to 800,000 bushels of wheat and to 4 million pounds of wheat flour, semolina, and similar wheat products. The quotas are allocated by country; in general, they are in proportion to imports from the several countries in the 12-year period 1929-40. Since their adoption in 1941, the quotas have not been changed, but exceptions have been granted on distress shipments, on seed wheat, on wheat for experimental purposes, and on wheat imported during the war by the War Food Administrator (virtually all of which was used for animal feed). The Commission is continuing to watch closely the developments with respect to wheat, wheat flour, and other wheat products.

*Edible tree nuts.*—During 1952 the Commission had pending before it a continuing investigation of edible tree nuts, under the provisions of section 22. By direction of the President, the Tariff Commission instituted this investigation on April 13, 1950. The purpose of the investigation is to determine whether almonds, filberts, walnuts, brazil nuts, or cashews are being imported, or are practically certain to be imported, into the United States under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with any of the programs undertaken by the United States Department of Agriculture with respect to almonds, filberts, walnuts, or pecans, or to reduce substantially the amount of any product processed in the United States from such walnuts, filberts, almonds, or pecans. A public hearing was held on June 27 and 28, 1950.

On November 24, 1950, the Commission made an interim report to the President. At that time the Commission found no basis for the imposition of restrictions under section 22 on imports of any of the commodities covered by the investigation. The investigation was continued, however, and after a public hearing in September 1951 the Commission made a second report to the President. On December 10, 1951, the President issued a proclamation giving effect to the Commission's recommendation in its second report that, in addition to the duties imposed under the Tariff Act of 1930, there be imposed a fee of 10 cents per pound on imports of shelled almonds and blanched, roasted, or otherwise prepared or preserved almonds entered, or withdrawn from warehouse, for consumption during the period October 1, 1951, to September 30, 1952, inclusive, in excess of an aggregate quantity of 4,500,000 pounds, provided that not more than 500,000 pounds of the imports not subject to the additional fee might consist of blanched, roasted, or otherwise prepared or preserved almonds.

In its 1951 report, as in its 1950 report, the Commission advised the President that it was continuing the investigation, that it would keep in close touch with developments respecting the Department of Agriculture's program for tree nuts and with the marketing conditions for these commodities, and that it would report to the President regarding any further action which might be necessary to carry out the purpose of section 22 of the Agricultural Adjustment Act, as amended.

On June 19, 1952, the Commission ordered another public hearing, to be held on July 28, 1952, in the investigation with respect to edible tree nuts. Originally, the purpose of this hearing was to receive information and views from interested parties about the programs of the United States Department of Agriculture for the crop year 1952-53 with respect to almonds, filberts, walnuts, or pecans, and as to what action, if any, should be taken under section 22 with respect to imports of almonds, filberts, walnuts, brazil nuts, or cashews. On July 7, 1952, the Commission extended the scope of the hearing to include the views of interested parties on the question of whether any change should be made in the 500,000-pound limitation on blanched, roasted, or otherwise prepared or preserved almonds which may be included in the fee-free aggregate quota—provided for in the President's proclamation of December 10, 1951—of 4,500,000 pounds for the year ending September 30, 1952.

On October 21, 1952, the Commission released its report to the President, dated September 25, 1952, of findings and recommendations with regard to the need for restrictions on imports of tree nuts under section 22 of the Agricultural Adjustment Act, as amended, to prevent interference with programs of the Department of Agriculture for the 1952 crops of tree nuts. The Commission recommended the imposition of a fee on imports of shelled almonds and an absolute quota on imports of shelled filberts during the period October 1, 1952, to September 30, 1953, inclusive.

The President accepted the Commission's recommendation with respect to almonds and issued a proclamation on September 27, 1952, imposing a fee of 5 cents per pound on shelled almonds entered, or withdrawn from warehouse, for consumption during the period October 1, 1952, to September 30, 1953, until 7,000,000 pounds of such almonds had been so entered or withdrawn, and a fee of 10 cents per pound on shelled almonds entered or withdrawn during the period specified in excess of 7,000,000 pounds. These fees are to be collected in addition to the regular duties imposed by the tariff act.

On October 20, 1952, the President issued a statement that he was not acting upon the Commission's recommendation to impose additional restrictions on imports of shelled filberts. The Tariff Commission's report recommended that imports of shelled filberts during



the period October 1, 1952, to September 30, 1953, be restricted by an absolute quota to 4,500,000 pounds. Commissioners Brossard and Gregg recommended that imports of shelled filberts during the 12-month period be restricted by absolute quota to not more than 4,000,000 pounds.

In its report of September 25, 1952, the Commission recommended action on shelled almonds and shelled filberts, as indicated above. No action was recommended on in-shell almonds and filberts, or on walnuts, brazil nuts, or cashews. As in its previous reports, the Commission in its latest report advised the President that it was continuing the investigation and would report regarding any later action with respect to tree nuts which might be found to be necessary to carry out the purposes of section 22. A summary of the Commission's report on edible tree nuts is given in part IV of this report.

*Wool.*—On September 2, 1952, by direction of the President, the Tariff Commission instituted an investigation of sheep's wool, carbonized wool of the sheep, and tops of sheep's wool, under the provisions of section 22 of the Agricultural Adjustment Act, as amended, and Executive Order 722 of November 23, 1935. The purpose of the investigation is to determine whether these commodities are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the price-support program undertaken by the United States Department of Agriculture with respect to sheep's wool. A public hearing was held on September 29 and 30, and October 1, 1952.

#### **Section 504 of the Philippine Trade Act of 1946**

Section 504 of the Philippine Trade Act of 1946 authorizes the President to establish import quotas on Philippine articles which he finds, after investigation by the Tariff Commission, are coming, or are likely to come, into substantial competition with like articles which are the product of the United States.<sup>7</sup> The act directs the Commission to conduct an investigation, including a public hearing, upon request of the President, upon resolution of either House of Congress or concurrent resolution of both Houses of Congress, upon its own motion, or, when in its judgment there is good reason therefor, upon the application of any interested party. The Commission must report the results of its investigation to the President, and must send copies of such reports to each House of Congress. The Commission has thus far made no investigations under the Philippine Trade Act of 1946.

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<sup>7</sup> Quotas on imports from the Philippines of several products—rice, cigars, scrap and filler tobacco, coconut oil, buttons of pearl or shell, hard-fiber cordage, and sugar—are specifically provided for in the act. The provisions of section 504, therefore, are not applicable to those commodities.

**Other special investigations**

With the enactment of Public Law 38 (82d Cong.), approved May 22, 1951, the Tariff Commission was given a new type of responsibility. This law suspends certain import taxes on copper until February 15, 1953, or until the termination of the national emergency, whichever is the earlier. It also contains a proviso that the suspension is to be revoked sooner when for any calendar month the average market price of standard electrolytic copper shapes and sizes (delivered Connecticut Valley) has been below the specified level of 24 cents per pound. The Tariff Commission is required to advise the President, when this market condition occurs, within 15 days after the conclusion of such calendar month. In determining the average market price of copper, the Tariff Commission is directed to base its finding on sources commonly resorted to by the buyers of copper in the usual channels of commerce, including—but not limited to—the quotations reported in *E & M J Metal and Mineral Markets* (weekly market information issued by the publishers of the *Engineering and Mining Journal*). In preparing, during the summer of 1951, to discharge the Commission's responsibilities under Public Law 38 (and similar legislation then under consideration for lead and zinc), members of the staff made a survey among producer-sellers, the principal publishers of price quotations, and some of the large consumer-buyers of copper, lead, and zinc, to determine the procedures used in collecting and compiling various price quotations and the reliability of each for purposes of the law.

Legislation temporarily suspending the import duties on lead and zinc (Pub. Laws 257 and 258, 82d Cong., respectively), which contained similar price provisos with regard to these metals, was approved on February 11, 1952. On June 5, 1952, the Commission advised the President that the average market price of lead for the month of May 1952 had been below the minimum of 18 cents per pound stipulated in Public Law 257. Similarly, on July 3, 1952, the Commission advised the President that the average price of zinc for the month of June 1952 had been below the minimum of 18 cents per pound specified in Public Law 258. Presidential proclamations revoked the suspension of the import duties on lead, effective June 26, 1952, and on zinc, effective July 24, 1952. The suspension of the import taxes on copper is still in effect, as the price of copper has not fallen below the specified minimum.

**General Work of the Commission**

Section 332 of the Tariff Act of 1930, which sets forth the general powers of the Tariff Commission, directs the Commission to investigate and report on a wide range of subjects related to tariffs, commercial

policy, and international trade. These subjects include, among others, the fiscal and industrial effects of, and the operation of, the customs laws; the effects of various types of import duties; tariff relations between the United States and foreign countries; commercial treaties; the volume of imports compared with domestic production and consumption; and the competition of foreign industries with those of the United States.

Under the provisions of section 332, the Tariff Commission has issued various editions of its *Summaries of Tariff Information*; periodic reports on synthetic organic chemicals; special reports on the commercial policies of certain foreign countries; various editions of its compilation of information on United States import duties; and other special reports, including those on specific commodities and industries.

#### **Summaries of Tariff Information**

Under its general powers, the Commission's most extensive work is the preparation of its *Summaries of Tariff Information*. These summaries contain—for each classification specified in the tariff act—the tariff history of the commodity; a discussion of its nature and uses; an analysis of the trends in United States production, imports, and exports; data on output and the conditions of production in foreign countries; and an analysis of the factors affecting the competition of imports with the domestic product. Continuous revision of these summaries, the first edition of which was issued in 1920, is one of the main activities of the Commission. Under present conditions, continuous revision is essential to insure that the Congress and the defense agencies have authentic, up-to-date information on the commodities covered by these summaries.

During 1948 and 1949 the Commission published the fourth edition of its summaries on dutiable commodities, and in 1950 it issued a revision of those covering the free list. The completed series, comprising 44 volumes, consists of about 2,300 separate summaries. These revised summaries have been widely used by the Congress, the defense agencies, the Interdepartmental Committee on Trade Agreements, and other Government agencies, and by industrial, agricultural, commercial, labor, and other organizations.

Because of the pressure of high-priority work, the Commission has not been able to maintain a regular schedule for publishing revisions of the summaries, notwithstanding that in order to be of maximum use they should be reissued at frequent intervals. Many of the summaries revised in 1948 and 1949 need further revision because of significant changes in the industries involved. The summaries that have been revised since 1949, especially those on strategic and critical materials, have been made available to the defense agencies, even though it has not been possible to publish them.

**Industrial materials reports**

Acting under the provisions of section 332 of the Tariff Act of 1930, the Commission from its beginning has issued numerous commodity and industrial surveys. These surveys, which are more comprehensive than the Summaries of Tariff Information, have covered individual commodities and industries that had an important bearing at the time on the country's economic foreign policy or defense policy.

Late in 1950 the Commission began to prepare a series of commodity reports designed to assist other Government agencies in the mobilization of the Nation's resources for defense. The commodities dealt with in this Industrial Materials Series are mainly raw materials, but some are more advanced products that are used for further manufacture. The general objective of each report is to present in concise form, principally for the use of defense agencies and manufacturers who are handling defense orders, background material bearing on the outlook for supply and demand in the years immediately ahead. The reports summarize, for each commodity, the salient economic and statistical information on uses, consumption, United States production, imports, and exports, and other data pertinent to United States requirements and supplies. The Commission is releasing the individual reports in the series as they are completed, and has arranged with the National Security Resources Board to give certain of them a special broad distribution to defense agencies.

Under the program set forth above, the Commission in 1951 issued three reports: those on ethyl alcohol, on bedding feathers and downs, and on asbestos. In 1952 (to December 1) the Commission issued the reports *Unmanufactured Sheet Mica (Blocks, Films, and Splittings)* (M-4), *Fluorspar* (M-5), *Kyanite and Allied Minerals* (M-6), and *Flaxseed and Linseed Oil* (M-7); these reports are summarized in part IV of this report.

**Reports on trade policies of foreign countries**

One of the functions that section 332 of the Tariff Act of 1930 assigns to the Tariff Commission is that of investigating and reporting on the tariff and trade policies of foreign countries. Among the Commission's earliest reports were several extensive ones in this field. From time to time in later years the Commission issued comprehensive reports on the international trade and commercial policies of particular foreign countries that were of special interest at the time.

Progressive reduction of the Commission's staff and the pressure of higher priority work since the war have made it necessary to defer the work of analyzing changes in the tariff and trade policies of foreign countries. At present, the only activity in this field consists of intermittent work on two reports in the series on recent developments in the foreign trade of the Latin American countries.

**Periodic reports on synthetic organic chemicals**

In 1952 the Commission released its preliminary and final reports on the production and sales in 1951 of synthetic organic chemicals and the raw materials from which they are derived. These reports continue the series that the Commission has published each year since 1918. The preliminary report was issued in 14 separate sections, each section being released as soon as it was completed; the first section was issued in April 1952, and all of them had been released by the end of July. A section covering the production and sales of pesticides and other organic agricultural chemicals was published this year for the first time.

Cooperation of the reporting companies in supplying their data promptly, together with intensive work by the Commission's staff, made possible the early release of the preliminary reports. Issuance of the sections separately permits the release of the complete preliminary report much earlier than would be possible were the data for the various groups of chemicals held over and issued under one cover. The early release of the statistics enhances their value to producers, trade associations, importers, Government agencies, and other interested groups and individuals. The National Production Authority has used much of the material provided in these reports, and continues to receive current data for use in its operations.

The Commission's final report on production and sales of synthetic organic chemicals was released in September 1952. This document gives final statistics for 1951 on production and sales in each segment of the industry. Also included in the final report are a Directory of Manufacturers, which identifies the manufacturers of each product; statistics on imports of coal-tar products that enter the country under paragraphs 27 and 28 of the Tariff Act of 1930; statistics on the number of persons engaged in research in the synthetic organic chemical industry; and the industry's expenditure for research. The final report for 1951 is summarized in part IV of this report.

During 1952 the Commission continued to collect and release monthly statistics on production of a selected list of organic chemicals, in the Facts for Industry Series 6-2. This monthly series, which was started early in World War II, was continued afterward at the request of the chemical industry and interested Government agencies. The scope of the survey was expanded substantially after the outbreak of hostilities in Korea, and in 1952 a number of new chemicals were added to the list at the request of the National Production Authority. During 1952 the Commission has supplied the National Production Authority each month with a confidential transcript of all the data reported, including consumption and stocks in producing plants. Expansion of the monthly survey has materially increased the work of the Commission's Chemical Division.

The Commission also continued during 1952 to issue monthly statistics on production, sales, and inventories of synthetic plastics and resin materials, in the Facts for Industry Series 6-10. The survey required for this series, which was begun in September 1948, covers data on production and sales of synthetic plastics and resin materials, grouped by major classes and by broad end uses. The classes covered include phenolic and other tar-acid resins, alkyd resins, urea and melamine resins, vinyl resins, and polystyrene resins. The plastics for which data are collected are classified according to their major uses: as adhesives, as laminates, for textile and paper treatment, as protective coatings, as molding and extrusion materials, and for other purposes.

In 1952 the Commission issued its annual analysis of imports of coal-tar products. This report gives statistics for 1951 on United States imports (for consumption) of the finished coal-tar products dutiable under paragraphs 27 and 28 of the Tariff Act of 1930. These imports include intermediates, dyes, medicinals and pharmaceuticals, flavor and perfume materials, agricultural chemicals, and miscellaneous finished products.

#### **United States Import Duties (1952)**

To fulfill its function of making available complete, up-to-date information on United States tariffs, the Commission for some years has issued, with the cooperation of the Bureau of Customs, a compilation of information on United States import duties. Recent editions of this publication, which show the changes in United States import duties since 1930, consist of two parts. Part I presents the rates of duty applicable to imported commodities, a list of the items that are free of duty, and the provisions of the Internal Revenue Code that levy certain taxes on imports. Part II contains the special and administrative provisions of the Tariff Act of 1930, as amended. Between the major revisions of this publication, the Commission from time to time has issued supplements indicating the changes made since the last previous complete edition. The publication has been used extensively by business and industrial organizations, by the Congress, and by many Government agencies, particularly the Bureau of Customs.

Because of the pressure of other work and the curtailment of its staff, the Commission was unable during 1951 to issue a revised edition. However, because of the large and growing need for one, a new edition was completed—with the assistance of the Bureau of Customs—and made available for distribution in October 1952.

*United States Import Duties (1952)* differs somewhat in format and arrangement from the previous issues. Part I of the 1948 and 1950 editions presented the rates of duty in two columns, one column setting forth the rates as prescribed in the Tariff Act of 1930, and the

other showing the modified rates of duty currently in effect. Most of the modified rates are reduced rates made effective pursuant to concessions included in trade agreements. The provisions of section 5 of the Trade Agreements Extension Act of 1951, however, deny the benefits of reduced trade-agreement rates to products of Communist-dominated nations or areas designated by the President. The duty and import-tax schedules in part I of the 1952 edition, therefore, have been arranged so as to reflect in one column the "full" rates applicable to products of Communist-dominated nations or areas, and in another column the "reduced" rates applicable to products of other foreign nations or areas.

The Commission has issued periodic supplements to the earlier editions, but beginning with *United States Import Duties (1952)* the publication will be loose-leaf. Subscriptions to it, which may be placed with the Superintendent of Documents, United States Government Printing Office, will include at least such supplemental or replacement pages as may be issued during the first year after its publication.<sup>8</sup>

### **Cooperation With Defense and Other Government Agencies**

Section 334 of the Tariff Act of 1930 directs the Tariff Commission to cooperate with other Government agencies in appropriate matters. Over the years, assistance of this kind has constituted a considerable part of the Commission's activity. Among the more important instances of such cooperative work is the Commission's continuing collaboration with the Bureau of the Census, the Bureau of Customs, and the Munitions Board, and the Department of State on many matters besides the trade-agreement activities described in an earlier section of this report. In 1952 the Commission also carried on various kinds of work in cooperation with some 30 other Government agencies. Besides the various trade-agreement committees on which its staff members serve, the Tariff Commission is represented on about 25 other interdepartmental committees. The assistance that the Commission gives to other Government agencies ranges from meeting simple requests for information requiring only a few minutes' time to projects involving considerable research and often as much as a thousand man-hours of work by members of the staff. At times, cooperation with other Government agencies involves detailing members of the Commission's staff to other agencies for extended periods.

With the increased tempo of defense and emergency activities since the outbreak of hostilities in Korea, the Commission has received from other Government agencies—notably the National Production Au-

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<sup>8</sup> The subscription price is \$3.25 if the document is mailed to a domestic address, and \$4.25 if it is mailed to a foreign address.

thority, the Munitions Board, and the Office of Price Stabilization—an increasing number of requests for assistance.

Another aspect of interdepartmental cooperation is the assistance that other Government agencies give to the Tariff Commission in the conduct of its work. Outstanding examples of this assistance in 1952 are the continuing work of the Bureau of the Census in supplying the Commission with necessary statistical data on the foreign trade of the United States; the collaboration of officials of the Bureau of Customs, especially in the preparation of the publication *United States Import Duties (1952)*; and the assistance of the Departments of State, Agriculture, Commerce, and Interior in various phases of the Commission's work.

#### **Defense and emergency agencies**

The United States Government agencies concerned with the problems of defense have called upon the Tariff Commission for needed information on strategic and critical materials during the present emergency, just as they did during World War II. Calls are received daily from defense and emergency agencies for the Commission's publications and for readily available data on commodities, as well as for information that requires detailed research. All the divisions of the Commission participate in supplying such assistance.

During 1952 the Commission's Chemical Division continued to devote a substantial part of its time to cooperation with the National Production Authority, the Munitions Board, and the Office of Price Stabilization. For the use of those agencies in determining allocations and issuing certificates of necessity, the Chemical Division supplies data on production, consumption, and stocks of the most important organic chemicals and plastics materials. For their use in establishing normal consumption levels, it supplies annual data for a period of years. In addition, it provides the defense agencies with information on heavy chemicals, agricultural chemicals, drugs, and other products of the chemical industry.

The staff of the Commission's Ceramics Division likewise devoted a large part of its time during 1952 to supplying technical, trade, and tariff information to defense agencies. Most of this information dealt with strategic and critical materials such as mica, fluorspar, asbestos, quartz crystals, corundum, talc, graphite, and kyanite. For mica and graphite, the Ceramics Division supplied to the Defense Materials Procurement Agency and to the National Production Authority regular monthly tabulations of invoice analyses of United States imports. It also provided defense agencies with considerable information on glassware, pottery, and other clay products. A member of the staff of the Ceramics Division serves on the special National Production Authority committee on corundum.



During the year the Commission's Textiles Division furnished statistical data and other technical information on various textile commodities to the Office of Price Stabilization, the Defense Production Administration, the National Production Authority, the Small Defense Plants Administration, the Emergency Procurement Service of the General Services Administration, the office of the Quartermaster General of the Department of the Army, and the Munitions Board. For the Defense Production Administration, the Textiles Division made a special study of the literature on cotton gins to assist that agency in determining the ginning capacity required for a given acreage of cotton in various regions of the United States. The Defense Production Administration used this information in making recommendations for tax amortization for the erection of new cotton gins in California. The Textiles Division also prepared for the Munitions Board a geographical pattern of consumption of extra-long-staple cotton in the United States. This pattern was for use in selecting desirable locations for warehousing stockpile cotton, which according to law cannot be stored within a given distance of the seacoast.

All the Commission's other commodity divisions gave assistance to defense emergency agencies during 1952—notably the National Production Authority, the Office of Price Stabilization, and the Munitions Board. The Lumber and Paper Division, for example, furnished to the Office of Price Stabilization a monthly résumé of imports of wood pulp; the Sundries Division prepared each month a special invoice analysis of imports of diamond dust and crushing bort, for the use of the National Production Authority; and the Agricultural Division gave special assistance to the Defense Fisheries Administration.

During 1952 members of the Commission's staff continued to serve on a number of the interdepartmental committees that the Munitions Board has established to advise the Department of Defense on such matters as national requirements for certain products under wartime conditions, stockpile requirements, and needs for additional productive capacity for certain commodities. Among the committees on which members of the Commission's staff have served are the Interdepartmental Committees on Chemicals, Fibers, Forestry Products, Hides and Leather, Additive Alloys, Aluminum and Magnesium, Copper and Copper Base Alloys, Iron and Steel, Nonferrous Metals, Nonmetallic Minerals, Rubber, and Textiles, and the Special Task Group formed to consider strategic ratings for fats and oils. Because of the store of information that the Commission has assembled on foreign sources of supply, the commercial policies of foreign sup-

pliers, and various aspects of domestic production, it is able to contribute substantially to the work of these committees. Besides supplying the various interdepartmental committees with basic data, members of the Commission's staff prepare special reports for the use of the Munitions Board.

In the present emergency the Commission has been called upon to supply personnel to various defense agencies to establish and to supervise commodity units. In 1951, for example, the accounting section of a large division of the Office of Price Stabilization was organized by a member of the Commission's staff. During the first half of 1952, a member of the staff of the Commission's Ceramics Division and a member of the staff of its Lumber and Paper Division were loaned to the Office of Price Stabilization.

#### **International Materials Conference**

Recently the United States has been participating in a series of conferences with other countries on internationally traded materials that are in short supply. To assist the United States representatives on the Central Committee of the International Materials Conference and its various commodity committees, the United States Government has established a number of interdepartmental advisory working groups. During 1952, members of the staff of the Tariff Commission served on four working groups—those working on copper-lead-zinc, on manganese-nickel-cobalt, on tungsten-molybdenum, and on wool. Members of the staff have also given informal assistance to other working groups. Through the working groups, the Commission has furnished detailed data on the international trade in the commodities that are under consideration.

#### **Classification of imports and exports**

Section 484 (e) of the Tariff Act of 1930 provides for the establishment of a statistical classification of imports into the United States, and authorizes the Department of Commerce, the Tariff Commission, and the Treasury Department to direct its preparation. Under this provision, the representatives of those agencies on the Interdepartmental Advisory Committee on Foreign Trade Commodity Classification prepare, for statistical purposes, an enumeration of articles—in such detail as may in their judgment be necessary—embracing all merchandise imported into the United States.

Many factors—such as changes in description and rates of duty by reason of trade agreements, changes in the character of various products, the appearance of new products, and the need for recording separate statistics for some product heretofore included in a group of loosely related articles—make it advisable to frequently revise Schedule A—*Statistical Classification of Imports Into the United States*. In 1952 the Commission continued to assist in the preparation

of this statistical classification of commodities and the bulletins that authorize changes in it after its publication. A member of the staff of the Statistical Division represents the Tariff Commission on the interdepartmental Committee.

During 1952 the Commission also cooperated with the Department of Commerce in preparing revisions of Schedule B—*Statistical Classification of Domestic and Foreign Commodities Exported from the United States*. A member of the staff of the Statistical Division continued to serve on the interdepartmental Committee in connection with the revisions of Schedule B, and acted as liaison between that Committee and the commodity specialists in the Commission in the review of convertibility of the import and export schedules to other coding manuals, such as the *Standard International Trade Classification* and the *Industry Products Code*.

#### **Other assistance to Government agencies**

During 1952 the Tariff Commission cooperated with a number of Government agencies besides those already mentioned. Among these were the Maritime Administration, the National Bureau of Standards, the Office of International Trade, and the Office of Technical Services (Department of Commerce); the Production and Marketing Administration, the Bureau of Agricultural Economics, the Forest Service, and the Office of Foreign Agricultural Relations (Department of Agriculture); the Bureau of Internal Revenue; the Bureau of Mines and the Fish and Wildlife Service (Department of the Interior); the Department of Justice; the Department of Labor; the Federal Trade Commission; the Federal Reserve Board; the Reconstruction Finance Corporation; and the Bureau of the Budget.

Members of the Commission and its staff serve on 25 or more interdepartmental committees which deal with a broad range of subjects. Besides the Interdepartmental Committee on Trade Agreements and its many "country" committees, the Commission is represented on other Department of State committees, such as the Rubber Panel. The Commission is also represented on the Interdepartmental Committee on Textiles of the Federal Supply Service; the Interdepartmental Committee on International Petroleum Policy; and the Interdepartmental Committee on Chemical Statistics, which continually advises the Bureau of the Budget concerning chemical data essential to the chemical industry and Government operations, definitions, and security matters.

During 1952 the Commission also assisted certain international organizations by providing information on trade and tariff matters. Among those were the United Nations Food and Agriculture Organization; the International Bank for Reconstruction and Development; and the International Monetary Fund.

### Other Activities

#### General research and assembling of basic data

Prerequisite to the varied activities of the Tariff Commission is its task of assembling, maintaining, coordinating, and analyzing basic economic, statistical, and technical information pertinent to its work. Over the years, the Commission has devoted a large part of its work to creating and maintaining a fund of information that will be readily available when specific needs arise. Section 332 of the Tariff Act of 1930 directs the Commission to gather such information and to put it at the disposal of the President, the Senate Committee on Finance, and the House Committee on Ways and Means, "whenever requested."

Information on several thousand individual commodities comprises the larger part of the Commission's store of basic information. It includes technical data on the nature of the commodities and their processes of production; data on United States production, imports, exports, and prices; data on production, imports, exports, and prices for the leading foreign producing and exporting countries; and facts as to the conditions of competition between foreign and domestic products, particularly in the principal domestic markets. This information is obtained primarily through field work by the Commission's technical experts and through the assembly, collation, and analysis of data obtained from Government publications, from trade journals, and from individual firms. Another major class of the Commission's basic data has to do with foreign countries—their exports, imports, resources, and industries; their economic, financial, and trade position; and their commercial policies.

#### Field work

Field work by the Commission's commodity and economic experts is essential to the gathering of information for the investigations that the Commission is charged with conducting. A substantial part of the data that the Commission uses in its Summaries of Tariff Information and in its other reports is obtained by personal visits of its representatives to manufacturers and importers. Through years of experience the Commission has found that neither public hearings nor inquiries by mail can supply it with all the details it needs for making decisions in its investigations, and for verifying information on production, costs, industrial practices, and competitive factors.

The information that the Commission obtains in the field on technical developments, trends in production, and competitive conditions was in demand by Government agencies during the war, and is again in demand by the defense agencies at present. In 1952, as in 1951, the Commission found it necessary to devote an exceptionally large amount of time to field work. The investigations that the Commis-

sion has conducted under the escape clause and under section 22 of the Agricultural Adjustment Act, as amended, have made it necessary for staff members to go into the field to obtain needed information direct from producers, importers, and others.

**Work of the Invoice Analysis Section and the New York office**

The Invoice Analysis Section of the Technical Service acts as liaison between the Tariff Commission's Washington office and its New York office and between the Commission and other Government agencies with respect to invoice analyses and other work that is carried on by the New York office. This section coordinates all requests for invoice analyses, for special tabulations connected with the regular work and investigations of the Commission, and for special analyses made for other Government agencies. The Invoice Analysis Section also compiles special tabulations for other Government agencies from the invoice cards received from the New York office.

The office that the Commission maintains in the customhouse at the port of New York performs several related functions. It assists in carrying out the field aspects of the Commission's investigations in the New York area. It also provides the Commission, through its invoice analyses, with more detailed information on imports of commodities than is available from the regular tabulations of import statistics, and, through personal calls and interviews, maintains contacts with manufacturers, importers, exporters, customs examiners and appraisers, and others in the New York area.

In its analysis of imports through the customs district of New York, the New York office uses the original customhouse documents, to which are attached consular and commercial invoices that have been reviewed and passed on by the appraisers and examiners. These invoices describe imports in detail as to type, grade, size, quantity, and value, and provide other data not available elsewhere. The New York office also analyzes the statistical copies of import entries through customs districts other than New York. Should the Commission require additional detail for these entries from outside districts, the New York office requests the customhouse documents that are on file at the port or ports of entry.

During 1952 the New York office analyzed the data for some 600 commodity classifications of imports. Somewhat more than half of these analyses were on a monthly basis, and the rest were for occasional or scattered months. In addition, the New York office made special analyses for use in the Commission's investigations under section 7 of the Trade Agreements Extension Act of 1951, under sections 336 and 337 of the Tariff Act of 1930, and under section 22 of the Agricultural Adjustment Act, as amended. It also made, for the defense agencies, several special analyses of the daily imports of cer-

tain critical and strategic materials as well as special analyses for the use of other Government agencies.

**Furnishing technical information to industry and the public**

On specific problems within its field, the Tariff Commission furnishes information in response to many requests from outside the Federal Government. These requests come from industrial and commercial organizations, labor unions, farm organizations, and research organizations, as well as from individual research workers, lawyers, editors, and other private individuals. Supplying the requested information entails a variety of work, such as preparation of appropriate letters and special statistical compilations, and conferences with individuals and representatives of organizations. The Commission maintains no special "public relations" staff for dealing with the public.

## PART III. ADMINISTRATION AND FINANCES

### Membership of the Tariff Commission

Oscar B. Ryder, Democrat from Virginia, was again designated by the President as Chairman of the Commission for 1 year, beginning June 17, 1952.

Lynn R. Edminster, Democrat from Illinois, was again designated by the President as Vice Chairman of the Commission for 1 year, beginning August 4, 1952.

The other members of the Commission are Edgar B. Brossard, Republican from Utah, and George McGill, Democrat from Kansas.

E. Dana Durand, Republican from Minnesota, retired on June 16, 1952, upon the expiration of his term of office. The vacancy thus created has not yet been filled.

John P. Gregg, Republican from Oregon, died in Washington, D. C., on October 29, 1952. The vacancy thus created has not yet been filled.

### Organization

Because of the varied types of work the Commission is called upon to undertake, its organization must be extremely flexible. Certain features of the Commission's work, such as general research and the assembling of basic data, do not change materially over the years, but others are subject to thorough and rapid change. An example of the type of shift that the Commission must be prepared to make is that recently made from preparations for trade-agreement negotiations to work on investigations under the escape clause of trade agreements. Aside from general research and assembling of basic data, preparation for trade-agreement negotiations was the most important single activity of the Commission's staff in the fiscal years 1950 and 1951; work on escape-clause investigations accounted for a relatively small part of the Commission's work in those years. In the fiscal year 1952, on the other hand, the most important single activity was work on escape-clause investigations; there was only minor work on preparations for trade-agreement negotiations in that year.

Another feature that necessitates a flexible type of organization—a feature which rather sharply differentiates the Commission from many other Government agencies—is that a great share of its work is done, not in “compartments”—by division and section—but by cooperative endeavors that cut across the entire staff of the Com-

mission. On the staff level, a great deal of the Commission's work involves the creation of what are essentially "task forces" consisting of staff members drawn from the various divisions of the Commission. The size of these forces depends on the type and magnitude of the project, and therefore varies considerably. This flexibility in organization has made it possible for the Commission to adapt itself quickly to the varying tasks assigned to it.

Although the nature of the Commission's work has changed from time to time, the basic structure of the Commission's organization has changed but little during the last two decades. In broad outline, the Tariff Commission consists of the Commission members, the Secretary, the General Counsel, the Planning and Reviewing Committee, the Technical Service (including the commodity divisions), the Economics Service, and the Administrative Service. Each of these parts of the Commission is described more fully below. A list of the staff positions in the Commission is given in the section on personnel.

#### **The Commission and the Secretary**

The full Commission consists of six members, appointed by the President and confirmed by the Senate for terms of 6 years each, one term expiring each year. Not more than three Commissioners may be of the same political party. The President designates the Chairman and the Vice Chairman annually from the membership of the Commission. The Secretary, who is the Commission's executive officer, is also the head of the Administrative Service.

#### **The General Counsel**

The General Counsel, who heads the Legal Division, serves as the chief legal adviser to the Commission. The Legal Division is responsible for all matters of a legal nature that pertain to the Commission's activities. Its members assist the staff on matters of tariff classification and rates of duty, and on other questions relating to the status of imported merchandise under the United States tariff laws.

#### **The Planning and Reviewing Committee**

Under the active and continuous direction of the Commission, the Planning and Reviewing Committee plans, supervises, coordinates, and reviews the professional and technical work of the Commission's staff and the reports that are prepared on various subjects for the Commissioners' consideration. Permanent members of the Planning and Reviewing Committee are the Director of Investigation, who is its chairman; the Chief of the Technical Service, who is its vice chairman; the Chief Economist; the General Counsel; the Special Industrial Adviser; and the Secretary. Special members of the committee include various other members of the staff on matters relating to their particular assignments or fields of specialization.



**The Technical Service**

The Technical Service, headed by its chief, consists of seven commodity divisions, the Invoice Analysis Section, and the New York office. The commodity divisions, which include the commodity experts assigned to work on various groups of commodities (roughly, those in the various schedules of the tariff act), are the Agricultural Division, the Ceramics Division, the Chemical Division, the Lumber and Paper Division, the Metals Division, the Sundries Division, and the Textiles Division. These divisions, assisted by the Economics Division, conduct the basic staff work on commodity investigations and surveys under the direction of the Commissioners and the Planning and Reviewing Committee.

**The Economics Service**

The Economics Service, headed by the Chief Economist (who is also Chief of the Economics Division), consists of the Economics Division, the Statistical Division, the Library, and the Editorial Section. The Economics Division, comprised largely of international trade economists, works with the Technical Service in the various commodity investigations the Commission conducts. Members of the Economics Division also participate in the preparations for trade-agreement negotiations undertaken by the country committees of the Interdepartmental Committee on Trade Agreements and assist in the preparation of various of the Commission's reports, such as commodity reports and those on the operation of the trade agreements program.

**The Administrative Service**

Headed by the Secretary, the Administrative Service consists of those special services necessary to the operation of the Commission. It includes the Office of the Secretary and six sections—the Docket and Public Information Section, the Finance Section, the Graphics and Messenger Section, the Mail and Files Section, the Personnel Section, and the Stenographic Section.

**Personnel**

On June 30, 1952, the personnel of the Tariff Commission consisted of 5 Commissioners and 190 employees—a total of 195 persons. Of this total number, 107 were men and 88 were women.

The following tabulation shows the size of the Commission's staff on June 30 of the alternate years from 1939 to 1951, and on June 30, 1952:

<i>Year</i>	<i>Number on staff</i>	<i>Year</i>	<i>Number on staff</i>
1939	311	1947	235
1941	297	1949	239
1943	307	1951	211
1945	301	1952	195

Between June 30, 1945, and June 30, 1952, the number of persons on the roll of the Commission dropped from 301 to 195, a decline of 106 persons, or of more than 35 percent. This decline has forced the Commission to postpone, curtail, or drop a number of important projects. With such a sharply reduced force and the mounting demands on it, the Commission's staff has had to devote nearly all its time to current projects of the highest priority, and has had little opportunity to undertake projects on certain other subjects that are actively engaging the attention of the Congress, the Executive, and the public.

The accompanying table shows the distribution of the Commission's staff, by title, on June 30, 1951, June 30, 1952, and October 31, 1952.

*Number of persons on the staff of the United States Tariff Commission, by title, on June 30, 1951, June 30, 1952, and Oct. 31, 1952*

Title	June 30, 1951	June 30, 1952	Oct. 31, 1952
Commissioners.....	6	5	4
Secretary.....	1	1	1
Director of Investigation.....	1	1	1
Chief Economist.....	1	1	1
Chief, Technical Service.....	1	1	1
General Counsel.....	1	1	1
Advisers.....	4	4	4
Chiefs of Divisions.....	8	8	8
Chief, New York Office.....	1	1	1
Assistant to the Chief, Technical Service.....	1	1	1
Chiefs of Sections.....	8	8	8
Librarians.....	5	5	5
Commodity-Industry Analysts.....	44	39	41
Industrial Engineers.....	6	6	6
Economists.....	18	18	19
Attorneys.....	3	1	1
Statistical Assistants.....	2	2	2
Budget and Methods Analyst.....	1	1	1
Customs Records Analysts.....	5	5	5
Secretaries to Commissioners.....	6	6	5
Administrative Assistant.....	1	1	1
Clerks, Stenographers, and Secretaries.....	72	64	62
Operators, Office Devices.....	5	6	7
Telephone Operators.....	3	3	3
Library Assistant.....	1	1	1
Messengers.....	5	4	3
Skilled Laborer.....	1	1	1
<b>Total.....</b>	<b>211</b>	<b>195</b>	<b>194</b>

### Finances and Appropriations, Fiscal Year 1952

The appropriated funds available to the Tariff Commission during the fiscal year 1952 amounted to \$1,250,600. Reimbursements re-

ceived amounted to \$36,909. The total funds available to the Commission amounted to \$1,287,509, and expenditures amounted to \$1,287,434. At the end of the fiscal year the unobligated balance of available funds was \$75.

Expenditures during the fiscal year 1952 were as follows:

Salaries :	
Commissioners.....	\$91, 645
Employees :	
Departmental.....	1, 103, 834
Field.....	39, 145
Overtime.....	1, 074
Federal Insurance Contribution Act tax.....	298
Travel expense.....	19, 434
Books of reference and publications.....	4, 608
Communication service.....	4, 386
Contractual services.....	3, 288
Office equipment, supplies, etc.....	9, 032
Printing and reproduction.....	10, 690
	<hr/>
Total .....	1, 287, 434

The Commission does not own or operate any motor vehicles.



## **PART IV. SUMMARIES OF REPORTS ISSUED IN 1952**

### **Operation of the Trade Agreements Program: Fourth Report**

The Tariff Commission's report, *Operation of the Trade Agreements Program: Fourth Report*, which was first issued in May 1952 and subsequently printed as Report No. 174, Second Series, covers the period from July 1950 through June 1951.

During this period, the United States and 26 other contracting parties to the General Agreement on Tariffs and Trade met at Torquay, England, to exchange new or additional tariff concessions and to negotiate with 7 countries that desired to accede to the agreement. The report describes the negotiations at Torquay, and gives a general analysis of the concessions obtained and granted there by the United States. It also covers other important developments respecting the trade agreements program during 1950-51. These include the passage of the Trade Agreements Extension Act of 1951; developments relating to the general provisions of the General Agreement; actions of foreign countries that affect trade-agreement concessions which they have made to the United States; and United States measures that bear on this country's trade-agreement obligations.

The Trade Agreements Extension Act of 1951 extends for a period of 2 years from June 12, 1951, the President's authority to enter into trade agreements with foreign countries. It contains several features that were not in the extension act of 1949, and some that were not in any previous trade agreements legislation. Sections 3 and 4 of the new act incorporate the "peril point" provision in substantially the same form as in the extension act of 1948. Section 6 makes it mandatory to include in all future trade agreements an "escape clause" conforming to the policy set forth in the section, and directs the President, as soon as practicable, to bring all existing trade agreements into conformity with this policy. Section 7 sets forth the procedure for administering the escape clause, including provision for investigation and report by the Tariff Commission. Section 8 provides for investigation by the Tariff Commission, under either section 22 of the Agricultural Adjustment Act, as amended, or the escape-clause procedure, when the Secretary of Agriculture reports to the Commission and to the President that, because of the perishability of an agricultural commodity, a condition exists requiring emergency treatment. The Commission's report to the President and the President's decision must be made not more than 25 days after the case is submitted to the

Commission. If the President deems it necessary, he may take immediate action, without awaiting the Commission's recommendations.

Other provisions of the extension act of 1951 direct the President to prevent, as soon as practicable, the application of all trade-agreement concessions to imports from the Soviet Union or from any Communist-dominated or -controlled countries or areas (sec. 5); direct the President to prohibit imports of certain furs or skins produced in the Soviet Union or Communist China (sec. 11); provide that no existing or future trade agreement shall be applied in a manner inconsistent with the requirements of section 22 of the Agricultural Adjustment Act, as amended (sec. 8); delete the provisions of the Trade Agreements Act of 1934 and of the Customs Administrative Act of 1938 which made section 516 (b) of the Tariff Act of 1930 inapplicable to commodities that were included in any trade agreement (sec. 9); and declare that enactment of the act shall not be construed to determine or indicate the approval or disapproval by the Congress of the General Agreement on Tariffs and Trade (sec. 10).

The multilateral agreement known as the General Agreement on Tariffs and Trade, entered into by the United States under the authority of the Trade Agreements Act, now embraces the agreement concluded by the original contracting parties at Geneva in 1947; the Annecy Protocol of 1949, under which 9 additional countries acceded to the agreement; and the Torquay Protocol of 1951, which provided for the accession of 6 other countries. China ceased to be a member of the General Agreement on May 5, 1950; Lebanon, on February 25, 1951; and Syria, on August 6, 1951. On June 30, 1951, the number of contracting parties to the General Agreement (not taking into account the impending Torquay accessions) was 31, or 1 less than the year before.

Aside from the amendment to article XXVIII, which prolonged the life of the Geneva and Annecy concessions (with certain modifications) until January 1, 1954, there were no major changes in the general provisions of the General Agreement during the period July 1, 1950, to June 30, 1951. At their Fifth and Special Sessions, however, the Contracting Parties held various consultations and discussions relating to the general provisions, the operation of the agreement, and routine problems and complaints. The major consultations by the Contracting Parties at their Fifth Session, held at Torquay from November 2 to December 16, 1950, were those relating to quantitative restrictions imposed on imports by member countries for balance-of-payments reasons (arts. XI-XIV); quantitative restrictions imposed on imports by member countries for purposes of economic development and reconstruction (art. XVIII); the United States withdrawal of its concession on certain women's hats and hat bodies made of fur felt (art. XIX); the proposed customs union between South Africa

and Southern Rhodesia (art. XXIV); and Brazilian and United Kingdom internal taxes on imported products (art. III). At the Special Session of the Contracting Parties, held at Torquay from March 29 to April 3, 1951, the principal subject of discussion was the disparity in the level of European tariffs.

At their Third Session, held at Annecy in 1949, the Contracting Parties to the General Agreement appointed a working party to study the possibility of conducting a third set of multilateral tariff negotiations. The working party recommended that a conference for such a purpose be convened September 28, 1950. At their Fourth Session, held at Geneva in February–April 1950, the Contracting Parties approved the recommendations of the working party, and selected Torquay, England, as the site of the Conference. The Conference consisted of two separate but interrelated meetings—the third Tariff Negotiations Meeting sponsored by the Contracting Parties, which was in session from September 28, 1950, to April 21, 1951, and the Fifth Session of the Contracting Parties, which has already been described.

Representatives of 34 countries met at Torquay for the Tariff Negotiations Meeting. Of these, 27 were contracting parties to the General Agreement and 6 were countries desiring to accede to the agreement. Uruguay also negotiated at Torquay, although it had not yet become a contracting party as a result of its participation in the Annecy Conference. In all, the 34 countries completed 147 pairs of negotiations. Conclusion of the negotiations provided not only for the addition of 6 new country schedules to the General Agreement, but also for the enlargement of the schedules of most of the existing contracting parties.

At Torquay the United States concluded negotiations with 17 countries, of which 12 were contracting parties and 5 were acceding countries. The United States granted concessions to those 17 countries on products that in 1949 accounted for United States imports from all countries valued at 477.6 million dollars, or 7.2 percent of total United States imports for consumption in that year. In return, the United States obtained direct concessions on products that in 1949 accounted for United States exports to those 17 countries valued at about 1.1 billion dollars, or about 19 percent of total United States exports to them. In addition, the benefits that may accrue to the United States as a result of concessions exchanged by other participants at Torquay apply to United States exports valued at more than 100 million dollars in 1949. Thus the concessions the United States obtained directly and indirectly at Torquay apply to articles the United States exports of which in 1949 were valued at about 1.2 billion dollars.

Besides its negotiations for new or additional tariff concessions, the United States negotiated at Torquay with 16 countries for modification or withdrawal of concessions granted by those countries at Geneva and Annecy. Article XXVIII of the General Agreement originally provided that contracting parties might modify their schedules after January 1, 1951, without joint action by the Contracting Parties. Commencing with that date, any contracting party was permitted to withdraw or modify a concession it had originally granted. The contracting party desiring to do so, however, was first required to negotiate with the contracting party with which the concession was originally negotiated. It was also required to consult with other contracting parties having a substantial interest in the concession. In such negotiations, provision might be made for compensatory adjustment with respect to other products. Article XXVIII also provides that if agreement cannot be reached, the concession in question may nevertheless be withdrawn or modified. However, the country to which the concession was originally granted and the other contracting parties having a substantial interest in it may thereupon themselves withdraw concessions substantially equivalent to those withdrawn from them.

The 16 countries with which the United States negotiated at Torquay under the provisions of article XXVIII modified or withdrew concessions that applied to United States exports valued at approximately 100 million dollars in 1949. In compensation, the United States received concessions that apply to other United States export products valued at about 105 million dollars in 1949.

During the last half of 1950 and the first half of 1951 there were no important outstanding problems or new developments with respect to United States agreements with the other countries that are contracting parties to the General Agreement on Tariffs and Trade. In company with the other contracting parties, the United States during this period continued its efforts to see that the provisions of the agreement were adhered to, and particularly that quantitative restrictions on imports were kept to the minimum required by balance-of-payments difficulties.

Almost all the countries with which the United States has trade agreements under the General Agreement on Tariffs and Trade have long been in balance-of-payments difficulties, mainly with respect to dollar exchange, and have taken advantage of provisions of the agreement that permit temporary use of quantitative restrictions and exchange control. The use of these restrictions results in discrimination against imports from the United States and other hard-currency countries. In 1950 the balance-of-payments position of these countries improved considerably as a result of currency devaluations in 1949 and unusually heavy foreign purchases by the United States after



the outbreak of the Korean conflict. Certain of the General Agreement countries, including Canada, the United Kingdom and most of the sterling area, Brazil, and Chile, relaxed or eliminated their restrictions on imports from hard-currency countries. In the fall of 1949, 10 General Agreement countries became members of the European Payments Union, thereby assuming the obligation to relax their restrictions on trade with one another.

On June 30, 1951, trade agreements of the bilateral type were in force between the United States and 13 countries: Iceland, Iran, Switzerland, Turkey, and 9 Latin American countries—Argentina, Ecuador, El Salvador, Guatemala, Honduras, Paraguay, Peru, Uruguay, and Venezuela. The trade agreement with Mexico was terminated on December 31, 1950, and that with Costa Rica, on June 1, 1951.

Except for Argentina and Iran, none of the countries with which the United States has bilateral trade agreements revised their tariffs extensively during the period covered by the report. Argentina extensively revised its tariff during 1950-51, but made no changes that affected items on which it had granted concessions to the United States. Iran consolidated its import duties and other import charges, and, in accordance with a provision of the United States-Iran trade agreement of 1944, the United States approved the application of the consolidated rates of duty to trade-agreement items.

Most of the countries with which the United States has bilateral trade agreements have had balance-of-payments difficulties for a number of years, and have applied quantitative restrictions and exchange controls to imports from hard-currency countries. Switzerland, itself a hard-currency country, is the outstanding exception. Some of the countries here referred to relaxed their import restrictions in 1950-51, after a considerable improvement in their dollar receipts.

During the year there were relatively few violations of the provisions of bilateral trade agreements. Some infractions were quickly corrected by the countries concerned after the United States Government called attention to them. However, outstanding issues between the United States and Argentina, Guatemala, Paraguay, and Turkey—some of several years' standing—remained unresolved. Except for Argentina's violation, which involved its entire schedule of concessions, the issues were of a minor nature.

During 1950 and the first half of 1951 the United States placed in effect the concessions that it had negotiated with 9 countries at Annecy in 1949 and those it had granted to 6 of the 17 countries with which it negotiated at Torquay in 1950-51. With certain exceptions, the United States continued in effect during that period all the concessions it had granted at Geneva and Annecy and in bilateral trade agreements that have not been superseded by the General Agreement

or otherwise terminated. The United States concessions that were modified or terminated during that period resulted from the termination of the trade agreement between the United States and Mexico, effective December 31, 1950; the withdrawal (effective May 5, 1950) of the Chinese Nationalist Government from the General Agreement; the escape-clause action by the United States on women's fur felt hats and hat bodies; and the renegotiation at Torquay of the concessions granted by the United States at Geneva on dyed stencil silk, dehydrated onion powder, and certain types of women's and children's leather gloves.

During 1950 and the first half of 1951 the United States also continued to apply quantitative restrictions on imports of cotton, wheat and wheat flour, and sugar. The restrictions on cotton, and on wheat and wheat flour, were applied under the provisions of section 22 of the Agricultural Adjustment Act, as amended. Those on sugar were applied pursuant to the Sugar Act of 1948.

By means of licenses, the United States has continued to control imports of a limited number of commodities, principally fats, oils, and rice, primarily to aid in the equitable distribution of products in world short supply or to assist in the orderly liquidation of temporary surpluses of stocks owned or controlled by the Government. The United States also maintains absolute quotas on imports of certain products from the Republic of the Philippines as part of the extensive provisions of the Philippine Trade Act of 1946 for gradually eliminating the preferential trade status that Philippine products now have in the United States. Other United States prohibitions and restrictions on imports are those in which protection to domestic producers is more or less incidental to other social or administrative purposes. They consist of various prohibitions and restrictions on imports specified in the Tariff Act of 1930; in the Federal Food, Drug, and Cosmetic Act; in the Plant Quarantine Act; and in laws to prevent the introduction of animal diseases.

#### **Reports on Escape-Clause Investigations Under Section 7 of the Trade Agreements Extension Act of 1951**

During 1952 (to December 1) the Commission completed 11 investigations under section 7 of the Trade Agreements Extension Act of 1951 (the "escape clause" provision). The completed investigations are those on hatters' fur; watches, watch movements, watch parts, and watchcases; motorcycles and parts; blue-mold cheese; garlic; dried figs; spring clothespins; groundfish fillets; bicycles and parts; candied, crystallized, or glaze cherries; and bonito, canned in oil, and tuna and bonito, canned, not in oil. The reports on these completed investigations are summarized below. All of the reports listed

above have been published and are available—as long as the supply lasts—from the Secretary, United States Tariff Commission, Washington 25, D. C.

#### **Hatters' Fur**

The Tariff Commission's report on its investigation of hatters' fur—its first report made pursuant to section 7 of the Trade Agreements Extension Act of 1951—was submitted to the President on November 9, 1951.

The Commission instituted the investigation of hatters' fur on January 5, 1951, under paragraph 13 of Executive Order 10082, in response to an application filed by the Hatters' Fur Cutters Association of the United States of America, of New York, N. Y. A public hearing was held on February 6, 1951. Section 7 of the Trade Agreements Extension Act of 1951 superseded paragraph 13 of Executive Order 10082, and the Commission continued the investigation in its status as of June 15, 1951, under section 7. The purpose of the investigation was to determine whether hatters' fur or furs not on the skin, prepared for hatters' use, including fur skins carroted (hereafter referred to collectively as hatters' fur), which are provided for under paragraph 1520 of the Tariff Act of 1930, were being imported into the United States in such increased quantities, actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

On the basis of its investigation, including the public hearing, the Commission unanimously found that as a result in part of the duty of 15 percent ad valorem reflecting the concession granted in the General Agreement on Tariffs and Trade, hatters' fur was being imported into the United States in such increased quantities as to cause serious injury to the domestic industry producing like or directly competitive products, and as to threaten continuance of such serious injury. The Commission also found that the application to hatters' fur of a duty of 47½ cents per pound, but not less than 15 percent or more than 35 percent ad valorem, was necessary to prevent the continuance of such serious injury to the domestic industry.

In view of its findings, and in accordance with section 7 of the Trade Agreements Extension Act of 1951, the Commission recommended to the President that the concession granted in the General Agreement on Tariffs and Trade be modified to permit the application to hatters' fur, for an indefinite period, of a duty of 47½ cents per pound, but not less than 15 percent nor more than 35 percent ad valorem. The Commission further stated that it would "keep developments with respect to hatters' fur under constant review for the purpose of making whatever recommendations may hereafter be warranted by changed conditions."

By a proclamation of January 5, 1952 (effective February 9, 1952), the President modified the trade-agreement concession on imports of hatters' fur, in accordance with the Commission's recommendation.

Paragraph 1520 of the Tariff Act of 1930 originally specified a rate of duty of 35 percent ad valorem on imports of hatters' fur. Effective May 1, 1935, pursuant to a concession granted in the trade agreement with the Belgo-Luxembourg Economic Union, the duty on such imports was reduced to 27½ percent ad valorem. Effective January 1, 1948, pursuant to a concession granted in the General Agreement on Tariffs and Trade, the duty was further reduced to 15 percent ad valorem. Pursuant to the President's proclamation of January 5, 1952 (effective February 9, 1952), the rate of duty became 47½ cents per pound, but not less than 15 percent or more than 35 percent ad valorem.

#### Garlic

On June 6, 1952, the Tariff Commission submitted to the President a report on its investigation of garlic, made pursuant to section 7 of the Trade Agreements Extension Act of 1951.

The Commission instituted the investigation on October 15, 1951, in response to an application filed by Robert S. Stapleton, of Gilroy, Calif. Public hearings were held on February 13, 1952, at San Francisco, Calif., and on February 26, 1952, at Washington, D. C. The purpose of the investigation was to determine whether garlic, provided for in paragraph 770 of the Tariff Act of 1930, was being imported into the United States in such increased quantities, either actual or relative, as to cause serious injury to the domestic industry producing like or directly competitive products.

As a result of its investigation, including the hearings, the Commission found (Commissioners Ryder and Edminster dissenting)<sup>1</sup> that as a result in part of the customs treatment reflecting the concession granted in the General Agreement on Tariffs and Trade, garlic was being imported into the United States in such increased quantities, both actual and relative, as to cause serious injury to the domestic industry producing the like product.

In view of its finding, and in accordance with section 7 of the Trade Agreements Extension Act of 1951, the Commission recommended to the President that the concession with respect to garlic be modified to permit the United States, for an indefinite period, to limit to 12,869,150 pounds the quantity of garlic which might be entered, or withdrawn from warehouse, for consumption during each 12-month period beginning July 1, in the year 1952 and in each subsequent year. This quota is equal to 90 percent of the average annual quantity of

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<sup>1</sup>The majority consisted of Commissioners Brossard, Durand, Gregg, and McGill.

garlic entered, or withdrawn from warehouse, for consumption during the five calendar years 1947 to 1951, inclusive. The Commission also recommended that, to prevent serious injury to the domestic industry concerned and to insure the equitable distribution of the permissible quota quantity among supplying countries, the quota for each 12-month period should be allocated among Mexico, Italy, Chile, Argentina, and "all other countries" on the basis of the shares which each furnished of the garlic which was entered, or withdrawn from warehouse, for consumption during the 5-year period 1947-51, inclusive. Such shares and the corresponding annual quota allotments are as follows:

Country	Average annual imports, 1947-51 <sup>1</sup>	Corresponding annual quota allotments
	<i>Pounds</i>	<i>Pounds</i>
Mexico.....	6, 997, 299	6, 297, 569
Italy.....	5, 329, 987	4, 796, 988
Chile.....	1, 029, 776	926, 799
Argentina.....	446, 148	401, 533
All other countries.....	495, 836	446, 261
Total, all countries.....	14, 299, 056	12, 869, 150

<sup>1</sup> Entered, or withdrawn from warehouse, for consumption.

Under this recommendation the duty of  $\frac{3}{4}$  cent per pound, placed in effect pursuant to the concession granted at Geneva in the General Agreement on Tariffs and Trade, effective March 16, 1949, would have remained in effect on entries within the recommended quota.

Section 7 of the Trade Agreements Extension Act of 1951 provides that in the event the President does not, within 60 days, take the action recommended by the Tariff Commission, he shall submit a report to the House Committee on Ways and Means and to the Senate Committee on Finance, setting forth his reasons for not taking such action. The President did not accept the Tariff Commission's finding and recommendations on garlic; on July 21, 1952, he sent identical letters to those committees, giving his reasons for not accepting the Commission's recommendations. As required by section 7, the Commission thereupon transmitted copies of its report to the Chairman of the Senate Committee on Finance and the Chairman of the House Committee on Ways and Means.

Under the Tariff Act of 1930 garlic was dutiable at  $1\frac{1}{2}$  cents per pound. The rate of duty was reduced to  $\frac{3}{4}$  cent per pound pursuant to a concession granted in the trade agreement with Mexico, effective January 1943. This reduced rate is now in effect pursuant to a concession granted at Geneva in the General Agreement on Tariffs and Trade and which became effective March 16, 1949.

**Blue-Mold Cheese**

On June 12, 1952, the Tariff Commission issued a report on its investigation of blue-mold cheese (not including Roquefort cheese), made pursuant to section 7 of the Trade Agreements Extension Act of 1951.

On June 11, 1951, the National Cheese Institute, Inc., of Chicago, Ill., filed with the Tariff Commission an application for an investigation with respect to blue-mold cheese under the provisions of part 3 of Executive Order 10082 of October 5, 1949. This application was pending before the Commission on June 16, 1951, the date the Trade Agreements Extension Act of 1951 became effective. Section 7 of the Trade Agreements Extension Act of 1951 superseded the "escape clause" procedure specified in part 3 of Executive Order 10082. On June 29, 1951, the Commission instituted an investigation of blue-mold cheese under section 7.

On July 31, 1951, while the investigation was in progress, the Defense Production Act of 1950 was amended by the addition thereto of section 104. This section authorized the restriction, until June 30, 1952, of any imports of certain commodities (including cheese) which the Secretary of Agriculture determined would "(a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program." Pursuant to section 104, the Department of Agriculture in August 1951 instituted controls on imports of cheese—including blue-mold cheese—by means of a requirement for import authorization.

On the basis of its investigation, the Commission found (Commissioner Gregg dissenting)<sup>2</sup> that blue-mold cheese was not being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing the like or directly competitive product. Accordingly, the Commission made no recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951.

Blue-mold cheese was originally dutiable under paragraph 710 of the Tariff Act of 1930 at 7 cents per pound but not less than 35 percent ad valorem. Imports of blue-mold cheese consist almost entirely of such cheese in original loaves. On June 15, 1936, the

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<sup>2</sup>The majority consisted of Commissioners Ryder, Edminster, Brossard, Durand, and McGill.

duty on blue-mold cheese in original loaves was reduced to 5 cents per pound but not less than 25 percent ad valorem, pursuant to a concession granted in the trade agreement with France signed May 6, 1936. As a result of the negotiations under the General Agreement on Tariffs and Trade at Geneva in 1947, the United States granted a concession on blue-mold cheese in original loaves, pursuant to which the duty of 5 cents per pound but not less than 25 percent ad valorem was bound against increase. This concession was initially negotiated with France; after France became a contracting party to the General Agreement at Geneva, the previous bilateral agreement between France and the United States was suspended. As a result of negotiations under the General Agreement at Annecy in 1949, the United States granted a concession (initially negotiated with Denmark) which resulted in the further reduction of the duty on blue-mold cheese in original loaves to 3 cents per pound but not less than 15 percent ad valorem. This rate of duty, which became effective May 28, 1950, has been in effect since that date.

#### **Watches, Watch Movements, Watch Parts, and Watchcases**

On June 14, 1952, the Tariff Commission submitted to the President a report on its investigation of watches, watch movements, watch parts, and watchcases, made pursuant to section 7 of the Trade Agreements Extension Act of 1951.

On February 13, 1951, the Elgin National Watch Co., of Elgin, Ill., and the Hamilton Watch Co., of Lancaster, Pa., filed an application with the Tariff Commission requesting it to conduct an investigation under Executive Order 10082 with respect to jeweled watches and watch movements containing 7 jewels or more but not more than 17 jewels, and parts thereof. The application was subsequently endorsed in a communication received by the Commission on March 5, 1951, from the Trustees in Reorganization of the Waltham Watch Co. On March 22, 1951, the Commission instituted an investigation, as requested by the applicants, but on its own motion extended the scope of the investigation to apply to all articles specified in paragraph 367 of the Tariff Act of 1930, as amended by the 1936 trade agreement with Switzerland. On May 9, 1951, the Watch Case Board of Trade, Inc., filed a brief requesting restoration of the preconcession rates of duty on watchcases; and on May 15, 1951, the Clock Manufacturers Association of America, Inc., requested restoration of the preconcession rates of duty on all articles specified in paragraph 367. A public hearing in the investigation was held May 15-24, 1951, at which interested parties were given opportunity to be present, to produce evidence, and to be heard. The Commission continued the investigation, in its status as of June 15, 1951, under section 7 of the Trade Agreements Extension Act of 1951.

All articles the subject of the investigation are included in the trade agreement with Switzerland, which became effective February 15, 1936. Pursuant to this agreement the rates of duty on nearly all watch movements were substantially reduced, as the duties on most categories of watchcases and watch parts were. Such rates provided for in paragraph 367 as were not reduced pursuant to the agreement were bound against increase.

As a result of its investigation, including the hearing, the Commission unanimously found that no serious injury or threat thereof existed for the domestic industries concerned by reason of (a) imports of watch movements on which no reduction in duty—except for the duty on adjustments—was made pursuant to concessions granted in the trade agreement with Switzerland; (b) customs treatment reflecting the concession granted in the afore-mentioned trade agreement with respect to the duty imposed on adjustments on watch movements; (c) imports of watch parts, jewels, and watch dials; and (d) imports of watchcases.

The Commission found, however (Commissioners Ryder and McGill dissenting), that partly as a result of the customs treatment reflecting the duty concessions granted in the trade agreement with Switzerland, those watch movements on which reduced rates of duty were imposed under subdivisions (1), (2), (3), or (5) of paragraph 367 (a) pursuant to such concessions are being imported in such increased quantities, both actual and relative, as to threaten serious injury to the domestic industries producing like or directly competitive products. In order to prevent such threatened serious injury from materializing, the Commission recommended that the reduced rates of duty specified above be increased for an indefinite period by 50 percent, but should in no case exceed the rates originally imposed under the Tariff Act of 1930. Commissioners Brossard, Durand, and Gregg were of the opinion that serious injury not only was threatened but was already present; Commissioner Edminster believed that although there was not present serious injury, such injury was threatened; and Commissioners Ryder and McGill held that serious injury was neither present nor threatened.

The President did not accept the Commission's findings and recommendations. As required by section 7 of the Trade Agreements Extension Act of 1951, the President, on August 14, 1952, notified the Chairmen of the Senate Committee on Finance and of the House Committee on Ways and Means of his reasons for not accepting the recommendations of the Tariff Commission. As also required by section 7, the Commission on August 13, 1952, transmitted copies of its report to the Chairmen of these committees.

Imports dutiable under paragraph 367 of the Tariff Act of 1930 consist principally of watches, watch movements, watch parts, and



watchcases. The duty on a watch is the sum of the duties applicable separately to the watch movement and the watchcase. The duties on movements are specific and, in general, vary inversely with the width of the movements and directly with the number of jewels and adjustments which the movements incorporate. Certain features, such as those contained in self-winding watches, are subject to supplementary specific duties. About 90 percent, by value, of the watch parts imported have been subject to ad valorem rates of duty, and about 10 percent to compound or specific rates. Watchcases are subject to compound duties, the ad valorem portions of which are the same for all except cases of base metal, but the specific portions of which depend upon the kind of metal used and whether the cases are set with or prepared for jewels.

In the trade agreement with Switzerland reductions in duties were made in most tariff categories of watch movements, watch parts, and watchcases. Reductions in the rates of duty applicable to watch movements ranged from 11 to 44 percent; reductions on watch parts specially provided for ranged from about 12½ to 44 percent; and reductions on watchcases averaged about 38 percent.

In 1935, before the conclusion of the trade agreement with Switzerland, the ad valorem equivalent of the rate of duty on all watch movements was 80.7 percent; in 1937, the first full year after the trade agreement with Switzerland became effective, it was 68.3 percent. In 1950 the ad valorem equivalents of the rates of duty were 37 percent on all watch movements, 54 percent on watch parts (excluding jewel bearings, which are subject to an ad valorem duty of 10 percent), and 34 percent on watchcases. In 1951 the ad valorem equivalent of the rates of duty on watch movements was 36½ percent.

#### **Motorcycles and Parts**

On June 16, 1952, the Tariff Commission issued a report on its investigation of motorcycles and parts, made pursuant to section 7 of the Trade Agreements Extension Act of 1951. The Commission instituted the investigation on June 29, 1951, and on July 19, 1951, extended the investigation to include parts for motorcycles. The investigation was instituted in response to an application filed with the Commission by the Harley-Davidson Motor Co., of Milwaukee, Wis. A public hearing was held September 18-27, 1951. The purpose of the investigation was to determine whether motorcycles and motorcycle parts were, as a result, in whole or in part, of the duty or other customs treatment reflecting concessions granted in the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

On the basis of its investigation, including the hearing, the Commission found (Commissioners Brossard and Gregg dissenting)<sup>3</sup> that motorcycles and motorcycle parts were not being imported in such increased quantities, actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. Accordingly, in the judgment of the Commission, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951.

The rate of duty originally established in the Tariff Act of 1930 on imports of motorcycles was 10 percent ad valorem, and the rate on imports of motorcycle parts was 25 percent ad valorem. (A provision in the Tariff Act of 1930 (paragraph 369 (d)) for higher rates on these products, when imported from a country which imposed higher rates on like products of the United States, was repealed by the Trade Agreements Act of June 12, 1934.) Effective January 1, 1939, the rate of duty on motorcycles was bound against increase, and the rate on motorcycle parts was reduced to 15 percent ad valorem, pursuant to the trade agreement with the United Kingdom. The trade agreement with the United Kingdom was suspended on January 1, 1948, when the United Kingdom and the United States became contracting parties to the General Agreement on Tariffs and Trade. In the General Agreement, concessions (initially negotiated with the United Kingdom) were granted providing for maximum duties on motorcycles and motorcycle parts of 10 and 15 percent ad valorem, respectively. Thus, the present United States duties on motorcycles and motorcycle parts—10 and 15 percent ad valorem, respectively—reflect these concessions.

#### **Dried Figs**

On July 24, 1952, the Tariff Commission submitted to the President a report on its investigation of dried figs, made pursuant to section 7 of the Trade Agreements Extension Act of 1951. The Commission instituted the investigation on March 19, 1952, in response to an application filed by the California Fig Institute, of Fresno, Calif., an organization representing growers and packers of dried figs. A public hearing was held April 22–25, 1952.

The purpose of the investigation was to determine whether dried figs, provided for in paragraph 740 of the Tariff Act of 1930, were, as a result, in whole or in part, of the customs treatment reflecting the concession granted in the General Agreement on Tariffs and Trade, as supplemented by the Torquay Protocol, being imported into the United States in such increased quantities, either actual or

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<sup>3</sup> The majority consisted of Commissioners Ryder, Edminster, Durand, and McGill.

relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. Effective October 17, 1951, under the General Agreement (Torquay) the United States reduced the rate of duty on dried figs from 3 cents to 2½ cents a pound.

Based on its investigation, the Commission unanimously found that, as a result in part of the customs treatment reflecting the concession granted in the General Agreement on Tariffs and Trade, as supplemented by the Torquay Protocol, dried figs were being imported into the United States in such increased quantities, both actual and relative, as to cause serious injury to the domestic industry producing like or directly competitive products, and as to threaten continuance of such injury. The Commission also found that, for an indefinite period, application of a rate of duty of 4½ cents per pound on dried figs was necessary to prevent the continuance of such serious injury to the domestic industry.

In view of its findings, and in accordance with section 7 of the Trade Agreements Extension Act of 1951, the Commission recommended to the President the modification of the tariff concession that the United States granted on dried figs in the General Agreement. On August 16, 1952, the President issued a proclamation, effective after the close of business on August 29, 1952, modifying the concession.

Under the Tariff Act of 1930 dried figs were dutiable at 5 cents per pound. Pursuant to the trade agreement with Turkey, effective May 5, 1939, the rate of duty on dried figs valued at 7 cents or more per pound was reduced to 3 cents per pound. Effective March 9, 1950, the rate of duty on dried figs valued at less than 7 cents per pound was reduced to 3 cents per pound, pursuant to a concession negotiated originally with Greece under the General Agreement on Tariffs and Trade (Annex). Effective October 17, 1951, the rate of duty on all dried figs, regardless of value, was further reduced to 2½ cents per pound, pursuant to a concession negotiated originally with Turkey at Torquay under the General Agreement on Tariffs and Trade. Modification of the concession establishes a rate of duty of 4½ cents per pound on dried figs.

#### **Spring Clothespins (1952)**

On August 21, 1952, the Tariff Commission issued a report on its investigation of spring clothespins, made pursuant to section 7 of the Trade Agreements Extension Act of 1951. The Commission instituted the investigation on September 10, 1951, in response to an application filed by the Clothespin Manufacturers of America, of Washington, D. C., an association of domestic producers of clothespins. A public hearing was held on November 13, 1951. The purpose of the investigation was to determine whether spring clothespins, provided for in paragraph 412 of the Tariff Act of 1930, were, as a result, in whole or

in part, of the duty or other customs treatment reflecting the concessions granted in the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.\*

On the basis of its investigation, including the hearing, the Commission found (Commissioners Brossard and Gregg dissenting)<sup>5</sup> that spring clothespins were not being imported in such increased quantities, actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. Accordingly, in the judgment of the Commission, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951.

The rate of duty originally established in the Tariff Act of 1930 on imports of spring clothespins was 20 cents per gross. Effective August 5, 1935, the rate of duty was reduced to 15 cents per gross, pursuant to a concession in the trade agreement with Sweden. It was further reduced to 10 cents per gross, effective January 30, 1943, pursuant to a concession granted in the trade agreement with Mexico. The trade agreement with Mexico was terminated on December 31, 1950. A concession which was negotiated with Sweden and Denmark under the General Agreement on Tariffs and Trade, and which became effective April 30, 1950, obligates the United States to refrain from imposing on spring clothespins a duty higher than 10 cents per gross. The rate of duty now in effect on spring clothespins is 10 cents per gross, pursuant to the General Agreement on Tariffs and Trade.

#### **Groundfish Fillets**

On September 4, 1952, the Tariff Commission issued a report on its investigation of groundfish fillets, made pursuant to section 7 of the Trade Agreements Extension Act of 1951. The Commission instituted the investigation on September 17, 1951, in response to an application filed on September 10, 1951, by the Massachusetts Fisheries Association of Boston, Mass., and others. The public hearing was held November 26-29, 1951. The purpose of the investigation was to determine whether "cod, haddock, hake, pollock, cusk, and rosefish, all the foregoing, fresh or frozen (whether or not packed in ice), filleted, skinned, boned, sliced, or divided into portions" (hereinafter referred to as "groundfish fillets"), provided for in paragraph 717 (b) of the

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\* A previous investigation on spring clothespins was made under Executive Orders 10004 and 10082 to determine whether there were grounds for the withdrawal or modification of the concession on spring clothespins under the escape clause of the trade agreement with Mexico. On December 20, 1949, the Commission reported to the President the results of this investigation, and made no recommendation for escape-clause action.

<sup>5</sup> The majority consisted of Commissioners Ryder, Edminster, and McGill.

Tariff Act of 1930, were, as a result, in whole or in part, of the duty or other customs treatment reflecting the concession granted thereon in the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

On the basis of its investigation, including the hearing, the Tariff Commission found (Commissioners Brossard and Gregg dissenting)<sup>6</sup> that groundfish fillets were not being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. Accordingly, in the judgment of the Commission, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951.

For duty purposes, groundfish fillets are provided for in paragraph 717 (b) of the Tariff Act of 1930. The rate of duty originally provided therein was 2½ cents per pound on all imports of these products. As a result of a concession granted in the trade agreement between the United States and Canada, signed November 17, 1938, the duty on groundfish fillets was reduced to 1⅞ cents per pound on an aggregate quantity of not in excess of 15 million pounds of such fillets entered, or withdrawn from warehouse, for consumption in any calendar year, with the proviso that if the average apparent annual consumption of such fillets during the three calendar years preceding the year in which such fillets are entered, or withdrawn from warehouse, for consumption, exceeds 100 million pounds, an additional quantity of such fillets equal to the amount by which 15 percentum of such average apparent annual consumption exceeds 15 million pounds may be entered, or withdrawn from warehouse, for consumption in that year at the reduced rate of 1⅞ cents per pound.

The 1938 agreement with Canada became inoperative on January 1, 1948, when Canada and the United States became contracting parties to the General Agreement on Tariffs and Trade. In the General Agreement the United States agreed to continue the application of a duty of 1⅞ cents per pound on an annual tariff quota in the amount to be determined as previously provided for in the 1938 agreement with Canada. The General Agreement provides, however, that of the total quantity of groundfish fillets entitled to entry at a rate not to exceed 1⅞ cents per pound in any calendar year, not more than one-fourth shall be so entitled during the first 3 months, not more than one-half during the first 6 months, and not more than three-fourths during the first 9 months of that year. In addition to these provisions, the duty concession on groundfish fillets in the General Agreement in-

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<sup>6</sup> The majority consisted of Commissioners Ryder, Edminster, and McGill.

cludes an undertaking by the United States not to impose a rate higher than 2½ cents per pound on any imports of groundfish filets.

#### **Bicycles and Parts**

On October 9, 1952, the Tariff Commission issued a report on its investigation of bicycles and parts, made pursuant to section 7 of the Trade Agreements Extension Act of 1951. The Commission instituted the investigation on October 15, 1951, in response to an application filed by the Bicycle Manufacturers Association of America and the Cycle Parts and Accessories Manufacturers Association, both of New York, N. Y. A public hearing was held March 3-6, 1952. The purpose of the investigation was to determine whether bicycles and bicycle parts (not including tires), provided for in paragraph 371 of the Tariff Act of 1930, were, as a result, in whole or in part, of the duty or other customs treatment reflecting concessions granted on such products under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

On the basis of its investigation, including the hearing, the Tariff Commission unanimously found that bicycles and parts thereof were not being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. Accordingly, in the judgment of the Commission, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951.

Imported bicycles and parts covered by the investigation are dutiable under paragraph 371 of the Tariff Act of 1930, as modified. The duty originally established for all these products was 30 percent ad valorem. Pursuant to the trade agreement with the United Kingdom, effective January 1, 1939, rates of \$2.50, \$2.00, and \$1.25 each were established for bicycles, depending upon the diameter of the wheels, and a rate of \$1.25 each was established for frames; but in no case was the duty on the bicycles or frames to be less than 15 percent nor more than 30 percent ad valorem. These rates were continued without change under the General Agreement on Tariffs and Trade, effective January 1, 1948, with the exception of the rate on bicycles having wheels measuring over 25 inches in diameter, if weighing less than 36 pounds (without accessories) and not designed for use with tires having a cross-sectional diameter exceeding 15⁄8 inches. For these bicycles a rate of \$1.25 each but not less than 7½ percent nor more than 15 percent ad valorem was specified. At foreign values prevailing since 1947, the specific rates and the maximum ad valorem rates on bicycles have seldom been applicable; virtually all imports have been assessed at the minimum ad valorem rates of 15 percent

or 7½ percent. The average ad valorem equivalent of the duties on total imports of bicycles since 1947 has been about 11 percent.

On bicycle parts specified in paragraph 371, other than frames, the rate established in the Tariff Act of 1930 has remained unchanged, but under the General Agreement on Tariffs and Trade, effective January 1, 1948, it was bound against increase.

**Cherries, Candied, Crystallized, or Glace**

On October 17, 1952, the Tariff Commission issued a report on its investigation of glace cherries, made pursuant to section 7 of the Trade Agreements Extension Act of 1951.

The Commission instituted the investigation on glace cherries on October 31, 1951, in response to an application filed with the Commission by the Maraschino Cherry and Glace Fruit Association, of New York, N. Y. A public hearing was held on March 10 and 11, 1952. The purpose of the investigation was to determine whether cherries, candied, crystallized, or glace, provided for in paragraph 737 of the Tariff Act of 1930, were, as a result, in whole or in part, of the duty or other customs treatment reflecting the concessions granted on such products under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

On the basis of its investigation, including the hearing, the Commission found (Commissioners Brossard and Gregg dissenting)<sup>7</sup> that cherries, candied, crystallized, or glace, provided for in paragraph 737 of the Tariff Act of 1930, and on which concessions were granted in the General Agreement on Tariffs and Trade, were not being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. Accordingly, in the judgment of the Commission, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951.

The Tariff Act of 1930 originally provided for a compound rate of duty of 9½ cents per pound plus 40 percent ad valorem on imports of cherries, maraschino, candied, crystallized, or glace, or prepared or preserved in any manner. The act also provided for duties of 5½ cents per pound on unpitted cherries, sulfured or in brine, and 9½ cents per pound on pitted cherries, sulfured or in brine. The specific part of the compound duty on imports of maraschino and glace cherries was intended to be compensatory for the duty on imports of sulfured cherries. The ad valorem part of the compound rate was intended to provide protection for the domestic processing op-

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<sup>7</sup> The majority consisted of Commissioners Ryder, Edminster, and McGill.

erations involved in converting sulfured cherries to glace or maraschino cherries.

The rate of duty on imports of cherries, maraschino, candied, crystallized, or glace, first became the subject of a trade-agreement concession in the 1936 trade agreement with France. In pursuance of that agreement the rate was reduced to 9½ cents per pound and 20 percent ad valorem. As a result of negotiations under the General Agreement on Tariffs and Trade at Geneva in 1947, the rate of duty on this classification of cherries was further reduced, effective January 1, 1948, to 7 cents per pound and 10 percent ad valorem. The rates of duty on sulfured cherries, for which, as indicated above, the specific part of the duty on maraschino and glace cherries was intended to be compensatory, have not been reduced; they have remained 5½ cents per pound for the unpitted product and 9½ cents per pound for the pitted.

**Bonito, Canned in Oil; and Tuna and Bonito, Canned, Not in Oil**

On November 26, 1952, the Tariff Commission issued a report on its investigation of bonito, canned in oil, and tuna and bonito, canned, not in oil, made pursuant to section 7 of the Trade Agreements Extension Act of 1951. The Commission instituted the investigation on December 28, 1951, in response to an application filed on November 28, 1951, by the California Fish Cannery Association, Inc. This application was followed at various dates by similar applications from other organizations within the industry. A public hearing was held January 29 through February 4, 1952. The purpose of the investigation was to determine whether the products described below were, as a result, in whole or in part, of the duty or other customs treatment reflecting concessions granted on such products in the trade agreement with Iceland signed August 27, 1943, in the General Agreement on Tariffs and Trade, and in the exclusive trade agreement with Cuba signed October 30, 1947, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

<i>Tariff Act of 1930</i>	<i>Description of product</i>
Par. 718 (a)	Bonito, prepared or preserved in any manner, whether packed (in air-tight containers) in oil or in oil and other substances.
Par. 718 (b)	Tuna and bonito, prepared or preserved in any manner, when packed in air-tight containers weighing with their contents not more than 15 pounds each (except such fish packed in oil or in oil and other substances).



On the basis of its investigation, including the hearing, the Tariff Commission found (Commissioners Brossard and Gregg dissenting)<sup>8</sup> that bonito, canned in oil, provided for in paragraph 718 (a) of the Tariff Act of 1930, and tuna and bonito, canned, not in oil, provided for in paragraph 718 (b) of the said tariff act, were not being imported in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. Accordingly, in the judgment of the Commission, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951.

For tariff purposes bonito, canned in oil, is classified under the provision in paragraph 718 (a) of the Tariff Act of 1930 for "fish, prepared or preserved in any manner, when packed in oil or in oil and other substances." The duty originally imposed on such fish was 30 percent ad valorem; effective January 13, 1934, the duty on bonito, canned in oil, valued at not over 9 cents per pound (including the weight of the immediate container only), was increased to 44 percent ad valorem by Presidential proclamation subsequent to a cost-of-production investigation by the Tariff Commission under the provisions of section 336 of the Tariff Act of 1930. Bonito, canned in oil, valued at over 9 cents per pound, remained dutiable at the original rate of 30 percent ad valorem. Bonito, canned in oil, the product of Cuba, was dutiable at a preferential rate of 24 percent ad valorem as long as the general rate was 30 percent. When the rate on bonito valued at not over 9 cents per pound was increased to 44 percent ad valorem, the rate on the Cuban product in this value bracket became 35.2 percent.

As a result of exclusive concessions granted to Cuba in the General Agreement on Tariffs and Trade, the duty on Cuban bonito, canned in oil, valued at not over 9 cents per pound, was reduced on January 1, 1948, to 22 percent ad valorem, and the duty on bonito, canned in oil, valued at over 9 cents per pound, was reduced to 15 percent ad valorem, effective on the same date. Because of the margin-of-preference rule in article I of the General Agreement, this action necessitated the reduction of the general rates on these products to 30.8 percent ad valorem and 21 percent ad valorem, respectively, effective January 1, 1948. These rates continued in effect until October 7, 1951, when, as a result of the Torquay trade-agreement negotiations, the general rates on these products were reduced to the level of the rates on the

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<sup>8</sup> A statement of the views of Commissioners Brossard and Gregg is included in the report. The majority consisted of Commissioners Ryder, Edminster, and McGill.

Cuban products, thereby eliminating the Cuban preference. The present duties reflecting trade-agreement concessions on bonito, canned in oil, are therefore 22 percent ad valorem on imports valued at not over 9 cents per pound, and 15 percent ad valorem on imports valued at over 9 cents per pound.

Tuna and bonito, canned, not in oil, are classified for tariff purposes under paragraph 718 (b) of the Tariff Act of 1930 under the provision for "fish, prepared or preserved in any manner, when packed in airtight containers weighing with their contents not more than 15 pounds each, except fish packed in oil or in oil and other substances." The duty originally imposed on these products was 25 percent ad valorem. Pursuant to the trade agreement with Iceland signed August 27, 1943, which became effective November 19, 1943, the duty on tuna and bonito, canned, not in oil, was reduced to 12½ percent ad valorem. This rate was temporarily bound against increase under the General Agreement on Tariffs and Trade, but the concession involving this binding was withdrawn, effective January 26, 1952, as a result of the withdrawal of Nationalist China from the General Agreement. However, the trade agreement with Iceland continues in force.

By reason of the preferential treatment of Cuban products under international agreements with that country, tuna and bonito, canned, not in oil, the product of Cuba, were originally dutiable under the Tariff Act of 1930 at 20 percent ad valorem. When the general rate of duty on these products was reduced to 12½ percent ad valorem pursuant to the trade agreement with Iceland, the rate on the like products of Cuba became 10 percent ad valorem. Under the General Agreement on Tariffs and Trade the duty on Cuban bonito, canned, not in oil, continued to be 10 percent ad valorem, but the preferential treatment of Cuban tuna, canned, not in oil, was eliminated, with the result that the Cuban product became dutiable on January 1, 1948, at the 12½-percent rate established pursuant to the trade agreement with Iceland. Accordingly, the current duty reflecting trade-agreement concessions on tuna, canned, not in oil, is 12½ percent ad valorem, and the current duties reflecting trade-agreement concessions on bonito, canned, not in oil, are 10 percent ad valorem if the product of Cuba and 12½ percent ad valorem if not the product of Cuba.

#### **Wood Screws of Iron or Steel \***

The Tariff Commission's report on its investigation of wood screws of iron or steel, made pursuant to section 7 of the Trade Agreements Extension Act of 1951, is summarized here because it was issued on

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\* A second investigation of wood screws of iron or steel was instituted by the Commission on April 4, 1952, in response to an application filed on April 1, 1952, by the United States Wood Screw Service Bureau. A public hearing was held June 30-July 1, 1952.

December 29, 1951, too late to permit inclusion of a summary of it in the Commission's Annual Report for 1951.

The Commission instituted the investigation on wood screws of iron or steel on August 22, 1951, in response to an application filed August 15, 1951, by the United States Wood Screw Service Bureau, of New York, N. Y., on behalf of its members. The purpose of the investigation, which was concluded without a public hearing, was to determine whether screws, commonly called wood screws, of iron or steel (hereinafter referred to as "wood screws of iron or steel"), provided for in paragraph 338 of the Tariff Act of 1930, were, as a result, in whole or in part, of the duty or other customs treatment reflecting concessions granted in the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

On the basis of its investigation, the Commission found (Commissioners Brossard and Gregg dissenting)<sup>10</sup> that, notwithstanding the recent substantial increase in imports of wood screws of iron or steel, such imports were not causing or threatening serious injury to the domestic industry producing like or directly competitive products. Accordingly, in the judgment of the Commission, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951.

The rate of duty originally established on imports of wood screws of iron or steel by paragraph 338 of the Tariff Act of 1930 was 25 percent ad valorem. As a result of negotiations under the General Agreement on Tariffs and Trade at Geneva, the duty on such wood screws was reduced to 15 percent ad valorem, effective January 1, 1948. This rate was further reduced to 12½ percent ad valorem, effective June 6, 1951, as a result of negotiations under the General Agreement at Torquay. Both of these concessions were initially negotiated with the Benelux Customs Union (Belgium, the Netherlands, and Luxembourg). The rate of duty currently in effect is 12½ percent ad valorem.

#### **Report on Investigation of Edible Tree Nuts Under Section 22 of the Agricultural Adjustment Act**

The Tariff Commission on October 21, 1952, released its report to the President, dated September 25, 1952, of findings and recommendations with regard to the need for restrictions on imports of tree nuts under section 22 of the Agricultural Adjustment Act, as amended, to prevent interference with programs of the Department of Agri-

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<sup>10</sup> The majority consisted of Commissioners Ryder, Edminster, Durand, and McGill.

culture for the 1952 crops of tree nuts. The Commission recommended the imposition of a fee on imports of shelled almonds and an absolute quota on imports of shelled filberts during the period October 1, 1952, to September 30, 1953, inclusive.

The President accepted the Commission's recommendation with respect to almonds and issued a proclamation on September 27, 1952, imposing a fee of 5 cents per pound on shelled almonds entered, or withdrawn from warehouse, for consumption during the period October 1, 1952, to September 30, 1953, until 7,000,000 pounds of such almonds had been so entered or withdrawn, and a fee of 10 cents per pound on shelled almonds entered or withdrawn during the period specified in excess of 7,000,000 pounds. These fees are to be collected in addition to the regular duties imposed by the tariff act.

On October 20, 1952, the President issued a statement that he was not acting upon the Commission's recommendation to impose additional restrictions on imports of shelled filberts. The Tariff Commission's report recommended that imports of shelled filberts during the period October 1, 1952, to September 30, 1953, be restricted by an absolute quota to 4,500,000 pounds. Commissioners Brossard and Gregg recommended that imports of shelled filberts during the 12-month period be restricted by absolute quota to not more than 4,000,000 pounds.

In its report of September 25, 1952, the Commission recommended action on shelled almonds and shelled filberts, as indicated above. No action was recommended on in-shell almonds and filberts, or on walnuts, brazil nuts, or cashews. As in its previous reports, the Commission in its latest report advised the President that it was continuing the investigation and would report regarding any later action with respect to tree nuts which might be found to be necessary to carry out the purposes of section 22.

### **Industrial Materials Reports**

#### **Unmanufactured Sheet Mica (Blocks, Films, and Splittings)**

The Tariff Commission issued its report *Unmanufactured Sheet Mica (Blocks, Films, and Splittings)* (M-4) in April 1952. The report summarizes salient economic and statistical information on uses, consumption, United States production, imports, and exports of unmanufactured sheet mica, and other data pertinent to United States needs and supplies. It also reviews the factors that will influence requirements and supplies in the period immediately ahead.

Mica is the term applied to a group of complex aluminum silicate minerals, some forms of which are of great commercial and military importance. World production of mica may be divided into two main classifications: (1) Waste and scrap mica, which comprises the

greater part of the total quantity produced in the world and much the greater part of that produced in the United States, and (2) sheet mica, which comprises blocks, films, and splittings.

The forms in which these two classes of mica are marketed, as well as their uses, differ widely. Waste and scrap mica is always ground and is used in comparatively large tonnages, mainly in the manufacture of roofing paper, paints, and rubber products. In contrast with ground mica, which is distributed and used in bulk tonnages, sheet mica is marketed and used in smaller quantities; its value per pound is high compared with that of ground mica. Sheet mica is used predominantly in the manufacture of electrical and electronic equipment. The Commission's report deals only with unmanufactured sheet mica—blocks, films, and splittings. These forms of mica are vitally important in the production of equipment required for civilian and military uses.

The United States is the world's largest mica-producing and -consuming country, but it produces only a small proportion of its sheet-mica requirements. Sheet mica has rarely comprised more than 2 percent of the total quantity of mica produced in the United States. In the period 1946-50 it accounted, on the average, for less than 1 percent of the total output. Because of its high unit value, however, sheet mica represented about 10 percent of the total value of all domestic mica in 1946-50. Only a very small part of the domestic output of sheet mica is of the quality and grade suitable for making electrical equipment for military and essential civilian needs. United States production consists chiefly of punch and circle sizes that are used largely in household electrical appliances.

About 90 percent of the sheet mica consumed in the United States is imported. India, the world's leading producer of high-grade mica, has been the major source of United States imports; it ordinarily accounts for more than 80 percent of total imports. Before World War II Madagascar ranked a distant second in importance, but since 1941 Brazil has been the second largest source. Canada is another important source of supply.

Because it depends on foreign sources of supply, and because substitute materials are not available, the United States has classified certain grades and qualities of sheet mica as strategic and critical materials. These grades and classes are indispensable in the manufacture of certain equipment essential to national defense, and are being stockpiled. Strategic qualities and grades account for 75 to 80 percent of the total quantity of sheet mica used in the United States. Average annual United States consumption of sheet mica in postwar years has been more than twice that in prewar years. The trend of consumption has been upward in recent years; consumption in 1950 was estimated at 15.5 million pounds, and that in 1951 at 17 million

pounds. With further expansion of preparations for defense, consumption is expected to increase substantially in the years immediately ahead.

#### **Fluorspar**

The Tariff Commission issued its report, *Fluorspar* (M-5), in August 1952. The report summarizes salient economic and statistical information on uses, United States consumption, production, imports, and exports of fluorspar, and other data pertinent to United States needs and supplies. It also reviews the factors that will strongly influence requirements and supplies in the period immediately ahead.

Fluorspar is an important raw material for the metallurgical, chemical, glass, and ceramic industries. Commercial fluorspar is graded principally according to its content of calcium fluoride. The acid grade ordinarily contains at least 98 percent; the ceramic grade, from 95 to 98 percent; and the metallurgical grade, less than 95 percent. The metallurgical and acid grades, which are required in the manufacture of steel, aluminum, and a number of fluorine compounds, are the most important from the standpoint of military and essential civilian uses. For this reason the Munitions Board classifies these two grades as strategic and critical, and they are included in the list of materials currently being stockpiled. Ceramic-grade fluorspar is not considered essential from a military point of view.

Although the United States is the world's largest producer of fluorspar, domestic consumption exceeds production. Both production and consumption have been at a much higher level in recent years than they were before the war. During 1946-50 production averaged about 295,000 short tons a year, compared with 148,000 tons during 1937-39. Between these two periods average annual consumption of fluorspar increased from 162,000 tons (1937-39) to about 371,000 tons (1946-50). Strategic grades have accounted for about 85 percent of the total quantity of fluorspar used in the United States in recent years.

Since the war the greatly expanded demand for fluorspar has resulted in a substantial increase in imports; for the years 1950-51 imports accounted for about 37 percent of domestic consumption, compared with an annual average of 15 percent during 1937-39. In prewar years Germany, France, and Newfoundland were the principal suppliers, but during the war Mexico, Spain, and Newfoundland were virtually the only sources. Mexico has continued to be the main supplier since the war; other large suppliers in 1951 were Germany, Spain, Canada (which now includes Newfoundland), and Italy. All of these countries supply both metallurgical and acid fluorspar, although metallurgical fluorspar predominates in the shipments from all countries except Canada (Newfoundland). Imports from Canada

(Newfoundland) consist mostly of acid fluorspar. United States exports of fluorspar are small.

United States tariff rates cut across the lines of the commercial grades of fluorspar and distinguish only the following two classifications: (1) Fluorspar containing more than 97 percent calcium fluoride and (2) fluorspar containing not more than 97 percent calcium fluoride. The rate of duty on fluorspar containing more than 97 percent of calcium fluoride (\$5.60 per long ton) has been reduced twice pursuant to trade agreements; the present rate is \$2.10 per long ton. The statutory rate on fluorspar containing not more than 97 percent calcium fluoride (\$8.40 per long ton) is at present in effect. Between January 30, 1943, and December 31, 1950, however, a lower rate (\$6.30 per long ton) was in effect pursuant to the trade agreement with Mexico, which was terminated December 31, 1950.

The two strategic grades of fluorspar present entirely different supply problems. Supplies of metallurgical fluorspar have been adequate since the war, and Government stocks of this grade are understood to be substantial. Assuming uninterrupted imports—especially from Mexico—and continued domestic production at the 1951 level, the total supply of metallurgical fluorspar should continue to be adequate for the next few years.

The supply of acid fluorspar, on the other hand, has not been adequate to meet the recent greatly increased demand. With completion of the Government-sponsored program for expanding production facilities—and assuming substantially increased imports for processing at domestic plants—total supplies of acid fluorspar will probably meet United States requirements during the next few years.

#### **Kyanite and Allied Minerals**

The Tariff Commission's report *Kyanite and Allied Minerals* (M-6) was issued in September 1952. The report presents a summary of salient economic and statistical information on uses, United States consumption, production, imports, and exports of kyanite, and other data pertinent to United States needs and supplies. It also reviews the factors that will affect supplies and requirements in the period immediately ahead.

The United States is the world's largest consumer and importer of kyanite and allied minerals, which are important to national defense. It has undertaken a program of facilities expansion that during the next few years will materially reduce, and possibly ultimately eliminate, the country's large dependence on imports.

Kyanite and the allied minerals sillimanite, andalusite, dumortierite, and topaz comprise a group of aluminum silicate minerals commonly referred to as the sillimanite group. When these minerals are heated to high temperatures they convert to mullite—a mineral with excep-

tional refractory properties. Of all the natural minerals used in making mullite, kyanite is by far the most abundant; it has long accounted for most of the United States output and for virtually all the imports of the sillimanite minerals. Besides being made from natural minerals, mullite is produced in the United States by synthesis. Mullite is seldom found in nature.

Mullite is used almost entirely in the manufacture of super-duty refractories, which are important in the metallurgical industry (chiefly for lining electric furnaces designed to melt brasses, bronzes, and other alloys) and in the glass industry (for use in glass-melting tanks or furnaces). These refractories are used in the form of bricks and shapes, or in the form of cements, mortars, plastics, and ramming mixtures. Bricks and shapes account for the major part of all the mullite used by the domestic refractory industry. For this use, massive kyanite—the type that is imported—is superior to disseminated kyanite—the type produced domestically—because it converts to the hard, dense, coarse-grained mullite essential to the manufacture of bricks and shapes. This type of mullite, referred to as strategic or brick-grade mullite, is obtained almost entirely from imported massive kyanite and from domestically produced synthetic mullite. Although the Munitions Board has listed kyanite and allied minerals as strategic and critical materials, Government stockpiling is limited to massive kyanite and to mullite produced both from massive kyanite and by synthesis.

The United States is the world's largest consumer of kyanite and allied minerals, but domestic sources supply only about one-half of domestic requirements. Nonmassive domestic kyanite is satisfactory for use in refractory cements, mortars, and other products requiring a relatively fine-grained material. These products account for the major part of United States consumption of domestic kyanite, and they supply an important but noncritical need in the field of mullite refractories.

Since the war both domestic consumption and production of kyanite and allied minerals have been at much higher levels than they were before the war. In prewar years, consumption is estimated to have averaged about 7,000 tons annually, compared with an estimated annual consumption ranging between 21,000 and 26,000 tons in 1946-49. Since the outbreak of hostilities in Korea, consumption has increased further; in 1951 it amounted to about 31,000 tons. Estimated United States production averaged less than 3,000 tons annually in the late 1930's, and ranged between 16,000 and 20,000 tons annually in 1950 and 1951.

The increased demand for mullite-forming minerals, chiefly kyanite, has resulted in a large increase in imports; in 1946-50 imports averaged about 14,000 tons a year, compared with about 5,000 tons in the



late 1930's. In 1951 imports were about 19,000 tons, valued at \$808,000. India has been the principal supplier in most years and was virtually the sole source before the war. British East Africa (Kenya) has usually been the second-ranking source, although in some postwar years it has ranked first. Other sources have usually accounted for less than 10 percent of total imports. United States exports of kyanite and allied minerals have been much smaller than imports.

Imports of crude kyanite and allied minerals enter the United States free of duty, as provided by the Tariff Act of 1930. Imports of these same minerals, if wholly or partly manufactured, were originally dutiable at 30 percent ad valorem under the Tariff Act of 1930. Pursuant to the General Agreement on Tariffs and Trade (Geneva), however, this rate was reduced to 15 percent ad valorem, effective January 1, 1948.

In view of the limited supplies of high-grade kyanite and mullite obtained from abroad in 1950 and 1951 and the small prospect of larger supplies from foreign sources in the years immediately ahead, it appears that increased United States needs for strategic mullite can most satisfactorily be met through increased domestic production of synthetic mullite. This product is largely a postwar development, and trade reports indicate that its quality is at least as high as that of mullite made from the best imported kyanite. Synthetic mullite is produced from a blend of high aluminous and siliceous materials (ample supplies of which are available in the United States) either by electric fusion or by sintering. So far, most of the synthetic material has been made by producers for their own use, chiefly by the relatively expensive electric-fusion method. It is likely that the cheaper sintering method will be used at installations constructed under the program to expand domestic capacity for producing synthetic mullite. This program, sponsored and aided by the Government, is expected to result in an additional output of about 20,000 tons of strategic sintered mullite per year. The cost of producing this material is expected to be somewhat lower than the cost of producing mullite from imported high-grade kyanite. In addition to the Government-sponsored expansion of new facilities for making synthetic mullite, some companies have indicated that they expect to undertake its production without Government assistance.

Present capacity for producing synthetic mullite, plus the proposed expansion in production facilities, will probably be sufficient to make the United States largely independent of imports of strategic kyanite or mullite within the next 2 or 3 years. Until this objective is attained, however, the United States will need all the supplies of high-grade strategic kyanite—and of mullite—that foreign producers can make available.

**Flaxseed and Linseed Oil**

The Tariff Commission issued its report *Flaxseed and Linseed Oil* (M-7) in November 1952. The report presents salient economic and statistical information on uses, consumption, United States and world production, imports, and exports of flaxseed and linseed oil, as well as other data pertinent to United States needs and supplies. It also reviews the factors that are expected to strongly influence requirements and supplies in the years immediately ahead.

Flaxseed is the source of linseed oil, one of the most important of the drying oils and an essential ingredient of paints and varnishes, linoleum and oilcloth, printing inks, core oil, and putty. The seed yields also cake and meal, which are used as high-protein feed for cattle. The oil, cake, and meal are commodities of ordinary necessity and utility which in time of war or under a program of national preparedness become even more essential to the national economy.

Before World War II the United States and Western Europe were largely dependent upon imports—mainly from Argentina—to meet their flaxseed requirements. During the war the United States and the United Kingdom allocated available supplies to importing countries through the Combined Food Board and the Combined Shipping Adjustment Board. The United States Commodity Credit Corporation (CCC) became in effect the sole buyer of flaxseed and linseed oil in Argentina, which country organized a governmental export monopoly to handle these and other products. Argentina gradually ceased to ship flaxseed and increasingly shipped only the space-saving—and more profitable—linseed oil. The United States, faced with a serious shortage for its own needs and the urgent necessity of supplying at least the minimum requirements of its European allies, moved to increase its own production of flaxseed by guaranteeing minimum prices to growers.

As a result of the influences set in motion by the war, the United States has become the world's largest producer of flaxseed. In recent years, as in the prewar period, the Soviet Union has been the second-ranking world producer. In 1951, India, as in prewar years, ranked third. The United States has also become the principal producer of linseed oil (having supplanted Western Europe), and currently produces virtually its entire requirements, as well as some for export. Argentina, although now the second-ranking instead of the first-ranking producer of flaxseed, has become the largest exporter of linseed oil and has recently resumed the exportation of flaxseed in limited quantities. Nevertheless, Argentina's combined exports of linseed oil and flaxseed are on a greatly reduced scale compared with its prewar exports of flaxseed.

Under the Tariff Act of 1930, the duty on flaxseed imported into the United States was 65 cents per bushel of 56 pounds, and the duty on

linseed oil was (and still is)  $4\frac{1}{2}$  cents per pound. In trade agreements with Argentina (1941) and Uruguay (1943), the United States reduced the duty on flaxseed to  $32\frac{1}{2}$  cents per bushel, but subsequently increased this rate to 50 cents per bushel on June 30, 1949, after the President declared that the "abnormal situation with respect to flaxseed" had ended. The large wartime imports were mainly for Government account, and such imports entered the United States free of duty. At present the tariff does not affect imports of flaxseed and linseed oil, because imports are excluded almost entirely, under authority of the Defense Production Act, as amended.

In the decade 1941-50, United States imports of flaxseed averaged 6.5 million bushels annually, compared with 15.4 million bushels annually in 1931-40. Only small quantities of seed for planting were imported in 1950 and 1951. Imports of linseed oil have generally been insignificant, but they were relatively large in 1942-47. In 1942 imports of the oil amounted to 28 million pounds; during 1943-47 they ranged from 67 to 117 million pounds annually. After 1947, imports of linseed oil dropped sharply, and in 1950 and 1951 they amounted to only a few thousand pounds.

Before World War II the United States did not export flaxseed, but beginning in 1948 it exported increasingly large quantities, financed for the most part with foreign-aid funds. Exports of flaxseed in 1951 amounted to 3.7 million bushels, valued at 15.3 million dollars. The Low Countries and Canada were the principal destinations. Exports of linseed oil were unimportant before the war, but they were very large in some years during the war, reaching the highest point in 1944, when 313 million pounds were exported, chiefly to the Soviet Union. In the years since the war, exports were important in 1948 and in 1950, when they amounted to 30 million pounds and 24 million pounds respectively. In 1951 exports of oil totaled 17 million pounds, valued at 3 million dollars. Germany is now the principal destination, but Cuba, Japan, Belgium, and several other countries receive considerable quantities.

Nearly nine-tenths of the United States flaxseed crop is grown in the Spring Wheat Belt—the Dakotas, Minnesota, and Montana. Small quantities are grown in California; in Iowa, Kansas, and adjoining States; and in Texas. Approximately 45 percent of the crushing capacity of linseed-oil mills is situated along the Atlantic seaboard and at Buffalo, N. Y.; 40 percent is in the north central area, and 15 percent in southern and western areas. At the present time, however, about 80 percent of the crushing is done in the north central area. Average annual United States production of linseed oil was 569 million pounds in 1937-40; 841 million pounds in 1941-45; and 651 million pounds in 1946-50. Since 1948, annual

production has ranged from 726 million pounds in 1948 to 759 million pounds in 1951.

United States flaxseed production was stimulated by the Government price-support program inaugurated in 1941. The support price was increased each year until 1947, when it was \$5.75 per bushel (average at farm); the same price was in effect for 1948. Prices actually received by farmers remained above the support prices until 1948, when the largest crop on record was harvested (54,529,000 bushels). In that year the CCC's loans, purchase agreements, and direct purchases became operative with respect to a large portion of the crop (26,607,000 bushels). With ample stocks on hand, the 1949 support price was reduced to \$3.74 per bushel, which proved to be 11 cents above the average farm price. For that year price-support loans, purchase agreements, and direct purchases extended to 11,929,000 of the 43,900,000 bushels harvested. In 1950 the support price was again reduced, to \$2.57 per bushel, but production and consumption remained high and exports were considerable, so that the average farm price was 80 cents above the support price. The 1951 support price was \$2.65 per bushel, and the crop amounted to 33,802,000 bushels. The support price for the 1952 crop was \$3.77 per bushel, and for the 1953 crop it is \$3.79.

The increase in the support price for 1952 and 1953 indicates that the objective of the agricultural program is to encourage domestic flaxseed production at a level at least equal to the output in 1951. It is assumed that this will continue to be the objective under the price-support program, and that the minimum average annual production of flaxseed in 1952-54 will be at least 34 million bushels. Production might, however, be considerably higher.

Since linseed oil is used mostly as a drying oil, the demand for it is closely related to the total demand for drying oils. The rate at which drying oils are consumed is strongly influenced by levels of activity in industrial production and new construction, and these are likely to remain high for some time to come. The demand for linseed oil is influenced also by price and supply relationships with other drying oils that under certain conditions compete with linseed oil. Such competing oils include castor oil, tung oil, oiticica oil, soybean oil, fish oil, and tall oil.

Defense requirements represent a substantial part of the total demand for drying oils. Use of these oils is especially important in connection with the maintenance of ships, buildings, and other equipment which requires a thorough waterproofing. Paints containing tung oil are preferred for these special uses, but those containing castor oil may be substituted. As both of these oils are relatively scarce, some linseed oil will probably be required for use as a substitute for them. Substitution of soybean oil for linseed oil in certain

grades of paint declined in 1951 as compared with 1949 and 1950, largely because the price advantage of soybean oil was narrower. In the first 8 months of 1952, soybean oil had a somewhat greater price advantage than it had in 1951, but the use of soybean oil in paints is not expected to increase greatly. It is also unlikely that there will be any marked changes in the use of fish oil and tall oil in drying-oil products. Thus, it is probable that in the period immediately ahead linseed oil will be in greater demand with relation to the demand for other drying oils than it was in 1947-50.

If the foregoing outlook regarding the probable supply and demand position of other drying oils is substantially borne out by developments, and if there is continued high-level economic activity in defense and nondefense production, the annual consumption of linseed oil for all purposes in the next few years will probably range between 690 million pounds and 830 million pounds. The lower figure in this range is approximately equal to consumption in 1951; the higher figure is about equal to the record consumption in 1942.

If it is assumed that United States consumption of linseed oil in each of the years 1952-54 will be at the estimated maximum figure of 830 million pounds, total requirements for the 3-year period would be 2,490 million pounds. If it is assumed also that production of flaxseed will be at the minimum estimated annual average of 34 million bushels, total production for the 3 years would be 102 million bushels. Of this estimated total about 10 million bushels would probably be required for seed, leaving 92 million bushels available for crushing. The yield of oil from this quantity of flaxseed would be 1,822 million pounds. With stocks on hand at the beginning of 1952 equal to 1,263 million pounds of oil, the total potential supply of oil available for the 3 years would be 3,085 million pounds, compared with the highest estimated requirements of 2,490 million pounds. Thus, on the basis of the assumptions stated, in the years immediately ahead the supply of linseed oil from domestic sources would exceed the estimated maximum United States needs by a substantial margin.

### **Reports on Synthetic Organic Chemicals**

#### **Preliminary report on production and sales, 1951**

The Tariff Commission's preliminary report on the production and sales of synthetic organic chemicals in 1951 was issued in 14 separate sections, each section covering a segment of the industry. The first section was issued in April 1952, and all the sections had been issued by the end of July. These reports covered the production and sales of coal-tar crudes; crude chemicals from petroleum and natural gas for chemical conversion; cyclic intermediates; coal-tar dyes; lakes and toners; bulk medicinal chemicals; flavor and perfume materials; plastics and resin materials; rubber-processing chemicals; elastomers

(synthetic rubbers); plasticizers; surface-active agents; pesticides and other organic agricultural chemicals; and miscellaneous chemicals. Pesticides and other agricultural chemicals were treated in a separate section for the first time in the preliminary report for 1951.

**Final report on production and sales, 1951**

The Tariff Commission's final report, *Synthetic Organic Chemicals, United States Production and Sales, 1951* (Rept. No. 175, 2d ser.), was issued in September 1952. The statistics in this report were compiled from the reports of more than 560 companies and company divisions on approximately 6,000 individual chemicals and chemical products. The report contains final statistics for 1951 on the groups mentioned in the discussion of the preliminary report, as well as statistics on the number of employees engaged by the reporting companies in research on synthetic organic chemicals, and data on the total research expenditures of these companies. It also includes a Directory of Manufacturers, which identifies the manufacturers of each chemical, except those who have requested that their identification with a particular product be withheld.

In 1951 United States production of tar from all sources was 932 million gallons, or about 6 percent less than the 988 million gallons reported for 1950. Of the 1951 production, 798 million gallons was coal tar and 134 million gallons was water-gas and oil-gas tar. The sharp decline in the production of water-gas and oil-gas tar in 1951, from the 239 million gallons produced in 1950, is the result of the displacement of manufactured gas by natural gas in the Eastern States.

Benzene, toluene, xylene, naphthalene, cresylic acid, road tar, and creosote oil are the most important products obtained from coke-oven gas and tar. In 1951 the output of benzene (except motor benzene) was 266 million gallons, or 43 percent more than the production of 186 million gallons in 1950. Production of benzene from coke-oven gas and coal tar in 1951 was 233 million gallons, and from petroleum, 33 million gallons. The output of toluene in 1951 was 101 million gallons, compared with 84 million gallons in 1950. Production of xylene in 1951—76 million gallons—was slightly more than that in 1950. Production of naphthalene in 1951 was 356 million pounds, 23 percent greater than the output in 1950. The output of road tar in 1951—143 million gallons—was slightly less than that in 1950.

Production of crude chemicals from petroleum and natural gas continued to increase during 1951. The output of such chemicals in 1951 was 8,607 million pounds, compared with 6,553 million pounds in 1950. Production of aromatics and naphthenates (benzene, toluene, xylene, cresylic acid, naphthenic acids, and aromatic distillates and solvents) increased to 1,599 million pounds in 1951 from the 1,425

million pounds reported for 1950. The output of aliphatic hydrocarbons, such as ethane, ethylene, propane, propylene, and butadiene, increased in 1951 to 7,008 million pounds from the 5,128 million pounds (revised figure) produced in 1950. In volume of output, the most important aliphatic hydrocarbons produced in 1951 were ethane and ethylene, propane and propylene, and butadiene.

In 1951 the output of cyclic intermediates amounted to 4,528 million pounds, compared with 3,397 million pounds in 1950. About 60 percent of the total production of cyclic intermediates in 1951 was consumed in the producing plants in the manufacture of more advanced products such as dyes, flavor and perfume materials, and medicinal chemicals. The remaining 40 percent was sold to other manufacturers for use in the manufacture of finished products. In 1951 the combined output of all finished products and intermediates was 27,499 million pounds, compared with 22,353 million pounds in 1950. Acyclic intermediates and finished products accounted for 18,253 million pounds of the total in 1951, and cyclic finished products, for 4,718 million pounds. Among the groups of finished products, plastics and resin materials ranked first in volume of production, and elastomers ranked second.

**Specified synthetic organic chemicals: Monthly releases on production**

During 1952 the Tariff Commission continued each month to release statistics on the production of a selected list of organic chemicals. These statistics serve as an index of activity in the synthetic organic chemical industry and provide specific data on individual chemicals. At the request of the National Production Authority, the list of chemicals was expanded somewhat during the year. The statistics compiled by the Commission include plant consumption and plant inventories, as well as production, for each chemical on the list. However, the statistics on consumption and inventories are not published. The releases on chemical production, which are published monthly as Facts for Industry Series 6-2, give data on production for the current month and for the previous month.

**Synthetic plastics and resin materials: Monthly releases on production and sales**

During 1952 the Tariff Commission continued each month to release statistics on the production and sales of synthetic plastics and resin materials. This survey has been conducted by the Commission since June 1948. In addition to data on production and sales, the Commission collects data on the inventories of the various plastics and resins held by the producing companies at the end of each month. The data on inventories are collected for the use of the National Production Authority; that agency is supplied with a confidential transcript of all data reported each month to the Commission. Statistics on

inventories are not included in the Commission's published reports. The reports on the production and sales of synthetic plastics and resin materials are issued as Facts for Industry Series 6-10. They contain statistics for the current month and the previous month on the production and sales of alkyd, tar-acid, urea and melamine, styrene, vinyl, and cellulose plastics. These groups are further classified according to their major uses: as adhesives, as laminates, as molding and extrusion materials, as protective coatings, and for other purposes.

#### **Imports of Coal-Tar Products, 1951**

In July 1952 the Tariff Commission released its annual analysis of imports (for consumption) of coal-tar products entered under paragraphs 27 and 28 of the Tariff Act of 1930. The report, which covers imports through all United States customs districts, is based on data obtained from an invoice analysis made by the Commission's New York office.

Imports of coal-tar intermediates that entered in 1951 under paragraph 27 totaled 8.5 million pounds, valued at 2.2 million dollars (foreign invoice value), compared with 5.5 million pounds, valued at 1.6 million dollars, in 1950, and 3.7 million pounds, valued at \$779,000, in 1949. In 1951 imports came principally from Germany and the United Kingdom. Lesser quantities came also from Canada, Belgium, the Netherlands, Japan, Switzerland, Czechoslovakia, Australia, France, Sweden, Italy, Mexico, and Norway.

Finished coal-tar products that enter under paragraph 28 consist of dyes, medicinals and pharmaceuticals, flavor and perfume materials, and miscellaneous finished products. In 1951 imports of these coal-tar products totaled 5.2 million pounds, valued at 7.3 million dollars (foreign invoice value), compared with 5.7 million pounds, valued at 5.3 million dollars, in 1950, and 1.4 million pounds, valued at 2.7 million dollars, in 1949. As in previous years, dyes were by far the most important group of finished coal-tar products, accounting for 4.2 million pounds, valued at 6.3 million dollars (foreign invoice value). In 1951, for the first time since before World War II, Germany was one of the principal sources of United States imports of dyes. Switzerland ranked second as a source. Imports of medicinals and pharmaceuticals, the next most important group of finished products, amounted to \$732,000 in 1951, compared with \$434,000 in 1950. Imports of perfume and flavor materials were valued at \$67,000 in 1951, compared with \$63,000 in 1950. Miscellaneous coal-tar products entered under paragraph 28 were valued at \$266,000 in 1951, compared with \$698,000 in 1950. This decline was caused by the complete cessation of imports of explosives in 1951.



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