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*Forty-sixth*  
**Annual Report**  
*of the*  
**United States Tariff Commission**

◆  
*Fiscal Year Ended June 30*  
**1962**

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**TC Publication 77**

**REPORTS OF THE UNITED STATES TARIFF COMMISSION ON THE  
OPERATION OF THE TRADE AGREEMENTS PROGRAM**

**Operation of the Trade Agreements Program, June 1934 to April 1948 (Re  
No. 160, 2d ser., 1949):**

- \*Part I. Summary**
- \*Part II. History of the Trade Agreements Program**
- \*Part III. Trade-Agreement Concessions Granted by the United States**
- \*Part IV. Trade-Agreement Concessions Obtained by the United States**
- \*Part V. Effects of the Trade Agreements Program on United States  
Trade**

**\*Operation of the Trade Agreements Program: Second Report, April 1948–  
March 1949 (Rept. No. 163, 2d ser., 1950)**

**\*Operation of the Trade Agreements Program: Third Report, April 1949–  
June 1950 (Rept. No. 172, 2d ser., 1951)**

**\*Operation of the Trade Agreements Program: Fourth Report, July 1950–  
June 1951 (Rept. No. 174, 2d ser., 1952)**

**\*Operation of the Trade Agreements Program: Fifth Report, July 1951–  
June 1952 (Rept. No. 191, 2d ser., 1954)**

**\*Operation of the Trade Agreements Program: Sixth Report, July 1952–  
June 1953 (Rept. No. 193, 2d ser., 1954)**

**\*Operation of the Trade Agreements Program: Seventh Report, July 1953–  
June 1954 (Rept. No. 195, 2d ser., 1955)**

**Operation of the Trade Agreements Program: Eighth Report, July 1954–  
June 1955 (Rept. No. 197, 2d ser., 1956), 55¢**

**\*Operation of the Trade Agreements Program: Ninth Report, July 1955–  
June 1956 (Rept. No. 199, 2d ser., 1957)**

**\*Operation of the Trade Agreements Program: 10th Report, July 1956–  
June 1957 (Rept. No. 202, 2d ser., 1959)**

**\*Operation of the Trade Agreements Program: 11th Report, July 1957–  
June 1958 (Rept. No. 204, 2d ser., 1959)**

**Operation of the Trade Agreements Program: 12th Report, July 1958–  
June 1959 (TC Publication 9, 1961), 55¢**

**Operation of the Trade Agreements Program: 13th Report, July 1959–  
June 1960 (TC Publication 51, 1962), 45¢**

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*Forty-sixth*  
**Annual Report**  
*of the*  
**United States Tariff Commission**

*Fiscal Year Ended June 30*  
**1962**



UNITED STATES  
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**UNITED STATES TARIFF COMMISSION**

**BEN DORFMAN, *Chairman***

**JOSEPH E. TALBOT**

**WALTER R. SCHREIBER**

**GLENN W. SUTTON**

**WILLIAM E. DOWLING**

**DONN N. BENT, *Secretary***

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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, December 1, 1962.*

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

Respectfully,

BEN DORFMAN,  
*Chairman.*

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



## PREFACE

This—the *Forty-sixth Annual Report of the United States Tariff Commission*<sup>1</sup>—covers the period July 1, 1961, through June 30, 1962. References in this report to the year 1962 (unless otherwise indicated) are to the fiscal year ending June 30, 1962, rather than to the calendar year 1962.

For the purposes of this report, the current work of the Tariff Commission—described in parts I, II, III, and IV—has been classified under the following headings: Public investigations; special reports and activities; furnishing technical information and assistance; and other activities. Part V of the report deals with the membership and staff of the Commission, and its finances and appropriations. As required by law, summaries of all reports made by the Commission during 1962 appear under the appropriate headings in parts I and II of this report.

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<sup>1</sup>The U.S. Tariff Commission was created by act of Congress approved Sept. 8, 1916 (39 Stat. 795), and was formally organized on Mar. 31, 1917.





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## PART I. PUBLIC INVESTIGATIONS

Specific provisions of law and certain Executive orders direct the S. Tariff Commission to conduct various investigations and to make certain studies and reports. These directives are contained in sections 3<sup>1</sup> and 7<sup>2</sup> of the Trade Agreements Extension Act of 1951, as amended; Executive Orders 10082<sup>3</sup> and 10401;<sup>4</sup> sections 332,<sup>5</sup> 336,<sup>6</sup> and 337<sup>7</sup> of the Tariff Act of 1930, as amended; section 22 of the Agricultural Adjustment Act, as reenacted and amended;<sup>8</sup> and section 201(a) of the Antidumping Act, 1921, as amended.<sup>9</sup>

During 1962 the Commission conducted investigations under all these statutes and Executive orders except section 3 of the Trade Agreements Extension Act of 1951, as amended. As in the last several years, activities relating to public investigations continued to account for a major part of the Commission's work.

### Section 3 of the Trade Agreements Extension Act of 1951

Sections 3 and 4 of the Trade Agreements Extension Act of 1951, as amended, set forth the statutory requirements for so-called peril-point terminations in connection with proposed trade-agreement negotiations. The peril-point provisions of the 1951 act require the President, before entering into any trade-agreement negotiation, to transmit to the Tariff Commission a list of the commodities that may be considered for possible concessions. The Commission is then required to conduct an investigation, including a public hearing, and to report its findings to the President on (1) the maximum decrease in duty, if any, that can be made on each listed commodity without causing or threatening serious injury to the domestic industry producing like or directly competitive products, or (2) the minimum increase in the duty or the additional import restrictions that may be necessary on any of the listed products to avoid serious injury to such domestic industry.

The President may not conclude a trade agreement until the Commission has submitted its report to him, or until 6 months from the

<sup>1</sup> 19 U.S.C. 1360.

<sup>2</sup> 19 U.S.C. 1364.

<sup>3</sup> 3 CFR, 1949-1953 Comp., 281.

<sup>4</sup> 3 CFR, 1949-1953 Comp., 901.

<sup>5</sup> 19 U.S.C. 1332.

<sup>6</sup> 19 U.S.C. 1336, 1352.

<sup>7</sup> 19 U.S.C. 1337, 1337a.

<sup>8</sup> 7 U.S.C. 624.

<sup>9</sup> 19 U.S.C. 160 *et seq.*

date he transmits the list of products to the Commission.<sup>10</sup> Should the President conclude a trade agreement that provides for greater reductions in duty than the Commission specifies in its report, or the President fails to provide for the minimum increase in duty or the additional import restrictions that the Commission specifies, he must transmit to the Congress a copy of the trade agreement in question, identifying the articles concerned and stating his reason for not conforming with the Tariff Commission's peril-point findings. Promptly thereafter the Commission must deposit with the Senate Committee on Finance and the House Committee on Ways and Means a copy of the portions of its report to the President dealing with the articles with respect to which the President did not conform with the Commission's findings.

The Trade Agreements Extension Act of 1958 amended section 3 of the Trade Agreements Extension Act of 1951, as amended, by providing that if in the course of any peril-point investigation the Tariff Commission finds—with respect to any article on the President's list upon which a tariff concession has been granted—that an increase in duty or additional import restriction is required to avoid serious injury to the domestic industry producing like or directly competitive articles, the Commission must promptly institute an escape-clause investigation with respect to that article.

During fiscal 1961 the Commission completed peril-point investigations under the provisions of section 3 of the Trade Agreements Extension Act of 1951, as amended, with respect to articles included in three separate Presidential lists of commodities that were to be considered for possible concessions at the 1960-62 tariff negotiations at Geneva. The Commission submitted reports to the President on these peril-point investigations on November 25, 1960, and January 10 and April 17, 1961.<sup>11</sup>

On March 7, 1962, the President sent a message to the Congress transmitting copies of certain of the trade agreements negotiated at Geneva in 1960-62 and identifying the tariff concessions granted to the United States in those trade agreements that had resulted in reductions of duties below the peril points found by the Tariff Commission.<sup>12</sup> The President also sent to the Congress on the same day a supplemental report advising that no increases of duties were negotiated at the 1960-62 tariff negotiations on the nine products for which the Tariff Commission had found peril points higher than the existing

<sup>10</sup> Originally 120 days, but extended to 6 months by the Trade Agreements Extension Act of 1958.

<sup>11</sup> For a description of these peril-point investigations, see U.S. Tariff Commission, *Forty-fifth Annual Report . . .*, pp. 2 and 3.

<sup>12</sup> *Trade Agreements With the European Economic Community, the United Kingdom, Norway, and Sweden: Message From the President of the United States Transmitting Copies of the Trade Agreements . . ., Including Schedules Signed on Behalf of the United States on March 5 and March 7, 1962, and Report of Actions Taken With Respect to Peril Points*, H. Doc. 358 (87th Cong., 2d sess. 1962).

ates of duty.<sup>13</sup> On March 20, 1962, the Commission submitted to the House Committee on Ways and Means and the Senate Committee on Finance a copy of those portions of the Commission's peril-point reports to the President of November 25, 1960, and April 17, 1961, dealing with the articles the President identified in his two reports.

During fiscal 1962 the Commission conducted no peril-point investigations under the provisions of section 3 of the Trade Agreements Extension Act of 1951, as amended.

### Section 7 of the Trade Agreements Extension Act of 1951

Section 7 of the Trade Agreements Extension Act of 1951, as amended, establishes a statutory escape-clause procedure. It 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 (including any organization or group of employees), 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, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

The Commission is to make a report in an escape-clause investigation within 6 months of the date it receives the application. As a part of each investigation, the Commission generally holds a public hearing at which interested parties are afforded an opportunity to be heard. Section 7(a) of the Trade Agreements Extension Act of 1951, as amended, requires the Commission to hold such a hearing whenever it 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.

In arriving at its findings and conclusions in an escape-clause investigation, the Commission, without excluding other factors, is required to take into consideration a downward trend of production, employment, prices, profits, or wages in the domestic industry concerned, or a decline in sales, an increase in imports, either actual or relative

<sup>13</sup> *Supplemental Report on Tariff Negotiations at the 1960-62 Tariff Conference: Message From the President of the United States Transmitting a Report in Compliance With Section 4(a) of the Trade Agreements Extension Act of 1951*, H. Doc. 357 (87th Cong., 2d sess.), 1962.

By the date of the President's supplemental report, the Tariff Commission had instituted escape-clause investigations under the provisions of sec. 7 of the Trade Agreements Act of 1951, as amended, on all nine products, and had recommended increases of the duties on three of the products, terminated the investigations on two of the products without findings, and found that increases in the duties on the other four products were not necessary. By that date the President had not yet acted on the increases in duties recommended by the Commission.

to domestic production, a higher or growing inventory, or a decline in the proportion of the domestic market supplied by domestic producers. Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed substantially toward causing or threatening serious injury to such industry.

Should the Commission find, as a result of its investigation, the existence or threat of serious injury as a result of increased imports either actual or relative, due, in whole or in part, to the duty or other 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. The Commission must immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and must publish a summary thereof in the *Federal Register*. When, in the Commission's judgment, no sufficient reason exists for a recommendation to the President that a trade-agreement concession be modified or withdrawn, the Commission must make and publish a report stating its findings and conclusions.

The Trade Agreements Extension Act of 1958 provides that the Congress may override the President's rejection of a Tariff Commission recommendation for escape-clause action. To do so, the Congress must, within 60 days after the President rejects the Commission recommendation, adopt by a two-thirds vote of each House a concurrent resolution approving the Commission's recommendation. At the close of the period covered by this report, the Congress had not yet exercised this authority.

#### **Status of investigations pending during 1962**

Work on escape-clause investigations under section 7 of the Trade Agreements Extension Act of 1951, as amended, constituted a very important activity of the Tariff Commission during 1962, as it has for a number of years. On July 1, 1961, a total of 5 escape-clause investigations were pending before the Commission. During the ensuing 12 months the Commission instituted 7 additional investigations.<sup>14</sup> Of a total of 12 escape-clause investigations that were pending before the Commission at one time or another during the period July 1, 1961–June 30, 1962, the Commission at the close of that period had completed 6 investigations and had terminated 2 investigations without formal findings; the remaining 4 investigations were in process.<sup>15</sup> During 1962 the Commission also supplied the President

<sup>14</sup> Between Apr. 20, 1948, when it received the first application for an escape-clause investigation, and June 30, 1961, the Commission instituted a total of 134 such investigations.

<sup>15</sup> The Commission's reports on the investigations completed and dismissed—all of which have been released—are summarized in a subsequent section of this report.

the additional information requested by him on commodities covered by 3 escape-clause reports submitted to him during 1961.<sup>16</sup>

With respect to the 6 investigations that the Commission completed during 1962, the Commission took the actions indicated below:

Commodity	Vote of the Commission	
	For escape action	Against escape action
like clover seed (2d investigation)-----	2	2
ertain carpets and rugs (2d investigation)-----	4	0
ocaine salts and compounds thereof-----	0	3
raight pins (3d investigation)-----	4	2
andard clothespins-----	0	5
eeeping red fescue seed (2d investigation)-----	2	3

The nature and status of the individual escape-clause investigations that were pending before the Commission at one time or another during the period July 1, 1961–June 30, 1962, are shown in the following compilation:<sup>17</sup>

*escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1961–June 30, 1962*<sup>1</sup>

Commodity	Status
Baseball and softball gloves. (Investigation No. 97; sec. 7)	<i>Origin of investigation:</i> The Commission instituted the investigation as a result of its finding in a peril-point investigation under sec. 3 of the Trade Agreements Extension Act of 1951, as amended. <i>Investigation instituted:</i> Oct. 31, 1960. <i>Hearing held:</i> Feb. 21 and 23, 1961. <i>Investigation completed:</i> May 1, 1961. <i>Recommendation of the Commission:</i> Modification of concession.

See footnote at end of table.

<sup>16</sup> See the following tabulation and the separate section of this report which discusses the Commission's reports submitted to the President during 1962 supplying the additional information.

<sup>17</sup> This compilation shows the status of only those escape-clause investigations that were pending before the Commission at one time or another during the period covered by this report. Lists of investigations instituted before the period covered by this report, and their status on various dates, are given in earlier annual reports of the Commission. For a résumé of the status of all escape-clause investigations instituted by the Commission between Apr. 20, 1948, and July 1, 1962, see U.S. Tariff Commission, *Investigations Under the Escape Clause" of Trade Agreements: Table 1. Summary: Outcome or Current Status of Escape-Clause Investigations Instituted by the United States Tariff Commission, 1962* [processed].

*Escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1961-June 30 1962*<sup>1</sup>—Continued

Commodity	Status
1. Baseball and softball gloves—Con.	<p><i>Vote of the Commission:</i> 6-0. (4 Commissioner found threat of serious injury; 2 Commissioner found serious injury. Both groups recommended increased import duties—the first to 30 percent the second to 45 percent ad valorem.)</p> <p><i>Action of the President:</i> On June 29, 1961, the President informed the Commission that he had concluded that it would be advisable to defer the final decision with respect to baseball and softball glove pending the compilation and appraisal of additional information. He therefore requested the Commission to make a further investigation and report on baseball and softball gloves and to submit the report to him as soon as possible.</p> <p><i>Report supplying additional information sent to the President:</i> Dec. 21, 1961.</p> <p><i>Action of the President:</i> On Mar. 19, 1962, the President announced that he had decided that the evidence presented did not clearly sustain the conclusion that serious injury had resulted from import competition.</p> <p><i>Reference:</i> U.S. Tariff Commission, <i>Baseball and Softball Gloves, Including Mitts: Report to the President on Escape-Clause Investigation No. 7-97 . . .</i>, TC Publication 15, 1961 [processed <i>Baseball and Softball Gloves, Including Mitt Report in Response to the President's Request for Information Supplemental to the Report on Escape-Clause Investigation No. 7-97</i>, TC Publication 4 1961 [processed].</p>
2. Ceramic mosaic tile— (Investigation No. 100; sec. 7)	<p><i>Origin of investigation:</i> The Commission instituted the investigation as a result of its finding in a peril-point investigation under sec. 3 of the Trade Agreements Extension Act of 1951, as amended.</p> <p><i>Investigation instituted:</i> Nov. 10, 1960.</p> <p><i>Hearing held:</i> Mar. 7-9, 1961.</p> <p><i>Investigation completed:</i> May 10, 1961.</p> <p><i>Recommendation of the Commission:</i> Modification concessions.</p> <p><i>Vote of the Commission:</i> 6-0.</p> <p><i>Action of the President:</i> On June 29, 1961, the President informed the Commission that he had concluded that it would be advisable to defer the final decision with respect to ceramic mosaic tile pending the compilation and appraisal of additional information. He therefore requested the Commission to make a further investigation and report on ceramic mosaic tile and to submit the report to him as soon as possible.</p> <p><i>Report supplying additional information sent to the President:</i> Dec. 22, 1961.</p> <p><i>Action of the President:</i> On Mar. 19, 1962, the President announced that he had decided that the evidence presented did not clearly sustain the conclusion that serious injury had resulted from import competition.</p>

See footnote at end of table.



*escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1961-June 30, 1962*<sup>1</sup>—Continued

Commodity	Status
1. Ceramic mosaic tile— Continued	<p><i>Reference:</i> U.S. Tariff Commission, <i>Ceramic Mosaic Tile: Report to the President on Escape-Clause Investigation No. 7-100 . . .</i>, TC Publication 16, 1961 [processed]; <i>Ceramic Mosaic Tile: Report in Response to the President's Request for Information Supplemental to the Report on Escape-Clause Investigation No. 7-100</i>, TC Publication 45, 1961 [processed].</p>
2. Sheet glass----- (Investigation No. 101; sec. 7)	<p><i>Origin of investigation:</i> The Commission instituted the investigation as a result of its finding in a peril-point investigation under sec. 3 of the Trade Agreements Extension Act of 1951, as amended.</p> <p><i>Investigation instituted:</i> Nov. 17, 1960.</p> <p><i>Hearing held:</i> Mar. 14-17, 1961.</p> <p><i>Investigation completed:</i> May 17, 1961.</p> <p><i>Recommendation of the Commission:</i> Modification of concessions.</p> <p><i>Vote of the Commission:</i> 6-0. (The finding of serious injury was unanimous, but on the finding of the remedy the Commissioners divided 4-2.)</p> <p><i>Action of the President:</i> On June 29, 1961, the President informed the Commission that he had concluded that it would be advisable to defer the final decision with respect to sheet glass pending the compilation and appraisal of additional information. He therefore requested the Commission to make a further investigation and report on sheet glass and to submit the report to him as soon as possible.</p> <p><i>Report supplying additional information sent to the President:</i> Jan. 10, 1962.</p> <p><i>Action of the President:</i> By Proclamation 3455 (27 F.R. 2791) of Mar. 19, 1962, effective after the close of business on Apr. 18, 1962, the President increased the specific rates of duty on imports of certain cylinder, crown, and sheet glass from rates ranging from 0.7 cent to 1.4 cents per pound to rates ranging from 1.3 to 3.5 cents per pound. By Proclamation 3458 (27 F.R. 3101) of Mar. 27, 1962, the President deferred the effective date of the increased rates of duty to after the close of business on June 17, 1962.</p> <p><i>Reference:</i> U.S. Tariff Commission, <i>Cylinder, Crown, and Sheet Glass: Report to the President on Escape-Clause Investigation No. 7-101 . . .</i>, TC Publication 17, 1961 [processed]; <i>Cylinder, Crown, and Sheet Glass: Report in Response to the President's Request for Information Supplemental to the Report on Escape-Clause Investigation No. 7-101</i>, TC Publication 48, 1962 [processed].</p> <p><i>Origin of investigation:</i> Application by Oregon Alsike Seed Growers, Klamath Falls, Oreg., and others.</p> <p><i>Application received:</i> Feb. 6, 1961.</p> <p><i>Investigation instituted:</i> Feb. 13, 1961.</p> <p><i>Hearing held:</i> June 20, 1961.</p> <p><i>Investigation completed:</i> Aug. 7, 1961.</p> <p><i>Vote of the Commission:</i> Equally divided (2-2).</p>
4. Alsike clover seed (2d investigation). (Investigation No. 103; sec. 7)	<p><i>Origin of investigation:</i> Application by Oregon Alsike Seed Growers, Klamath Falls, Oreg., and others.</p> <p><i>Application received:</i> Feb. 6, 1961.</p> <p><i>Investigation instituted:</i> Feb. 13, 1961.</p> <p><i>Hearing held:</i> June 20, 1961.</p> <p><i>Investigation completed:</i> Aug. 7, 1961.</p> <p><i>Vote of the Commission:</i> Equally divided (2-2).</p>

See footnote at end of table.

*Escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1961-June 30, 1962*<sup>1</sup>—Continued

Commodity	Status
4. Alsike clover seed— Continued	<p><i>Action of the President:</i> On Oct. 1, 1961, the President announced that he had accepted as the finding of the Tariff Commission the finding of the two Commissioners who decided that the imposition of additional restrictions on imports of alsike clover seed was not warranted.</p> <p><i>Reference:</i> U.S. Tariff Commission, <i>Alsike Clover Seed Report to the President on Escape-Clause Investigation No. 7-103 . . .</i>, TC Publication 29, 1961 [processed].</p>
5. Certain carpets and rugs (2d investigation). (Investigation No. 104; sec. 7)	<p><i>Origin of investigation:</i> Application by American Carpet Institute, Inc., New York, N.Y.</p> <p><i>Application received:</i> Feb. 3, 1961.</p> <p><i>Investigation instituted:</i> Feb. 13, 1961.</p> <p><i>Hearing held:</i> May 23-26, 1961.</p> <p><i>Investigation completed:</i> Aug. 3, 1961.</p> <p><i>Recommendation of the Commission:</i> Modification of concession.</p> <p><i>Vote of the Commission:</i> 4-0.</p> <p><i>Action of the President:</i> On Sept. 30, 1961, the President requested the Commission to furnish him with a supplemental report on or before Dec. 1, 1961 containing certain additional information on the specified carpets and rugs.</p> <p><i>Report supplying additional information sent to the President:</i> Dec. 1, 1961.</p> <p><i>Action of the President:</i> By Proclamation 3454 (F.R. 2789) of Mar. 19, 1962, effective after the close of business on Apr. 18, 1962, the President increased the duty on imports of Wilton, Brussels and velvet (or tapestry) carpets from 21 percent to 40 percent ad valorem. By Proclamation 3458 (F.R. 3101) of Mar. 27, 1962, the President deferred the effective date of the increased rate of duty after the close of business on June 17, 1962.</p> <p><i>Reference:</i> U.S. Tariff Commission, <i>Wilton, Brussels Velvet, and Tapestry Carpets and Rugs: Report to the President on Escape-Clause Investigation No. 7-104 . . .</i>, TC Publication 28, 1961 [processed].</p> <p><i>Wilton, Brussels, Velvet, and Tapestry Carpets and Rugs: Report in Response to the President's Request for Information Supplemental to the Report on Escape-Clause Investigation No. 7-104</i>, TC Publication 41, 1961 [processed].</p>
6. Procaine and salts and compounds thereof. (Investigation No. 106; sec. 7)	<p><i>Origin of investigation:</i> Application by B. L. Lem &amp; Co., Inc., Lodi, N.J., and Abbott Laboratories, North Chicago, Ill.</p> <p><i>Application received:</i> May 4, 1961.</p> <p><i>Investigation instituted:</i> June 1, 1961.</p> <p><i>Hearing held:</i> Aug. 15, 1961.</p> <p><i>Investigation completed:</i> Nov. 2, 1961.</p> <p><i>Recommendation of the Commission:</i> No modification of concession.</p> <p><i>Vote of the Commission:</i> 3-0.</p> <p><i>Reference:</i> U.S. Tariff Commission, <i>Procaine and Salts and Compounds Thereof: Report on Escape-Clause Investigation No. 7-106 . . .</i>, TC Publication 39, 1961 [processed].</p>

See footnote at end of table.

escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1961-June 30, 1962—Continued

Commodity	Status
<p>Umbrella frames (2d investigation). (Investigation No. 107; sec. 7)</p>	<p><i>Origin of investigation:</i> Application by Umbrella Frame Association of America, Inc., Newark, N.J.  <i>Application received:</i> June 7, 1961.  <i>Investigation instituted:</i> June 16, 1961.  <i>Hearing scheduled:</i> Sept. 27, 1961.  <i>Investigation discontinued and dismissed at applicant's request, and hearing canceled:</i> Sept. 21, 1961.</p>
<p>Umbrellas (Investigation No. 108, sec. 7)</p>	<p><i>Origin of investigation:</i> Application by Association of Umbrella Manufacturers &amp; Suppliers, Inc., Newark, N.J.  <i>Application received:</i> June 7, 1961.  <i>Investigation instituted:</i> June 16, 1961.  <i>Hearing scheduled:</i> Sept. 28, 1961.  <i>Investigation discontinued and dismissed at applicant's request, and hearing canceled:</i> Sept. 21, 1961.</p>
<p>Straight pins (3d investigation). (Investigation No. 109; sec. 7)</p>	<p><i>Origin of investigation:</i> Application by Vail Manufacturing Co., Chicago, Ill., and others.  <i>Application received:</i> Aug. 28, 1961.  <i>Investigation instituted:</i> Sept. 7, 1961.  <i>Hearing held:</i> Dec. 19, 1961.  <i>Investigation completed:</i> Feb. 28, 1962.  <i>Recommendation of the Commission:</i> Modification of concession.</p>
<p>Standard clothespins (clothespins other than spring clothespins). (Investigation No. 110; sec. 7)</p>	<p><i>Vote of the Commission:</i> 4-2.  <i>Action of the President:</i> On Apr. 28, 1962, the President announced that he declined to accept the Commission's recommendation.  <i>Reference:</i> U.S. Tariff Commission, <i>Straight (Dress-makers' or Common) Pins: Report to the President on Escape-Clause Investigation No. 7-109 . . .</i>, TC Publication 52, 1962 [processed].</p>
<p>Standard clothespins (clothespins other than spring clothespins). (Investigation No. 110; sec. 7)</p>	<p><i>Origin of investigation:</i> Application by Diamond National Corp., New York, N.Y., and others.  <i>Application received:</i> Sept. 15, 1961.  <i>Investigation instituted:</i> Sept. 27, 1961.  <i>Hearing:</i> No hearing held.  <i>Investigation completed:</i> Feb. 14, 1962.  <i>Recommendation of the Commission:</i> No modification of concession.</p>
<p>Creeping red fescue seed (2d investigation). (Investigation No. 111; sec. 7)</p>	<p><i>Vote of the Commission:</i> 5-0.  <i>Reference:</i> U.S. Tariff Commission, <i>Standard Clothespins: Report on Escape-Clause Investigation No. 7-110 . . .</i>, TC Publication 50, 1962 [processed].</p>
<p>Creeping red fescue seed (2d investigation). (Investigation No. 111; sec. 7)</p>	<p><i>Origin of investigation:</i> Application by Chewings Fescue and Creeping Red Fescue Commission of the State of Oregon, and others.  <i>Application received:</i> Nov. 21, 1961.  <i>Investigation instituted:</i> Nov. 22, 1961.  <i>Hearing held:</i> Feb. 27, 1962.  <i>Investigation completed:</i> May 21, 1962.  <i>Recommendation of the Commission:</i> No modification of concession.</p>
	<p><i>Vote of the Commission:</i> 3-2.  <i>Reference:</i> U.S. Tariff Commission, <i>Creeping Red Fescue Seed: Report on Escape-Clause Investigation No. 7-111 . . .</i>, TC Publication 59, 1962 [processed].</p>

See footnote at end of table.

*Escape-clause investigations pending before the U.S. Tariff Commission at one time or another during the period July 1, 1961—June 30, 1962*<sup>1</sup>—Continued

Commodity	Status
12. Vanillin ----- (Investigation No. 112; sec. 7)	<i>Origin of investigation:</i> Application by Sterling Drug Inc., New York, N.Y., and on the Commission own motion. <i>Application received:</i> Feb. 19, 1962. <i>Investigation instituted:</i> Mar. 8, 1962. <i>Hearing held:</i> May 31 and June 1, 1962. <i>Investigation in process.</i>
13. Household china tableware and kitchenware. (Investigation No. 113; sec. 7)	<i>Origin of investigation:</i> Application by the American Fine China Guild, Inc., Nyack, N.Y. <i>Application received:</i> May 4, 1962. <i>Investigation instituted:</i> May 15, 1962. <i>Hearing scheduled:</i> July 24, 1962. <i>Investigation in process.</i>
14. Earthenware table and kitchen articles. (Investigation No. 114; sec. 7)	<i>Origin of investigation:</i> Application by the United States Potters Association, East Liverpool, Ohio. <i>Application received:</i> May 25, 1962. <i>Investigation instituted:</i> May 29, 1962. <i>Hearing scheduled:</i> July 25, 1962. <i>Investigation in process.</i>
15. Hatters' fur (3d investigation). (Investigation No. 115; sec. 7)	<i>Origin of investigation:</i> Application by the Hatter's Fur Cutters Association of the U.S.A. <i>Application received:</i> June 4, 1962. <i>Investigation instituted:</i> June 22, 1962. <i>Hearing scheduled:</i> Sept. 11, 1962. <i>Investigation in process.</i>

<sup>1</sup> Escape-clause investigations concerning baseball and softball gloves (No. 9), ceramic mosaic tile (No. 100), and sheet glass (No. 101) are included in this listing, inasmuch as the additional information requested by the President concerning these products was supplied to him by the Commission during the period covered by this report.

**Investigations completed or dismissed during 1962**<sup>18</sup>

*Alsike clover seed (2d investigation).*—In response to an application by the Oregon Alsike Seed Growers, of Klamath Falls, Oreg., and others, the Tariff Commission on February 13, 1961, instituted a second escape-clause investigation of alsike clover seed, provided for in paragraph 763 of the Tariff Act of 1930. The Commission held a public hearing in the investigation on June 20, 1961.

The Commission submitted a report on its investigation to the President on August 7, 1961. On the basis of the investigation the four members of the Tariff Commission who participated in the investigation to its conclusion divided two to two in their findings: Commissioners Talbot and Dowling found that alsike clover seed was not being imported into the United States in such increased quantities

<sup>18</sup> For citations of the reports mentioned in the discussion below, see the preceding tabulation.

<sup>19</sup> The Tariff Commission was composed of five Commissioners when the findings were made. One of the five—Commissioner Overton—did not participate because of illness.

either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. Accordingly, they made no recommendation to the President for the modification or withdrawal of the concessions applicable to alsike clover seed.

Commissioners Schreiber and Sutton found that alsike clover seed was being imported into the United States in such increased quantities, both actual and relative (to domestic production), as to cause serious injury to the domestic industry producing the like product. They also found that, in order to remedy the serious injury to the domestic industry concerned, it was necessary that a duty of 4 cents per pound be imposed on imports of alsike clover seed entered, or withdrawn from warehouse, for consumption in any 12-month period beginning July 1 in 1961 and in subsequent years until 1,500,000 pounds have been so entered or withdrawn during any such period, and a duty of 6 cents per pound be imposed on imports of such seed entered, or withdrawn from warehouse, for consumption during any such period after 1,500,000 pounds have been so entered or withdrawn during any such period: Provided, that no increased duty should be applied retroactively.

Under the law the President is authorized, in cases of this kind, to adopt the findings and recommendations of either group of Commissioners as the findings and recommendations of the Commission.

On October 1, 1961, the President announced that he had accepted as the finding of the Commission the finding of the two Commissioners who decided that the imposition of additional restrictions on imports of alsike clover seed was not warranted.

*Certain carpets and rugs (2d investigation).*—On February 13, 1961, in response to an application by the American Carpet Institute, Inc., of New York, N.Y., the Tariff Commission instituted a second escape-clause investigation of Wilton carpets, rugs, and mats; Brussels carpets, rugs, and mats; velvet or tapestry carpets, rugs, and mats; and carpets, rugs, and mats of like character or description, provided for in paragraph 1117 (a) of the Tariff Act of 1930. The Commission held a public hearing in the investigation from May 23 to 26, 1961.

The Commission submitted a report on its investigation of the above-mentioned carpets, rugs, and mats to the President on August 3, 1961. On the basis of the investigation the Commission unanimously<sup>20</sup> found that escape-clause relief was warranted with respect to the specified carpets, rugs, and mats. The Commission also found that in order to remedy the serious injury to the domestic industry concerned it was necessary to modify the pertinent trade-agreement concession to permit the application of a duty of 40 percent ad valorem on imports of the specified machine-woven pile floor coverings.

<sup>20</sup> The Tariff Commission was composed of five Commissioners when the findings were made. Commissioner Overton did not participate in the decision in his investigation because of illness.

On September 30, 1961, the President informed the Commission that certain additional information would be helpful to him in reaching a final decision in the case. He therefore requested the Commission to furnish him with a report containing that information and to submit the report to him on or before December 1, 1961. For a discussion of the Commission's report, submitted to the President on December 1, 1961, supplying additional information on these carpets and rug see the section of this report concerning the Commission's report made in 1962 in response to the President's requests for information supplemental to certain escape-clause reports.

*Procaine and salts and compounds thereof.*—On June 1, 1961, in response to an application by B. L. Lemke & Co., Inc., of Lodi, N.J. and Abbott Laboratories, of North Chicago, Ill., the Tariff Commission instituted an escape-clause investigation of procaine and salts and compounds thereof (except procaine penicillin), provided for in paragraph 28 of the Tariff Act of 1930. The Commission held a public hearing in the investigation on August 15, 1961.

The Commission issued a report on its investigation of procaine and salts and compounds thereof on November 2, 1961. On the basis of the investigation the Commission unanimously found that escape-clause action was not warranted with respect to procaine and salts and compounds thereof and that, accordingly, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

*Umbrella frames (2d investigation).*—In response to an application by the Umbrella Frame Association of America, Inc., of Newark, N.J., the Tariff Commission on June 16, 1961, instituted a second escape-clause investigation of umbrella and parasol ribs and stretchers wholly or in chief value of metal, in frames or otherwise, and tubular frames for umbrellas, wholly or partly finished, provided for in paragraph 342 of the Tariff Act of 1930. The Commission scheduled a public hearing in the investigation for September 27, 1961.

On September 21, 1961, upon consideration of the withdrawal of the application filed by the Umbrella Frame Association of America, Inc., the Commission discontinued and dismissed the escape-clause investigation of umbrella frames, and canceled the scheduled hearing.

*Umbrellas.*—On June 16, 1961, in response to an application by the Association of Umbrella Manufacturers & Suppliers, Inc., Newark, N.J., the Tariff Commission instituted an escape-clause investigation of umbrellas, parasols, and sunshades, covered with material other than paper or lace, not embroidered or appliqued, provided for in paragraph 1554 of the Tariff Act of 1930. The Commission scheduled a public hearing in the investigation for September 27, 1961.

On September 21, 1961, upon consideration of the withdrawal of the application filed by the Association of Umbrella Manufacturers & Suppliers, Inc., the Commission discontinued and dismissed the escape-clause investigation of umbrellas, and canceled the scheduled hearing.

*Straight pins (3d investigation).*—In response to an application by the Vail Manufacturing Co., of Chicago, Ill., and others, the Tariff Commission on September 7, 1961, instituted a third escape-clause investigation of straight (dressmakers' or common) pins, provided for in paragraph 350 of the Tariff Act of 1930. The Commission held a public hearing in the investigation on December 19, 1961.

The Commission submitted a report on its investigation of straight pins to the President on February 28, 1962. On the basis of the investigation the Commission found (Commissioners Dorfman and Rowling dissenting) that escape-clause relief was warranted with respect to straight pins. The Commission also found that in order to remedy the serious injury to the domestic industry concerned it was necessary to modify the pertinent trade-agreement concession to permit application of a duty of 35 percent ad valorem to imports of straight pins.

On April 28, 1962, the President announced that in his judgment the Commission's report did not clearly indicate serious injury to the domestic straight-pin industry from import competition. He, therefore, declined to accept the recommendation of the Commission for an increase in the duty on imported straight pins.

*Standard clothespins.*—On September 27, 1961, in response to an application by the Diamond National Corp., of New York, N.Y., and others, the Tariff Commission instituted an escape-clause investigation of clothespins other than spring clothespins (standard (slot-wood) clothespins of wood), provided for in paragraph 412 of the Tariff Act of 1930. The Commission did not hold a public hearing in the investigation.

The Commission issued a report on its investigation of standard clothespins on February 14, 1962. On the basis of the investigation the Commission unanimously found that escape-clause action was not warranted with respect to standard clothespins and that, accordingly, no sufficient reason existed for a recommendation to the President under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended.

*Creeping red fescue seed (2d investigation).*—On November 22, 1961, in response to an application by the Chewings Fescue and Creeping Red Fescue Commission of the State of Oregon, and others, the Tariff Commission instituted a second escape-clause investigation of creeping red fescue seed, provided for in paragraph 763 of the Tariff Act of 1930. The Commission held a public hearing in the investigation on February 27, 1962.

The Commission issued a report on its investigation of creeping red fescue seed on May 21, 1962. On the basis of the investigation the Commission found (Commissioners Schreiber and Sutton dissenting) that escape-clause action was not warranted with respect to creeping red fescue seed and that, accordingly, no sufficient reason existed for a recommendation to the President under the provisions

of section 7 of the Trade Agreements Extension Act of 1951, as amended.

**Reports made under Executive Order 10401 during 1962**

The standard escape clause in trade agreements and section 7(a) of the Trade Agreements Extension Act of 1951, as amended, provides that any escape-clause action that the President takes with respect to a particular commodity is to remain in effect only "for the time necessary to prevent or remedy" the injury.

By Executive Order 10401 of October 14, 1952,<sup>21</sup> the President established a formal procedure for reviewing escape-clause actions. Paragraph 1 of that Executive order directs the Tariff Commission to keep under review developments with respect 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 Commission is required to make the first such report in each case not more than 2 years after the original escape-clause action, and thereafter at intervals of 1 year as long as the concession remains withdrawn, suspended, or modified in whole or in part.

Paragraph 2 of Executive Order 10401 provides that the Commission is to institute a formal investigation in any case whenever, in the Commission's judgment, changed conditions of competition warrant it, or upon the request of the President, to determine whether, and if so, to what extent, the withdrawal, suspension, or modification of a trade-agreement concession remains necessary in order to prevent or remedy serious injury or the threat thereof to the domestic industry concerned. Upon completing such an investigation, including public hearing, the Commission is to report its findings to the President.

During 1962 the Commission reported to the President, under the provisions of paragraph 1 of Executive Order 10401, on developments with respect to linen toweling, watch movements, dried figs, lead and zinc, stainless-steel table flatware, spring clothespins, and safety pins. The reports on these commodities are discussed further below. During 1962 the Commission also instituted an investigation of clinical thermometers under the provisions of paragraph 2 of Executive Order 10401. This investigation is discussed further below.

*Linen toweling.*—In 1956, after an escape-clause investigation and report by the Tariff Commission, the President withdrew the concession that the United States granted in the General Agreement on Tariffs and Trade on the linen toweling (i.e., fabrics used chiefly for making towels) provided for in paragraph 1010 of the Tariff Act of 1930, and increased the rate of duty on such toweling from

<sup>21</sup> 3 CFR, 1949-1953 Comp., p. 901.



percent to 40 percent ad valorem.<sup>22</sup> The withdrawal of the concession became effective after the close of business on July 25, 1956.

As required by paragraph 1 of Executive Order 10401, the Commission on July 25, 1961, submitted to the President its fourth periodic report on developments with respect to the linen toweling involved in the escape-clause action.<sup>23</sup> On the basis of its review of these developments the Commission unanimously concluded that the conditions of competition between imported and domestic toweling had not so changed as to warrant the institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On August 31, 1961, the President concurred with the Commission's conclusion.

*Watch movements.*—In 1954, after an escape-clause investigation and report by the Tariff Commission, the President modified the concession that the United States granted on watch movements in the bilateral trade agreement with Switzerland, and increased the import duties on such watch movements. The modification of the concession became effective on July 27, 1954.

As required by paragraph 1 of Executive Order 10401, the Commission on July 25, 1961, submitted to the President its sixth periodic report on developments with respect to the watch movements involved in the escape-clause action.<sup>24</sup> On the basis of its review of these developments the Commission unanimously concluded that the conditions of competition with respect to the trade in imported and domestic watch movements had not so changed as to warrant the institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On August 31, 1961, the President concurred with the Commission's conclusion.

*Dried figs.*—In 1952, after an escape-clause investigation and report by the Tariff Commission, the President modified the concession that the United States granted on dried figs in the General Agreement on Tariffs and Trade, and increased the import duty on such figs from 2½ cents to 4½ cents per pound. The modification of the concession became effective at the close of business on August 29, 1952.

As required by paragraph 1 of Executive Order 10401, the Commission on August 30, 1961, submitted to the President its eighth periodic report on developments with respect to dried figs.<sup>25</sup> On the basis of its review the Commission unanimously concluded that developments

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<sup>22</sup> The increase in duty did not apply to other types of fabrics provided for in par. 1010; such fabrics comprise the great bulk of entries under that paragraph.

<sup>23</sup> U.S. Tariff Commission, *Toweling of Flax, Hemp, or Ramie: Report to the President (1961) Under Executive Order 10401*, TC Publication 26, 1961 [processed].

<sup>24</sup> U.S. Tariff Commission, *Watch Movements: Report to the President (1961) Under Executive Order 10401*, TC Publication 27, 1961 [processed].

<sup>25</sup> U.S. Tariff Commission, *Figs, Dried: Report to the President (1961) Under Executive Order 10401*, TC Publication 30, 1961 [processed].

in the trade in dried figs did not indicate such a change in the competitive situation as to warrant institution at that time of a formal investigation under the provisions of paragraph 2 of Executive Order 10401.

*Lead and zinc.*—In 1958, after an escape-clause investigation and report by the Tariff Commission, the President modified the concessions that the United States granted on unmanufactured lead and zinc in the General Agreement on Tariffs and Trade, and limited imports of such lead and zinc to 80 percent of the average annual commercial imports during the 5-year period 1953–57. The quota allocated among exporting countries and is subdivided by calendar quarters and by tariff schedule classifications. The modification of the concessions became effective on October 1, 1958.

As required by paragraph 1 of Executive Order 10401, the Commission on October 2, 1961, submitted to the President its second period report on developments with respect to unmanufactured lead and zinc.<sup>26</sup> On the basis of its review the Commission unanimously concluded that developments in the trade in lead and zinc did not indicate such a change in the competitive situation as to warrant institution at that time of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On February 9, 1962, the President concurred with the Commission's conclusion.

*Stainless-steel table flatware.*—In 1959, after an escape-clause investigation and report by the Tariff Commission, the President modified the concession that the United States granted in the General Agreement on Tariffs and Trade on certain stainless-steel table flatware not over 10.2 inches in overall length and valued under \$3 per dozen pieces. Proclamation 3323, effective November 1, 1959, established an annual tariff quota on imports of table spoons, table knives and table forks, wholly of metal and in chief value of stainless steel not over 10.2 inches in overall length and valued under \$3 per dozen pieces. The duties on imports within the quota, which was fixed at 1 million single units (aggregate quantity), remained unchanged, but imports in any quota year in excess of that quantity were made subject to increased rates of duty as follows: Table spoons, 60 percent ad valorem; table knives and table forks less than 4 inches long, exclusive of handle, 3 cents each and 67½ percent ad valorem; and table knives and table forks 4 inches or more long, exclusive of handle, 12 cents each and 67½ percent ad valorem.

As required by paragraph 1 of Executive Order 10401, the Commission on November 1, 1961, submitted to the President its first period report on developments with respect to the stainless-steel table flatware involved in the escape-clause action.<sup>27</sup> On the basis of its review

<sup>26</sup> U.S. Tariff Commission, *Lead and Zinc: Report to the President (1961) Under Executive Order 10401*, TC Publication 35, 1961 [processed].

<sup>27</sup> U.S. Tariff Commission, *Stainless-Steel Table Flatware: Report to the President (1961) Under Executive Order 10401*, TC Publication 38, 1961 [processed].

f these developments the Commission unanimously concluded that the conditions of competition between the specified imported and domestic stainless-steel table flatware had not so changed as to warrant the institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On February 9, 1962, the President concurred with the Commission's conclusion.

*Spring clothespins.*—In 1957, after an escape-clause investigation and report by the Tariff Commission, the President withdrew the concession that the United States granted in the General Agreement on Tariffs and Trade on spring clothespins, provided for in paragraph 12 of the Tariff Act of 1930, and increased the rate of duty on them from 10 cents per gross to 20 cents per gross. The withdrawal of the concession became effective after the close of business on December 9, 1957.

As required by paragraph 1 of Executive Order 10401, the Commission on December 11, 1961, submitted to the President its third periodic report on developments with respect to the spring clothespins involved in the escape-clause action.<sup>28</sup> On the basis of its review of these developments the Commission unanimously concluded that the conditions of competition between imported and domestic spring clothespins had not so changed as to warrant the institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On February 9, 1962, the President concurred with the Commission's conclusion.

*Safety pins.*—In 1957, after an escape-clause investigation and report by the Tariff Commission, the President modified the concession that the United States granted in the General Agreement on Tariffs and Trade on safety pins, provided for in paragraph 350 of the Tariff Act of 1930, and increased the rate of duty on them from 22½ percent ad valorem to 35 percent ad valorem. The modification of the concession became effective after the close of business on December 30, 1957.

As required by paragraph 1 of Executive Order 10401, the Commission on January 2, 1962, submitted to the President its third periodic report on developments with respect to the safety pins involved in the escape-clause action.<sup>29</sup> On the basis of its review of these developments the Commission unanimously concluded that the conditions of competition between imported and domestic safety pins had not so changed as to warrant the institution of a formal investigation under the provisions of paragraph 2 of Executive Order 10401. On February 9, 1962, the President concurred with the Commission's conclusion.

*Clinical thermometers.*—In 1958, after an escape-clause investigation and report by the Tariff Commission, the President withdrew the concession that the United States granted in the General Agreement

<sup>28</sup> U.S. Tariff Commission, *Spring Clothespins: Report to the President (1961) Under Executive Order 10401*, TC Publication 43, 1961 [processed].

<sup>29</sup> U.S. Tariff Commission, *Safety Pins: Report to the President (1961) Under Executive Order 10401*, TC Publication 46, 1962 [processed].

on Tariffs and Trade on finished or unfinished clinical thermometers classifiable under paragraph 218(a) of the Tariff Act of 1930, and increased the rate of duty on such thermometers from 42½ to 85 per cent ad valorem. The withdrawal of the concession became effective after the close of business on May 21, 1958.

As required by paragraph 1 of Executive Order 10401, the Commission on May 22, 1961, submitted to the President its second periodic report on developments with respect to the clinical thermometers involved in the escape-clause action. The Commission had scheduled its third such report under paragraph 1 for submission to the President on May 22, 1962. However, after a review of the developments in the trade in clinical thermometers since the second report, the Commission concluded that conditions of competition with respect to the trade in imported and domestically produced clinical thermometers had so changed as to warrant a formal investigation under paragraph 2 of the Executive order to determine whether, and if so, to what extent the withdrawal of the concession on clinical thermometers remain necessary in order to prevent or remedy serious injury or the threat thereof to the domestic industry concerned. On May 18, 1962, the Commission instituted an investigation of clinical thermometers under the provisions of paragraph 2 of Executive Order 10401 and schedule a public hearing in the investigation for August 28, 1962. The Commission informed the President on May 22, 1962, that in view of this action, no periodic report under paragraph 1 was being submitted at that time.

### **Reports Made in 1962 in Response to the President's Requests for Information Supplemental to Certain Escape-Clause Reports <sup>30</sup>**

#### **Certain carpets and rugs**

On August 3, 1961, the Commission submitted to the President report on its escape-clause investigation of certain carpets and rugs. The President informed the Commission on September 30, 1961, that certain additional information with respect to the specified rugs would be helpful to him in reaching a final decision in the case. He therefore requested the Commission to furnish him with a report containing that information and to submit the report to him on or before December 1, 1961. The additional information requested by the President was the following:

1. Data on production, sales, employment, imports and profit for as much of the calendar year 1961 as possible.
2. The competitive effect of the domestic production of machine tufted carpets and rugs on the production of Wilton and velvet carpeting.

<sup>30</sup> For citations of the reports mentioned in the discussion below, see the preceding tabulation.

<sup>31</sup> This investigation is discussed in the section of this report concerning 7 investigations completed or dismissed during 1962.

The Commission submitted its additional report on certain carpets and rugs to the President on December 1, 1961.

On March 19, 1962, the President announced that he had concurred with the Tariff Commission's unanimous finding of serious injury with respect to certain carpets and rugs and that he had accepted the remedy recommended by the Commission. By Proclamation 3454<sup>32</sup> of March 19, 1962, effective after the close of business on April 18, 1962, he increased the rate of duty on imports of Wilton, Brussels, and velvet (or tapestry) carpets from 21 percent to 40 percent ad valorem. On March 27, 1962, the President deferred<sup>33</sup> the effective date of the increased rate of duty on carpets and rugs to after the close of business on June 17, 1962.

#### **Baseball and softball gloves**

On May 1, 1961, the Commission submitted to the President a report on its escape-clause investigation of baseball and softball gloves. The President informed the Commission on June 29, 1961, that he had concluded that it would be advisable to defer the final decision with respect to baseball and softball gloves pending the compilation and appraisal of additional information. He therefore requested the Commission to obtain the additional information and to submit to him a supplemental report containing that information as soon as possible.

The following is the text of the President's letter of June 29, 1961, to the members of the Tariff Commission, with respect to baseball and softball gloves:<sup>34</sup>

Dear Sirs:

I have carefully reviewed the reports of the Tariff Commission relating to the escape clause investigations concerning imports of baseball and softball gloves, including mitts, ceramic mosaic tile, and cylinder, crown and sheet glass. In all three cases, I have concluded that it would be advisable to defer final decision pending the compilation and appraisal of additional up-to-date information and data. In reaching this conclusion, I have been assisted and advised by the Trade Policy Committee.

I appreciate the complexities of the Commission's task, and the difficulties encountered in its efforts to assemble needed information within very limited periods of time. In these three instances, however, it seems to me that it would be inadvisable to attempt to resolve the issue presented in the absence of more complete data and analysis. I am, therefore, returning the three reports and request that further information be obtained and analyzed and that supplementary reports be submitted to me as soon as possible.

In making its re-examination, I would appreciate it if the Tariff Commission would investigate and report, in particular, its findings with regard to the following matters:

1. In all three reports, it would be useful to have a more complete analysis of the impact of pricing practices by domestic and foreign producers upon the

<sup>32</sup> 27 F.R. 2789.

<sup>33</sup> Proclamation 3458 of Mar. 27, 1962; 27 F.R. 3101.

<sup>34</sup> The President's letter also refers to the Commission's escape-clause reports on ceramic mosaic tile and sheet glass. The Commission's reports supplying the additional information requested on these commodities by the President in his letter are discussed on the next several pages.

share of the market captured by imports. I would also like information on the profit relationship to investment in productive facilities.

2. With regard to baseball gloves and ceramic mosaic tiles, please appraise the effect of voluntary export quotas by Japan upon domestic production and sales.

3. With regard to ceramic mosaic tiles and sheet glass, please obtain and report upon the effect of domestic technological innovations and automation.

4. With regard to baseball gloves and sheet glass, it would be helpful to have average unit price data for domestic production, in terms of major points of shipment. The report provides such data for imported products only.

5. In the case of sheet glass, I would appreciate an elaboration upon the suggestion that there have been restrictive sales practices by domestic producers, in order that I may determine what effect, if any, these practices have had upon imports. It would also be useful to study the relationship of domestic shipments to general economic trends, particularly with respect to those in the construction and automobile industries. In addition, I should like any information available on the pricing practices employed by those selling the sheet glass that is imported.

6. With regard to baseball gloves, it would be helpful to have (a) more complete data on sales of baseball gloves as a proportion of total sales of the firm manufacturing the gloves, and (b) more complete data on employment, wages and earnings. Moreover, is there, or is there a threat of, competition between imported gloves and domestic gloves in the higher price brackets?

7. Finally, with regard to ceramic mosaic tiles, I would appreciate information as to (a) any increase in productive capacity during the past five years; (b) the effect of that increase, if any, upon current profits; and (c) a judgment on the ability of domestic manufacturers to satisfy a market demand for less expensive tile.

The escape clause proceedings are designed to provide relief whenever there is a serious injury, or threat of serious injury, to any domestic industry, resulting from a tariff concession. When fairly and objectively implemented, this provision permits domestic producers to compete on an equitable basis with those supplying similar products from abroad. However, we must be certain that the use of this provision is constructive without being excessive, that it prevents serious injury to domestic producers without unduly restricting fair competition, and that it permits domestic manufacturers to obtain redress without jeopardizing the national interest. Any data which the Commission deems relevant to the determination should be included in the report.

In compliance with the provision of Section 7(c)(1) of the Trade Agreement Extension Act of 1951, I have today advised the Chairman of the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives that I am returning these three cases to the Commission for further information and study.

Sincerely yours,

(S) JOHN F. KENNEDY

Honorable JOSEPH E. TALBOT  
 Honorable J. ALLEN OVERTON, Jr.  
 Honorable WALTER R. SCHREIBER  
 Honorable GLENN W. SUTTON  
 Honorable WILLIAM E. DOWLING

*United States Tariff Commission, Washington, D.C.*

The Commission submitted its additional report on baseball and softball gloves to the President on December 21, 1961.

On March 19, 1962, the President announced that he had not concurred with the Tariff Commission's unanimous finding of serious injury with respect to baseball and softball gloves and that he had therefore decided not to approve the higher rates of duty recommended by the Commission.

#### **Ceramic mosaic tile**

On May 10, 1961, the Commission submitted to the President a report on its escape-clause investigation of ceramic mosaic tile. The President informed the Commission on June 29, 1961, that he had concluded that it would be advisable to defer the final decision with respect to ceramic mosaic tile pending the compilation and appraisal of additional information. He therefore requested the Commission to obtain the additional information and to submit to him a supplemental report containing that information as soon as possible.<sup>35</sup> The Commission submitted its additional report on ceramic mosaic tile to the President on December 22, 1961.

On March 19, 1962, the President announced that he had not concurred with the Tariff Commission's unanimous finding of serious injury with respect to ceramic mosaic tile and that he had therefore decided not to approve the higher rates of duty recommended by the Commission.

#### **Sheet glass**

On May 17, 1961, the Commission submitted to the President a report on its escape-clause investigation of cylinder, crown, and sheet glass. The President informed the Commission on June 29, 1961, that he had concluded that it would be advisable to defer the final decision with respect to such glass pending the compilation and appraisal of additional information. He therefore requested the Commission to obtain the additional information and to submit to him a report containing that information as soon as possible.<sup>36</sup> The Commission submitted its additional report on cylinder, crown, and sheet glass to the President on January 10, 1962.

On March 19, 1962, the President announced that he had concurred with the Tariff Commission's unanimous finding of serious injury with respect to sheet glass and that he had accepted the remedy recom-

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<sup>35</sup> For the President's questions that relate to the Commission's escape-clause report on ceramic mosaic tile, see the text of the President's letter of June 29, 1961, in the preceding section of this report concerning baseball and softball gloves.

<sup>36</sup> For the President's questions that relate to the Commission's escape-clause report on cylinder, crown, and sheet glass, see the text of the President's letter of June 29, 1961, in the preceding section of this report concerning baseball and softball gloves.

mended by the majority of the Commission.<sup>37</sup> By Proclamation 3455<sup>38</sup> of March 19, 1962, effective after the close of business on April 18, 1962, he increased the specific rates of duty on certain cylinder, crown, and sheet glass from rates that ranged from 0.7 cent to 1.4 cents per pound to rates ranging from 1.3 cents to 3.5 cents per pound. On March 27, 1962, the President deferred<sup>39</sup> the effective date of the increased rates of duty on cylinder, crown, and sheet glass to after the close of business on June 17, 1962.

### Section 22 of the Agricultural Adjustment Act

Section 22 of the Agricultural Adjustment Act, as amended,<sup>40</sup> authorizes the President to restrict imports of any commodity, by imposing either fees or quotas (within specified limits), whenever such imports render or tend to render ineffective, or materially interfere with, programs of the U.S. Department of Agriculture relating to agricultural commodities or products thereof. Section 22 requires the Tariff Commission, when so directed by the President, to conduct an investigation of the specified commodity, including a public hearing, and to make a report and appropriate recommendations to him. Under subsection (f) of section 22, as amended by section 8(b) of the Trade Agreements Extension Act of 1951, 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.

Section 8(a) of the Trade Agreements Extension Act of 1951, as amended,<sup>41</sup> sets up special procedures for invoking section 22 in emergency conditions due to the perishability of any agricultural commodity. When the Secretary of Agriculture reports to the President and to the Tariff Commission that such emergency conditions exist, the Commission must make an immediate investigation under section 22 and make appropriate 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 Commission. Should the President deem it necessary however, he may take action without awaiting the Commission's recommendations.

An amendment to section 22 of the Agricultural Adjustment Act by section 104 of the Trade Agreements Extension Act of 1953<sup>42</sup>

<sup>37</sup> For the separate remedies recommended by the majority and the minority of the Commission, see U.S. Tariff Commission, *Cylinder, Crown, and Sheet Glass Report to the President on Escape-Clause Investigation No. 7-101 . . .*, TC Publication 17, 1961 [processed].

<sup>38</sup> 27 F.R. 2791.

<sup>39</sup> Proclamation 3458 of Mar. 27, 1962; 27 F.R. 3101.

<sup>40</sup> 7 U.S.C. 624.

<sup>41</sup> 65 Stat. 75.

<sup>42</sup> 67 Stat. 472.



provides that the President may take immediate action under section 22 without awaiting the Tariff Commission's recommendation whenever the Secretary of Agriculture determines and reports to him, with regard to any article or articles, that a condition exists requiring emergency treatment. Such action by the President may continue in effect pending his receipt of, and his action on, the report and recommendations of the Commission after an investigation under section 22. Under section 8(a) of the Trade Agreements Extension Act of 1951, as amended, the President's authority to act before he had received a report from the Commission was limited to perishable agricultural products. During 1962 no action was taken under either subsection (f) or section 22 of section 8(a) of the Trade Agreements Extension Act of 1951, as amended.

At one time or another during the period covered by this report, the Commission had pending before it five investigations under the provisions of section 22 of the Agricultural Adjustment Act, as amended—an investigation of certain cotton products (chiefly cotton picker laps); a supplemental investigation of blue-mold and Cheddar cheeses; an investigation of rye, rye flour, and rye meal; a supplemental investigation of tung oil and tung nuts; and an investigation of cotton products.

**Certain cotton products (chiefly cotton picker laps)**

On January 23, 1961, at the request of the President, the Tariff Commission instituted an investigation—under the provisions of section 22—of certain cotton products produced in any state preceding the spinning into yarn (chiefly cotton picker laps). The purpose of the investigation was to determine whether such products were being or were 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 and other programs or operations undertaken by the Department of Agriculture with respect to cotton or products thereof. The Commission held a public hearing in the investigation on August 8 and 9, 1961.

The Commission reported the results of its investigation to the President on September 1, 1961.<sup>43</sup> On the basis of the investigation the Commission found that the specified cotton products were being, or were 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 aforementioned programs of the Department of Agriculture. The Commission recommended that the aggregate total quantity of such products which may be entered or withdrawn from warehouse for consumption in any 12-month period should not exceed 1,000 pounds.

On September 11, 1961, the President announced that he had adopted the Commission's recommendation with respect to the cotton products

<sup>43</sup> U.S. Tariff Commission, *Certain Cotton Products (Cotton Picker Laps, Etc.): Report to the President on Investigation No. 22-24 Under Section 22 . . .*, TC Publication 31, 1961 [processed].

specified above. By Proclamation 3428 of September 11, 1961,<sup>44</sup> he specified that the total aggregate quantity of cotton products produced in any stage preceding the spinning into yarn, except cotton wastes which may be entered or withdrawn from warehouse, for consumption in any 12-month period, beginning September 11, in 1961 and in subsequent years, shall not exceed 1,000 pounds.

**Blue-mold and Cheddar cheeses (supplemental investigation)**

On May 31, 1961, at the request of the President, the Tariff Commission instituted a supplemental investigation—under the provisions of section 22—of (1) blue-mold (except Stilton) cheese, and cheese and substitutes for cheese containing, or processed from, blue-mold cheese and (2) Cheddar cheese, and cheese and substitutes for cheese containing, or processed from, Cheddar cheese. The purpose of the supplemental investigation was to determine whether the existing absolute quotas on imports of the above-mentioned cheeses, or either of them should be enlarged or eliminated. The Commission held a public hearing in the investigation from July 18 to 20, 1961.

The Commission reported the results of its investigation to the President on September 1, 1961.<sup>45</sup> On the basis of the investigation the Commission found that the circumstances which led to the imposition of the existing quotas on the specified blue-mold and Cheddar cheeses had not so changed that either of the quotas could be enlarged without resulting in material interference with the price-support program of the Department of Agriculture with respect to milk and butterfat. Accordingly, the Commission made no recommendation to the President for the modification or elimination of either of the quotas.

On March 30, 1962, the President announced that changed circumstances required the increase of the annual import quota on blue-mold cheese. By Proclamation 3460 of March 29, 1962,<sup>46</sup> he specified that the quota be increased by 283,333 pounds for each third of a quota year beginning on July 1, 1962. This amounts to an increase in the annual quota from 4,167,000 to 5,017,000 pounds. In his announcement the President cited the increase in production and consumption of blue mold cheese since 1953 and the fact that imported blue-mold cheese is sold in the United States at prices higher than those of the similar domestic product.

By July 1, 1962, the President had taken no action with respect to the quota on Cheddar cheese.

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<sup>44</sup> 26 F.R. 8535.

<sup>45</sup> U.S. Tariff Commission, *Blue-Mold and Cheddar Cheeses: Report to the President on Investigation No. 22-6 (Supplemental) Under Section 22 . . .*, T Publication 32, 1961 [processed].

<sup>46</sup> 27 F.R. 3183.

**Rye, rye flour, and rye meal**

On June 14, 1961, at the request of the President, the Tariff Commission instituted an investigation, under the provisions of section 22, of rye, rye flour, and rye meal. A public hearing, originally scheduled for July 11, 1961, was postponed on July 7, 1961, until further notice.

On September 7, 1961, the President advised the Tariff Commission that he was withdrawing his request for the investigation of rye, rye flour, and rye meal because of a material change in the rye situation resulting from the 1961 summer drought in the North Central States. On September 14, 1961, the Commission dismissed the investigation.

**Tung oil and tung nuts (supplemental investigation)**

On September 21, 1961, at the request of the President, the Tariff Commission instituted a supplemental investigation of tung oil and tung nuts, under the provisions of section 22(d). The purpose of the supplemental investigation was to determine whether the circumstances that required Proclamation 3378 of October 27, 1960, which imposed import quotas on tung oil and tung nuts, no longer existed so that Proclamation 3378 might be terminated. Under the terms of Proclamation 3378 imports of tung oil and tung nuts were placed under an absolute annual import quota of 26 million pounds through October 31, 1963. The Commission held a public hearing in the investigation on October 24, 1961.

The Commission reported the results of its supplemental investigation to the President on December 4, 1961.<sup>47</sup> On the basis of the investigation the Commission found that the termination of the quotas on imports of tung oil and tung nuts would result in the importation of tung oil into the United States under such conditions and in such quantities as to materially interfere with the price-support program of the Department of Agriculture with respect to tung nuts.<sup>48</sup> The Commission therefore made no recommendation for the termination of the quotas.

On May 1, 1962, the President announced that he did not concur in the Commission's finding. The announcement stated that his decision reflected the changed conditions in the tung oil market which had developed in recent months. As a result of the short supply of tung oil in the United States and foreign markets, the U.S. prices had been above the support price since January 1962, and, therefore, the President did not expect the Commodity Credit Corporation to acquire any

<sup>47</sup> U.S. Tariff Commission, *Tung Oil and Tung Nuts: Report to the President on Investigation No. 22-238 Under Section 22 . . .*, TC Publication 42, 1961 [processed].

<sup>48</sup> Commissioner Dorfman, who took office on Nov. 2, 1961, did not participate in this investigation.

oil as a result of price-support operations. Under these conditions, he found that the import quota was no longer necessary. By Proclamation 3471 of May 1, 1962, therefore, he terminated the quota effective May 2, 1962.<sup>49</sup>

#### **Cotton products**

On November 22, 1961, at the request of the President, the Tariff Commission instituted an investigation, under the provisions of section 22(a), of articles or materials wholly or in part of cotton. The purpose of the investigation was to determine whether the above-mentioned cotton products were being, or were 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 programs or operations undertaken by the U.S. Department of Agriculture with respect to cotton or products thereof, or to reduce substantially the amount of any product processed in the United States from cotton or products thereof with respect to which such programs or operations are being undertaken. The Commission held public hearings in the investigation February 13-16, 19, and 23, 1962.

At the close of the period covered by this report, June 30, 1962, the investigation of cotton products was in process.

#### **Section 332 of the Tariff Act of 1930**

Section 332 of the Tariff Act of 1930 directs the Tariff Commission to place at the disposal of the President, the House Committee or Ways and Means, and the Senate Committee on Finance—whenever requested—all information at its command. It also directs the Commission to make such investigations and reports as may be requested by the President, by either of the above-mentioned committees, or by either House of Congress.

At one time or another during 1962, seven investigations under the provisions of section 332 of the Tariff Act of 1930 were pending before the Commission.

#### **Certain fresh fruits and vegetables**

In response to a resolution of the House Committee on Ways and Means, received July 5, 1960, the Tariff Commission on July 7, 1960 instituted an investigation—under the provisions of section 332—of the conditions of competition in the market areas served by the producers in the Imperial, Palo Verde, and Coachella Valleys and adjoining areas of Southern California between fresh fruits and vegetables produced in such areas and those produced in foreign countries. The resolution directed the Commission to submit a report of the results of its investigation to the House of Representatives at the earliest practicable date.

<sup>49</sup> 27 F.R. 4271.

The resolution of the Committee on Ways and Means directed the Commission to include in its report a statement of U.S. customs treatment since 1930, with special reference to seasonal rates of duty, and a summary of the facts obtained in the investigation with regard to domestic production, imports, domestic consumption, U.S. exports, comparability of the domestic and imported products, and the degree of competition between them with respect to the particular products and geographic areas referred to in the resolution.

On September 6, 1961, the Commission submitted to the House Committee on Ways and Means a report of the results of its investigation of certain fresh fruits and vegetables.<sup>50</sup> The Commission's report contained detailed statistical data and other information on the fruits and vegetables that are produced in the aforementioned region and shipped in significant quantities to U.S. markets at the same time corresponding imported fruits and vegetables are shipped to such markets. There are 11 such products: Cantaloups, watermelons, miscellaneous melons, snap beans, garlic, onions, tomatoes, cucumbers, eggplant, peppers, and squash. For each such product, the report provided information on the following subjects: U.S. customs treatment since 1930, including trade-agreement concessions; domestic production, including production by seasons, with special reference to the output in the region specified in the resolution of the Ways and Means Committee; the volume, trend, and seasonal pattern of imports; the relationship of imports to domestic production; U.S. exports; domestic consumption; market distribution of domestic and imported products; and prices. Given in the appendix of the report are statistics on production, imports, exports, and so forth for 12 additional fruits and vegetables produced in the region specified in the Committee's resolution but not marketed to a significant extent in competition with imported products.

**Lead and zinc, fluorspar, mercury, beryllium, cobalt, and manganese**

On October 5, 1961, in response to Senate Resolution 206, 87th Congress, the Tariff Commission instituted initial or supplemental investigations—under the provisions of section 332—of conditions in the industries producing lead and zinc, fluorspar, mercury, beryllium, cobalt, and manganese.

With respect to lead and zinc, fluorspar, and mercury, the resolution directed the Commission to bring up to date the reports that the Commission made in March 1960, February 1960, and December 1958, on the industries producing those commodities. The resolution directed the Commission to submit to the Congress its reports on the industries producing lead and zinc, fluorspar, and mercury on or before May 15, 1962.

<sup>50</sup> U.S. Tariff Commission, *Certain Fresh Fruits and Vegetables: Report on Investigation No. 332-39 Under Section 332 of the Tariff Act of 1930 Pursuant to a Resolution of the Committee on Ways and Means of the United States House of Representatives Adopted July 1, 1960*, TC Publication 33, 1961 [processed].

With respect to beryllium, cobalt, and manganese, the resolution directed the Commission to conduct investigations of conditions in the industries producing those commodities and to report to the Congress not later than August 31, 1962.

Senate Resolution 206 directed the Commission to include, in its report of each of the six investigations mentioned above, a summary of the facts obtained in each investigation, including a description of the domestic industry, domestic production, foreign production, imports, consumption, channels and methods of distribution, U.S. exports, and other factors affecting the competition between domestic and imported products.

The Commission held public hearings in the above-mentioned investigations as follows:

Lead and zinc industries.....	Jan. 16 and 17, 1962
Fluorspar industry.....	Jan. 30, 1962
Mercury industry.....	Feb. 20, 1962
Beryllium industry.....	Apr. 17, 1962
Cobalt industry.....	May 15, 1962 <sup>1</sup>
Manganese industry.....	June 12, 1962

<sup>1</sup> No witnesses appeared at this hearing.

The Commission submitted its report on the fluorspar industry to the Congress on May 2, 1962; <sup>51</sup> that on the mercury industry, on May 9, 1962; <sup>52</sup> and that on the lead and zinc industry, on May 15, 1962.<sup>53</sup> On June 30, 1962, the close of the period covered by this report, the investigations of the beryllium, cobalt, and manganese industries were still in process.

The Commission's reports on the industries producing fluorspar, mercury, and lead and zinc describe the domestic industry; discuss production, imports, and consumption in the United States; describe U.S. Government programs and marketing practices; and provide data on wages and employment in the industry, inventories, and prices. The reports also give general information on production of the specified commodities in foreign countries.

<sup>51</sup> U.S. Tariff Commission, *Fluorspar: Report to the Congress on Investigation No. 332-29 (Supplemental 2) Under Section 332 of the Tariff Act of 1930 Made Pursuant to Senate Resolution 206, 87th Congress, Adopted September 23, 1961*, TC Publication 56, 1962 [processed].

<sup>52</sup> U.S. Tariff Commission, *Mercury (Quicksilver): Report to the Congress on Investigation No. 332-32 (Supplemental) Under Section 332 of the Tariff Act of 1930 Made Pursuant to Senate Resolution 206, 87th Congress, Adopted September 23, 1961*, TC Publication 57, 1962 [processed].

<sup>53</sup> U.S. Tariff Commission, *Lead and Zinc: Report to the Congress on Investigation No. 332-26 (Supplemental 2) Under Section 332 of the Tariff Act of 1930 Made Pursuant to Senate Resolution 206, 87th Congress, Adopted September 23, 1961*, TC Publication 58, 1962 [processed].

### 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 to equalize differences in costs of production at home and abroad after investigation and report by the Tariff Commission of the differences between the costs 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 commodity on which a tariff concession is in effect pursuant to a trade agreement. As the United States has progressively extended the coverage of trade-agreement concessions, it has correspondingly reduced the scope of possible action under the provisions of section 336.

During fiscal 1962 one investigation under the provisions of section 336 was pending before the Commission.

On June 30, 1960, the National Broom Manufacturers & Allied Industries Association filed an application with the Tariff Commission for an investigation of brooms, whisk brooms, and toy brooms made of broomcorn, under the provisions of section 336. The applicant alleged that the present rate of duty on the specified brooms—25 percent ad valorem—does not equalize the costs of production of the comparable products made in the United States and foreign countries, and requested that the rate of duty on the imported products be fixed on the basis of the American selling price. On July 6, 1960, the Commission ordered a preliminary inquiry to determine whether a formal investigation was warranted for the purposes of section 336. On January 16, 1961, having completed the preliminary inquiry, the Commission instituted a formal investigation. A public hearing was held on April 18, 1961.

On January 17, 1962, the Commission submitted to the President a report of the results of its investigation of the above-mentioned brooms.<sup>54</sup> On the basis of the investigation the Commission found that the present rate of duty of 25 percent ad valorem, which was being assessed on the basis of the foreign export value of the brooms, did not equalize the differences in costs of production, including transportation and other delivery charges to the principal markets in the United States, of domestic brooms made of broomcorn and the like or similar foreign articles produced in the principal competing country. The Commission also found that these costs of production could not be equalized by either (1) increasing the present rate of duty to the maximum allowable rate of 37½ percent and continuing to assess the duty on the basis of the foreign export value—under the provisions of section 336 (a), or (2) retaining the present rate of duty and changing

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<sup>54</sup> U.S. Tariff Commission, *Brooms Made of Broomcorn, Investigation No. 336-121: Report to the President . . . Pursuant to the Provisions of Section 336 of Title III of the Tariff Act of 1930, as Amended*, TC Publication 49, 1962 [processed].

the basis of assessing the duty to American selling price—under section 336(b). In conclusion, the Commission found that in order to equalize such differences in costs of production to the fullest extent permissible under section 336, it was necessary that the latter alternative be applied to imports of brooms made of broomcorn—a rate of duty of 25 percent ad valorem assessed on the basis of the American selling price as defined in section 402(e) of the Tariff Act of 1930, as amended.

### **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, efficiently and economically operated, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, the articles involved may, pursuant to Executive order be excluded from entry into the United States.

At one time or another during fiscal 1962, two complaints under section 337 were pending before the Commission.

#### **Household automatic zigzag sewing machines and parts thereof**

On January 15, 1959, the Singer Manufacturing Co., of New York N.Y., filed a complaint with the Tariff Commission alleging unfair methods of competition and unfair acts in the importation and sale in the United States of certain household automatic zigzag sewing machines and parts thereof.

On January 21, 1959, the Commission ordered a preliminary investigation into the allegations, to determine whether institution of a full investigation under section 337 was warranted and whether the issuance of a temporary order of exclusion from entry under section 337(f) was warranted. On March 16, 1959, having completed the preliminary investigation, the Commission instituted a full investigation with respect to the matters alleged in the complaint. The Commission held a public hearing in the investigation May 5-8 and 11-12, 1959.

On January 12, 1960, the Commission announced that it had decided to hold in abeyance its decision on the merits in its section 337 investigation with respect to certain household zigzag sewing machines and parts thereof, pending the outcome of an antitrust action filed by the Department of Justice against the Singer Manufacturing Co. on December 22, 1959, in the U.S. District Court for the Southern District of New York.

In the Commission's investigation under section 337, Singer predicated its charge of unfair methods of competition and unfair acts on the importation and domestic sale of certain automatic zigzag sewing machines, principally from Japan, that were alleged to have been



nade in accordance with the invention disclosed in the Singer-owned "Gegauf" patent, a U.S. patent which had been assigned to Singer by Gegauf, a Swiss citizen. In its antitrust action against Singer, the Department of Justice charged, among other things, that Singer entered into arrangements with Gegauf and an Italian sewing-machine manufacturer whereby Gegauf would assign his patent rights to Singer for the purpose of enabling Singer to prevent U.S. imports from Japan; that Singer would use the Gegauf patent rights along with its own to exclude imports, and the parties would determine which European manufacturers would be permitted to export household automatic zigzag sewing machines to the United States; and that Singer, in carrying out the attempt to monopolize, obtained and used patent rights for these exclusionary purposes.

On May 1, 1962, the court dismissed the complaint and stated that the Department of Justice had failed to support any of the charges of unlawful acts it had made against the Singer Manufacturing Co. in the complaint. On June 29, 1962, the Department of Justice filed a notice of appeal to the U.S. Supreme Court.

On June 30, 1962, the close of the period covered by this report, the Commission continued to hold in abeyance further action in the investigation.

#### **Self-closing containers**

On June 2, 1960, the Quikey Manufacturing Co., Inc., of Akron, Ohio, filed a complaint with the Tariff Commission. The complaint alleged that certain foreign-manufactured self-closing containers (squeeze-type coin purses) embodying or containing the invention disclosed in a U.S. patent owned by the complainant were being imported into the United States and sold domestically without license from the complainant, and that as a result unfair methods of competition were being employed or unfair acts were being committed which had caused and would continue to cause substantial injury to the complainant. On June 15, 1960, the complainant filed a motion to amend the complaint. On June 21, 1960, the Commission granted the complainant's motion to amend the complaint, and initiated a preliminary investigation into the allegations of the complaint, as amended, to determine whether institution of a full investigation under section 337 was warranted, and whether a temporary order excluding the complained-of imports from entry into the United States (except under bond) was warranted.

On June 14, 1961, the Commission completed the preliminary investigation and instituted a full investigation with respect to certain self-closing containers. On June 22, 1961, the Commission transmitted a report to the President recommending that a temporary exclusion order be issued, pending completion of the Commission's investigation;<sup>55</sup> however, the President decided not to issue such an order.

<sup>55</sup> Chairman Dorfman was not a member of the Commission at the time the Commission made this recommendation.

The Commission held a public hearing in connection with the investigation on October 3, 1961.

On April 26, 1962, the Commission issued a report on its investigation of self-closing containers.<sup>56</sup> On the basis of the investigation the Commission found (Chairman Dorfman dissenting) that the importation and domestic sale of the coin purses in question was in violation of section 337. The Commission majority found that the imported coin purses in question embody or contain the invention disclosed in a U.S. patent owned by the complainant and that the effect or tendency of the importation and domestic sale of the purses was to substantially injure an efficiently and economically operated domestic industry. Chairman Dorfman concluded that no substantial injury to a domestic industry had been established, and he therefore found no need to determine whether the imported purses were "infringements" of the patent in question. Under the provisions of section 337(c) the Commission may grant a rehearing on questions of either fact or law, and an appeal may be made by an importer or consignee to the Court of Customs and Patent Appeals on questions of law only. No request for a rehearing was received by the Commission within the period prescribed, and no appeal was received by the court within the period prescribed by statute; therefore, the Commission's findings are final.

On June 26, 1962, the official record of the investigation—consisting of the transcript of the hearing and the final findings and recommendations of the Commission—was transmitted to the President. By June 30, 1962, the close of the period covered by this report, the President had taken no action on the Commission's report.

#### **Section 201(a) of the Antidumping Act, 1921, as Amended**

Section 301 of the Customs Simplification Act of 1954<sup>57</sup> amended the Antidumping Act, 1921, and transferred to the Tariff Commission the function—formerly exercised by the Treasury Department—of making injury determinations for the purposes of the Antidumping Act. The transfer became effective October 1, 1954.

Section 201 of the Antidumping Act, 1921, as amended,<sup>58</sup> provides that whenever the Secretary of the Treasury advises the Tariff Commission that a class or kind of foreign merchandise is being, or is likely to be, sold domestically or elsewhere at less than its fair value, the Commission shall within 3 months thereafter determine whether domestic industry is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of such merchandise. On completion of its investigation the Commission notifies the Secretary of the Treasury of its determination, and, if the determina-

<sup>56</sup> U.S. Tariff Commission, *Self-Closing Containers (Squeeze-Type Coin Purses) Investigation No. 337-18, Under the Provisions of Section 337 of Title III of the Tariff Act of 1930, as Amended*, TC Publication 55, 1962 [processed].

<sup>57</sup> 68 Stat. 1138.

<sup>58</sup> 19 U.S.C. 160 et seq.

tion is affirmative, the Secretary thereupon issues a "finding" of dumping; dumping duties are thenceforth collected.

Public Law 85-630<sup>59</sup> which was approved by the President on August 14, 1958, amended certain provisions of the Antidumping Act, 1921. Besides redefining—for the purposes of the Antidumping Act—"foreign market value", the "constructed value" of imported merchandise, and certain other terms, Public Law 85-630 provides for certain procedural changes in the administration of the Antidumping Act. It provides that when the Secretary of the Treasury determines whether foreign merchandise is being, or is likely to be, sold in the United States at less than its fair value, and that when the Tariff Commission makes an injury determination under the Antidumping Act, each shall publish such determination in the *Federal Register*, with a statement of the reasons therefor, whether such determination is affirmative or negative. It also provides that an evenly divided vote of the Commission on its determinations under the Antidumping Act shall be deemed to be affirmative.

At one time or another during fiscal 1962 four investigations were pending before the Commission under the provisions of section 201(a) of the Antidumping Act, 1921, as amended. All four of these investigations were completed during 1962.

#### **Rayon staple fiber from Cuba**

On April 20, 1961, in response to advice received from the Acting Secretary of the Treasury on April 17, 1961, the Tariff Commission instituted an investigation—under the provisions of section 201(a)—of rayon staple fiber from Cuba. The Commission held a public hearing in the investigation on June 13, 1961.

On July 17, 1961, the Commission announced that it had unanimously<sup>60</sup> determined that an industry in the United States was not being, and was not likely to be, injured, or prevented from being established, by reason of the importation of rayon staple fiber from Cuba sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.<sup>61</sup>

#### **Certain rayon staple fiber from West Germany**

On April 20, 1961, in response to advice it received from the Acting Secretary of the Treasury on April 17, 1961, the Tariff Commission instituted an investigation—under the provisions of section 201(a)—of rayon staple fiber from West Germany, except importations of "Cuprama" rayon staple fiber manufactured by *Farbenfabriken Bayer*. The Commission held a public hearing in the investigation on June 13, 1961.

<sup>59</sup> 72 Stat. 583.

<sup>60</sup> Because of illness, Commissioner Overton did not participate in this determination.

<sup>61</sup> The Commission's determination and statement of the reasons therefor were published in the *Federal Register* on July 20, 1961 (26 F.R. 6537).

On July 17, 1961, the Commission announced that it had unanimously<sup>62</sup> determined that an industry in the United States was not being, and was not likely to be, injured, or prevented from being established, by reason of the importation of rayon staple fiber from West Germany sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.<sup>63</sup>

**Portland gray cement from Portugal**

On July 24, 1961, in response to advice it received from the Assistant Secretary of the Treasury on July 20, 1961, the Tariff Commission instituted an investigation—under the provisions of section 201(a)—of portland gray cement from Portugal. The Commission held a public hearing in the investigation on September 14, 1961.

On October 20, 1961, the Commission announced that it had determined (Commissioners Talbot and Overton dissenting)<sup>64</sup> that an industry in the United States was being injured by reason of the importation of portland gray cement from Portugal at less than fair value within the meaning of the Antidumping Act, 1921, as amended.<sup>65</sup>

**Portland cement from the Dominican Republic**

On January 18, 1962, in response to advice it received from the Assistant Secretary of the Treasury on that day, the Tariff Commission instituted an investigation—under the provisions of section 201(a)—of portland cement, other than white, nonstaining portland cement, from the Dominican Republic. The Commission held a public hearing in the investigation on March 1, 1962.

On April 18, 1962, the Commission announced that it had unanimously determined that an industry in the United States was not, and was not likely to be, injured, or prevented from being established by reason of the importation of portland cement, other than white nonstaining portland cement, from the Dominican Republic, sold at less than fair value within the meaning of the Antidumping Act 1921, as amended.<sup>66</sup>

<sup>62</sup> Because of illness, Commissioner Overton did not participate in this determination.

<sup>63</sup> The Commission's determination and statement of the reasons therefor were published in the *Federal Register* on July 20, 1961 (26 F.R. 6537).

<sup>64</sup> Because of a vacancy on the Commission, only five Commissioners participated in this determination. The views of dissenting Commissioners Talbot and Overton follow the statement of reasons of the majority.

<sup>65</sup> The Commission's determination and statement of the reasons therefor were published in the *Federal Register* on Oct. 25, 1961 (26 F.R. 10010).

<sup>66</sup> The Commission's determination and statement of the reasons therefor were published in the *Federal Register* on Apr. 21, 1962 (27 F.R. 3872).

## PART II. SPECIAL REPORTS AND ACTIVITIES

Besides the public investigations that it conducts and the services that it renders to the Congress, to the President, and to other Government agencies, the U.S. Tariff Commission is directed by law and by Executive orders to make certain special reports and to engage in certain special activities.

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

The Tariff Commission is one of the agencies from which the President seeks information before he concludes trade agreements with foreign countries. Executive Order 10082 of October 5, 1949,<sup>1</sup> requires the Commission to supply to the interdepartmental trade agreements organization factual data on all articles on which the United States proposes to consider granting concessions in trade agreements. Since 1947 various Executive orders have directed the Commission to keep informed concerning the operation and effect of provisions relating to duties and other import restrictions of the United States contained in trade agreements, and to submit a factual report to the President and to the Congress, at least once each year, on the operation of the trade agreements program. Under section 350(e) (2) of the Tariff Act of 1930, as amended by the Trade Agreements Extension Act of 1955, this function is made mandatory by statute.

### Classification of Imports and Exports

Over the years the Tariff Commission has devoted considerable time and effort to matters relating to the classification of imports and exports. The Commission has periodically brought up to date the U.S. tariff in the easily readable form of *United States Import Duties*

<sup>1</sup> 3 CFR, 1949-1953 Comp., p. 281.

(U.S.I.D.), and has assisted in the continuing work of revising the statistical commodity classification of imports and exports as published in *Schedule A* and *Schedule B*, which have provided the statistical classifications under which official U.S. foreign trade statistics are published. Until 1960, import entries were reported on customs documents in terms of *Schedule A* for statistical purposes, as well as being reported in terms of *U.S.I.D.* for tariff purposes. As a part of the Commission's work in connection with improving statistical reporting, the Commission assisted in the publication of *United States Import Duties Annotated* (U.S.I.D. Annotated), which has been used in place of *Schedule A* since January 1, 1960, for statistical reporting of import entries on customs documents.

In connection with the Commission's work on commodity trade classifications during the last several years, the Commission has been working on a complete revision of the tariff and statistical classifications of imports. In November 1960 the Commission published a series of proposed revised tariff schedules, and, under the provisions of the Tariff Classification Act of 1962, these schedules—with slight modification—will probably become effective early in 1963. At that time the new schedules will replace the tariff schedules that the Commission has published in *U.S.I.D.* In conjunction with the revised tariff schedules, a completely new system of entry reporting numbers and nomenclature will be provided, replacing those now appearing in *U.S.I.D. Annotated*, and replacing the statistical classifications as they appear in *Schedule A* under which official commodity trade statistics are published.

#### Information on U.S. import duties

Since the early 1930's, the Tariff Commission has periodically issued documents, for the use of the customs service, the public, and the Congress, that show the changes made in the duties on imported articles since the passage of the Tariff Act of 1930, as well as the changes made in the special and administrative provisions of the act. These documents, which the Commission prepares in cooperation with the Bureau of Customs, are furnished to appropriate congressional committees and to reference libraries throughout the United States, and are distributed by the Bureau of Customs to all its field offices.

The latest complete compilation of import duties issued by the Tariff Commission, *United States Import Duties (1958)*, replaced section I of *United States Import Duties (1952)* and the four supplements thereto, but did not contain the special and administrative provisions of the Tariff Act of 1930, as amended, which were set forth in section II of the 1952 edition. The 1958 edition includes a list of the rates of duty applicable to imported commodities as of July 1, 1958, a list of the items that are free of duty, a list of the items that are subject to import taxes under the Internal Revenue Code, and references to various statutes that provide for special and additional import duties or for special exemptions from duty under certain circumstances. Sup

plements I and II to *United States Import Duties (1958)* were subsequently issued and reflect all changes in import duties in effect as of December 1, 1960. In March 1961 the Commission issued a separate volume, *Special and Administrative Provisions (Titles III and IV) of the Tariff Act of 1930, as Amended, as in effect on December 1, 1960*, which replaced section II of the 1952 edition.

At the close of the period covered by this report, June 30, 1962, a draft of a new complete compilation to be issued by the Commission, *United States Import Duties (1962)*, had been virtually completed. This edition reflects all changes that were placed in effect as of July 1, 1962. These changes consist principally of the trade-agreement concessions granted at the 1960-62 tariff negotiations in Geneva.

#### **Work on statistical classification of imports and exports**

Section 484(e) of the Tariff Act of 1930 authorizes the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Tariff Commission to establish from time to time for statistical purposes an enumeration of the articles imported into the United States. Representatives of those officials prepare for statistical purposes the enumerations of articles for reporting merchandise imported into the United States, such as that appearing in *Schedule A—Statistical Classification of Commodities 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 products previously included in groups of loosely related articles, as well as changes in statistical reporting procedures—make advisable the frequent revision of *Schedule A*.

Before 1960, importers, brokers, and customs officials reported imports in terms of two commodity classification systems—*U.S.I.D.* for tariff purposes, and *Schedule A* for statistical purposes. On January 1, 1960, the Bureau of the Census, the Bureau of Customs, and the Tariff Commission issued jointly *U.S.I.D. Annotated*. The latter publication correlates the statistical commodity classifications used in *Schedule A* with the tariff classifications shown in *U.S.I.D. (1958)* so as to overcome the difficulties connected with the use of two reporting systems and aid in improving the accuracy of reporting on the import entries. The statistical data reported for import entries in terms of the *U.S.I.D. Annotated* are converted and published later as official import statistics in terms of the commodity-group arrangement and code classification of *Schedule A*.

During 1962 the Commission continued to assist in the revision of *Schedule A*, and by the close of the period covered by this report, June 30, 1962, a revision of the schedule was virtually complete. During the year the Commission also worked on a revision of *U.S.I.D. Annotated*. The revisions of both of these publications reflect all of the changes in customs treatment that had been placed in effect by July 1, 1962—principally the changes resulting from the trade-agreement concessions granted at the 1960-62 tariff negotiations in Geneva.

Besides the work on the above-mentioned classifications during 1962, the Commission also continued to cooperate with the Department of Commerce in revising *Schedule B—Statistical Classification of Domestic and Foreign Commodities Exported from the United States*, and to assist in coordinating all revisions of statistical classifications. The Commission periodically reviews any changes in the statistical commodity code so as to maintain convertibility of the import and export statistical schedules to other coding manuals, such as the *Standard International Trade Classification* issued by the Statistical Office of the United Nations.

#### **Procedures for collecting import statistics**

In conducting its investigations, in responding to requests for information, and in performing its other duties, the Tariff Commission depends greatly on the detailed import statistics that are compiled by the Bureau of the Census. Recent surveys made by the Bureau of the Census in cooperation with the Bureau of Customs and the Tariff Commission have indicated that an increasing number of U.S. import statistics were in error. The surveys have also indicated that the errors occurred principally because erroneous data shown on import documents were not corrected for duty purposes by customs examiner until after the information copies of the documents had been transmitted to the Bureau of the Census for tabulation.

In connection with the statistical function that the Tariff Commission shares jointly with the Bureau of the Census and the Bureau of Customs under section 484(e) of the Tariff Act of 1930, the Commission recommended to the Secretary of the Treasury and the Secretary of Commerce in June 1961 that the procedures for collecting import statistics be changed to permit customs examiners to verify statistical data shown on import documents for both statistical and duty purposes before transmitting the documents to the Bureau of the Census for tabulation. The Commission's staff has worked closely with the Bureau of the Census and the Bureau of Customs on the many problems involved in making the change in procedures, particularly in preparing the July 1, 1962, edition of *United States Import Duties Annotated*, which is now required to be used by customs officers in processing import documents. This volume provides a more complete identification of imports for both statistical and duty purposes. The Commission's staff also assisted the staffs of the Bureau of the Census and the Bureau of Customs in instructing customs examiners—a meetings held throughout the United States during 1962—in the use of the new statistical procedures.

#### **Tariff classification study**

Title I of the Customs Simplification Act of 1954, as amended directed the Tariff Commission to make a comprehensive study of U.S. laws prescribing the tariff status of imported articles and to submit

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<sup>a</sup> 68 Stat. 1136; 70 Stat. 955.



to the President and to the chairmen of the Senate Committee on Finance and the House Committee on Ways and Means a revision and consolidation of those laws that, in the Commission's judgment, would accomplish to the extent practicable the following purposes:

(1) Establish schedules of tariff classifications that will be logical in arrangement and terminology and adapted to the changes that have occurred since 1930 in the character and importance of articles produced in and imported into the United States and in the markets in which they are sold;

(2) Eliminate anomalies and illogical results in the classification of articles; and

(3) Simplify the determination and application of tariff classifications.

On March 15, 1955, in accordance with section 101(d) of the Customs Simplification Act of 1954, as amended, the Commission submitted an interim progress report on the tariff classification study to the President and to the chairmen of the Senate Committee on Finance and the House Committee on Ways and Means.<sup>3</sup> The interim report was confined to a treatment of the fundamental problems underlying the simplification of the tariff schedules, the principles that the Commission would follow in formulating the proposed revision of them, and methods for putting the proposed revision into force and effect.

During the fiscal year 1961 the Commission completed the tariff classification study. By July 18, 1959, the Commission had released to the public all of the proposed revised and consolidated tariff schedules prepared pursuant to title I of the Customs Simplification Act of 1954, as amended, and had held public hearings on all of them. Following these hearings, the Commission further revised the schedules and submitted the final report, including the proposed revised and consolidated tariff schedules, to the President and to the chairmen of the Senate Committee on Finance and the House Committee on Ways and Means on November 15, 1960.<sup>4</sup> The Commission

<sup>3</sup> U.S. Tariff Commission, *Tariff Simplification Study: Interim Report to the President and to the Chairmen of the Committee on Finance of the Senate and of the Committee on Ways and Means of the House Pursuant to Section 101(d) of the Customs Simplification Act of 1954, 1955* [processed]. The interim report was also reprinted later as app. A of U.S. Tariff Commission, *Tariff Classification Study: Submitting Report, 1960*.

<sup>4</sup> The final report submitted by the U.S. Tariff Commission consists of 10 volumes. The volume containing the submitting report with general explanatory notes and discussion of the problems of implementation is *Tariff Classification Study: Submitting Report, 1960*; the second volume, consisting of the proposed revised schedules, together with cross-references showing the distribution of the existing tariff provisions in the proposed revision is *Tariff Classification Study: Proposed Revised Tariff Schedules of the United States, 1960*; the other 8 volumes, each of which includes material relating to a specific tariff schedule, are *Tariff Classification Study: Explanatory and Background Materials, Schedule . . . , 1960*.

published an alphabetical commodity index to these schedules in May 1961.<sup>5</sup>

Following publication of the tariff classification study in November 1960, certain legislative modifications of tariff treatment, court decisions, and administrative actions occurred which affected some of the provisions in the study. The Commission also received suggestions from interested parties for changes in the proposed tariff schedules contained in the study, both through direct submission to the Commission and through submission to the House Committee on Ways and Means in response to a press release of that committee on August 15, 1961, calling for written comments from interested parties on the study.

A proposed first supplemental report on the tariff classification study was released to the public on October 31, 1961, and a public hearing was held on the report. This report was thereafter revised and was submitted by the Commission to the President and to the chairmen of the Senate Committee on Finance and the House Committee on Ways and Means on January 16, 1962.<sup>6</sup> The report embodies the changes in the proposed tariff schedules of the tariff classification study which, in the judgment of the Commission, are necessary to bring them up to date, to correct error, or to further the objectives of the study. The report also contains a full explanation of each proposed change, as well as a statement of reasons for not accepting certain of the suggestions received from interested parties.

On May 24, 1962, the Tariff Classification Act of 1962 was approved by the President.<sup>7</sup> This law provides for the adoption and implementation of the revised tariff schedules prepared by the Tariff Commission (hereinafter referred to as the TCA schedules), as well as procedures for making certain further changes to the schedules before they are placed in effect.

Sections 101(b)(4) and 101(c) of the Tariff Classification Act of 1962 establish a statutory procedure for making further changes in the TCA schedules before they are placed in effect by the President. Immediately after passage of the act the Commission began preparation of supplemental reports containing the changes to the TCA schedules it deemed necessary under section 101(b)(4) to keep the schedules current—changes required by virtue of legislation, Presidential proclamations (including those placing in effect the concessions granted at the 1960–62 Geneva tariff negotiations), and significant rulings of the Bureau of Customs and of customs courts. The Commission also

<sup>5</sup> U.S. Tariff Commission, *Tariff Classification Study: Alphabetical Index of Commodities Provided for in the Proposed Revised Tariff Schedules of the United States*, 1961.

<sup>6</sup> U.S. Tariff Commission, *Tariff Classification Study, First Supplemental Report: Report to the President and to the Chairmen of the Committee on Ways and Means of the House and the Committee on Finance of the Senate Pursuant to Title I of the Customs Simplification Act of 1954*, 1962.

<sup>7</sup> Public Law 87-456 (76 Stat. 72).

continued to prepare for inclusion in supplemental reports the proposed changes to the TCA schedules the Commission deemed necessary under sections 101(b)(4) and 101(c) to correct errors or to clarify the schedules.

On June 1, 1962, the Commission announced that it would hold a hearing in connection with its further consideration of certain provisions of the TCA schedules pursuant to sections 101(b)(4) and 101(c) of the Tariff Classification Act of 1962 on the basis of further information received by the Commission which justified further consideration of the provisions in question. The Commission held public hearings in connection with these provisions of the TCA schedules June 18-20 and June 29, 1962, and submitted a report to the President and to the Congress on June 29, 1962, setting forth changes made by the Commission correcting errors and clarifying these provisions of the TCA schedules.<sup>8</sup> This was the first supplementary report made by the Commission pursuant to section 101 of the Tariff Classification Act of 1962, and the second supplementary report relating to the Commission's tariff classification study.

Section 102 of the Tariff Classification Act of 1962 requires that the President take such action as he deems necessary to bring the U.S. schedules annexed to foreign trade agreements into conformity with the TCA schedules and that the action that he has deemed necessary be completed before he places the TCA schedules in effect by proclamation.<sup>9</sup> This involves principally—with respect to the General Agreement on Tariffs and Trade—negotiations with the contracting parties primarily concerned with the proposed changes in the U.S. schedules of concessions (schedules XX) which will bring the existing schedules XX into conformity with the TCA schedules. At the close of the period covered by this report, the Tariff Commission was in the process of preparing a consolidation of the existing schedules XX (including the schedule of U.S. concessions granted at Geneva in 1960-62) and a draft consolidated U.S. schedule XX brought into conformity with the TCA schedules. The Commission was also in the process of preparing some of the statistical material that was needed for the negotiations. The material—in addition to being used at the negotiations—was to be used in requesting a waiver by the Contracting Parties at their October 1962 session of certain obligations under article XXVIII, in order that the United States might place the TCA

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<sup>8</sup> U.S. Tariff Commission, *Second Supplemental Report, Tariff Classification Study: Report to the President and to the Congress Pursuant to Section 101 of the Tariff Classification Act of 1962, 1962* [processed].

<sup>9</sup> The "column 1" of the TCA schedules which the President is required to proclaim under sec. 102(1) of the act will include those rates which are required or are appropriate to carry out the foreign trade agreements to which the United States is a contracting party after the schedules of U.S. tariff concessions annexed to foreign trade agreements are brought into conformity with the TCA schedules. The rates of duty included in "column 2" of the schedules are given the status of statutory rates of duty by sec. 103 of the act.

schedules in effect before completing the negotiations, probably early in 1963.<sup>10</sup>

At the close of the period covered by this report the Tariff Commission was in the process of preparing similar supporting material with respect to negotiations with the individual countries with which the United States was a party to bilateral trade agreements. The Commission was also in the process of preparing further supplemental reports required under section 101(b)(4) of the Tariff Classification Act of 1962.

### Summaries of Tariff Information

Under its general powers, the Tariff Commission's most extensive work is the preparation of its summaries of tariff information, which are designed to provide the Congress and the executive agencies with complete and up-to-date information on the commodities listed in the tariff act. These summaries include the recent tariff history of the commodities in each classification specified in the tariff act; a discussion of the nature and uses of each commodity; an analysis of the trends in U.S. production, imports, and exports; data on output and the conditions of production in foreign countries; and an analysis of the factors that affect the competition of imports with the domestic product. Continuous revision of these summaries, which were first published in 1920, is an important activity of the Commission.

The Commission issued its latest complete edition of *Summaries of Tariff Information* in 1948-50. This edition, which consists of some 2,300 separate summaries and comprises a total of 46 volumes and parts, has been widely used by the Congress and other Government agencies, and by industrial, agricultural, commercial, labor, and other organizations.

Because of the pressure of high-priority work, especially peril-point and escape-clause investigations, the Commission in recent years has been unable to maintain a regular schedule for publishing revision of its *Summaries of Tariff Information*. During 1962, as in previous years, the statistical and other information in several hundred of the

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<sup>10</sup> The United States obtained a finding of "special circumstances" under the provisions of par. 4 of art. XXVIII of the General Agreement from the Council of Representatives of the Contracting Parties shortly after it had requested such a finding on May 29, 1962. The finding authorized the United States to begin negotiations despite the provisions of par. 1 of art. XXVIII, which establishes successive automatically renewable 3-year periods—the last ending on Jan. 1, 1964—during which contracting parties were to refrain from permanently modifying or withdrawing tariff concessions.

The U.S. request for a waiver by the Contracting Parties was necessitated by its obligations under pars. 1 and 2 of art. XXVIII, which require in general the negotiations of compensation—for a lessening of the value of existing concessions by bringing the schedules XX into conformity with the TCA schedules—to be completed and that the compensatory concessions be reflected in "column 1 of the TCA schedules, before the TCA schedules are placed in effect.

summaries was brought up to date and made available to defense and other Government agencies. Besides this regular work of keeping the summaries current, the Commission during 1961 initiated a project for publishing a substantial number of completely revised summaries, and considerable work has already been done on the project.

### Reports on Synthetic Organic Chemicals

During 1962 the Tariff Commission released various preliminary and final reports on U.S. production, sales, and imports of synthetic organic chemicals. These reports continue the annual series on production and sales that the Commission has published since 1918. The reports, which are made under the Commission's general powers, are an outgrowth of the continuing requests for this information by various Government agencies, as well as by industry and the general public.

#### Preliminary monthly reports

During 1962 the Tariff Commission continued to issue its series of preliminary monthly reports on U.S. production and sales of plastics and resin materials and its series of preliminary monthly reports on U.S. production of selected synthetic organic chemicals. The data shown in these two series of monthly reports include preliminary data for most of the domestic producers of the more important synthetic organic chemicals and provide, as such, a good indication of the monthly trends for the industry as a whole. Before March 1962 these two series of reports were printed and distributed by the U.S. Government Printing Office; beginning in March 1962 the Commission began to print and distribute them, and changed the designation of both series of reports. The reports on plastics and resins, formerly known as Facts for Industry Series 6-10, is now designated S.O.C. (Synthetic Organic Chemicals) Series P; the reports on selected synthetic organic chemicals, formerly known as Facts for Industry Series 6-2, is now designated S.O.C. Series C.

The Commission's monthly reports on plastics and resin materials show data obtained from more than 225 companies. The materials included in this series are classified as thermosetting resins—such as alkyd, epoxy, polyester, phenolic, urea, and melamine resins; as thermoplastic resins—such as styrene and polyolefin plastics, vinyl resins, and polypropylene; and as cellulose plastics. The classes of materials and the end-use designations used in this series of reports were established with the assistance of industry and Government representatives.

The monthly reports on selected synthetic organic chemicals show data obtained from about 170 companies and cover approximately 70 different organic chemicals. The chemicals covered were selected, with the advice and assistance of industry and Government representatives, on the basis of their economic importance, seasonality, and specified uses. The chemicals selected are grouped as coal-tar crudes,

intermediates, bulk medicinal chemicals, pesticides and other organic agricultural chemicals, and miscellaneous chemicals and products.

**Preliminary annual reports on production and sales**

The Tariff Commission's preliminary annual reports on production and sales of synthetic organic chemicals in 1961 consisted of 14 separate reports, each of which dealt with one segment of the synthetic organic chemicals industry. The preliminary report for each segment of the industry was issued during 1962 as soon as the statistics for the chemicals produced by that segment were substantially complete for the calendar year 1961, in order to make the information available to industry and to Government agencies at the earliest possible date. The first preliminary annual report for 1961, covering pesticides and other agricultural chemicals, was released in February 1962, and all of the remaining reports had been released by the end of July 1962. The 14 preliminary annual reports covered production and sales of tars and tar crudes, crude products from petroleum and natural gas for chemical conversion, cyclic intermediates, coal-tar dyes, toners and lakes (laked colors), bulk medicinal chemicals, flavor and perfume materials, plastics and resin materials, rubber-processing chemicals, elastomers (synthetic rubbers), plasticizers, surface-active agents, pesticides and other agricultural chemicals, and miscellaneous chemicals.

**Final annual report on production and sales**

In September 1961 the Tariff Commission issued its final annual report on U.S. production and sales of synthetic organic chemicals in 1960.<sup>11</sup> The final annual report combines in one report revised data on the 14 segments of the synthetic organic chemicals industry which the Commission included in its separate preliminary annual reports on production and sales in 1960. The statistics on production and sales included in the final report were compiled from data supplied by 715 primary producers of synthetic organic chemicals. The report covers the production and sales of more than 6,000 individual chemicals and chemical products, shows statistics for many of them separately, and lists the manufacturers of each item for which production and sales data were reported in 1960. The report also includes statistics on general imports in 1960 of certain synthetic organic chemicals entered under paragraphs 27 and 28 of the Tariff Act of 1930—imports of dutiable coal-tar intermediates and finished coal-tar products—classified by end use. Statistics are also shown on the number of technical workers engaged in research in the synthetic organic chemicals industry, their salaries, and the amounts expended for such research by the reporting companies.

<sup>11</sup> U.S. Tariff Commission, *Synthetic Organic Chemicals, United States Production and Sales, 1960*, TC Publication 34, 1961.

According to the report, 96,729 million pounds of synthetic organic chemicals and their raw materials was produced in 1960, 7.6 percent more than was produced in 1959. Sales of synthetic organic chemicals and their raw materials in 1960 amounted to 55,538 million pounds, valued at \$7,507 million, compared with 52,973 million pounds, valued at \$7,267 million, in 1959.

The report divides production and sales into two major sections—chemical raw materials and synthetic organic chemicals (cyclic intermediates and finished synthetic organic chemical products). The first section includes statistics on tar, tar crudes, and crude chemicals derived from petroleum and natural gas. Total production of tars in 1960 amounted to 709 million gallons (7,094 million pounds)—6.0 percent more than was reported for 1959. Production in 1960 of tar crudes amounted to 9,536 million pounds, compared with 8,447 million pounds in 1959; the most important individual products in this group are coal-tar-derived benzene, toluene, xylene, and solvent naphtha. The output of crude chemicals from petroleum and natural gas in 1960 amounted to 26,147 million pounds, compared with 24,422 million pounds in 1959; included in this group are benzene, toluene, xylene, and other cyclic products, and aliphatic hydrocarbons such as ethylene, propane, and 1,3-butadiene.

Production of cyclic intermediates, which is covered in the second section of the report, amounted to 9,602 million pounds in 1960, or 13.5 percent more than was reported for 1959. In 1960, as in earlier years, more than 60 percent of the output of cyclic intermediates was used by the original manufacturers to produce more advanced products. The remainder was sold to other companies for further processing.

Production of finished synthetic organic chemicals and chemical products, which is also covered in the second section of the report, amounted to 44,350 million pounds in 1960, compared with 41,856 million pounds in 1959. Of this total, cyclic finished products accounted for 8,216 million pounds and acyclic products accounted for 36,134 million pounds. In terms of quantity, production of 8 of the 11 groups of finished synthetic organic products was greater in 1960 than in 1959. The groups for which such increases in output were the largest are plasticizers (11.7 percent), pesticides and other organic agricultural chemicals (10.6 percent), flavor and perfume materials (9.9 percent), and medicinal chemicals (6.8 percent). Groups for which the output declined in 1960, compared with 1959, were dyes (8.0 percent), toners and lakes (5.7 percent), and rubber-processing chemicals (5.0 percent).

#### **Annual report on imports of coal-tar products**

In July 1961 the Tariff Commission released its annual report on U.S. imports of coal-tar intermediates entered in 1960 under paragraph 27 of the Tariff Act of 1930, and on coal-tar dyes, medicinals, pharmaceuticals, flavor and perfume materials, and other coal-tar

products entered under paragraph 28.<sup>12</sup> The data on these coal-tar products (which are synthetic organic chemicals), covering imports through all U.S. customs districts, were obtained by analyzing customs invoices covering general imports of coal-tar products entering the United States during 1960.

The report shows that general imports of coal-tar chemicals entered under paragraph 27 in 1960 totaled 19.8 million pounds, with a foreign invoice value of \$11.5 million, compared with imports of 28.8 million pounds, valued at \$14.0 million, in 1959. Most of the coal-tar chemicals imported in 1960 were declared to be "competitive" (duty based on "American selling price"). About 40 percent of total imports of these products in 1960 came from West Germany; other principal sources were Canada, France, and the United Kingdom.

Imports in 1960 of all finished coal-tar products that are dutiable under paragraph 28 totaled 12.3 million pounds and had a foreign invoice value of \$22.2 million. In 1959 all such imports totaled 11.5 million pounds and had a foreign invoice value of \$21.9 million. In 1960, as in 1958 and 1959, medicinals and pharmaceuticals were the most important group of imported finished coal-tar products; medicinals and pharmaceuticals accounted for 47 percent of the total value of all products imported under paragraph 28 in 1960. Import of coal-tar dyes, the next most important group of products entered under paragraph 28 in 1960, were 3 percent smaller in that year than in 1959 and 18 percent larger than in 1958. In 1960, imports of dye (excluding synthetic organic pigments) were valued at \$7.6 million (foreign invoice value), or 34 percent of the total value of imports entered under paragraph 28. In 1960, imports of synthetic organic pigments (toners and lakes) were valued at \$561,000, compared with \$401,000 in 1959. Imports of flavor and perfume materials in 1960 (\$1,226,000) were 42 percent greater than in 1959. Imports in 1960 of other coal-tar products entered under paragraph 28 (chiefly synthetic resins) were valued at \$2.5 million, or 17 percent more than in 1959.

**Production and sales of selected organic chemicals and plastics and resin materials by the four largest U.S. producers and the four largest sellers in 1958 and 1959**

In November 1961 the Tariff Commission released a report giving statistics on the total quantities of selected organic chemicals and synthetic plastics and resin materials produced and sold in the United States in 1958 and in 1959 by the four largest U.S. producers and the four largest sellers.<sup>13</sup> Statistics included in the report are based on data supplied by the U.S. producers to the Commission in connectio:

<sup>12</sup> U.S. Tariff Commission, *Imports of Coal-Tar Products, 1960, 1961* [processed].

<sup>13</sup> U.S. Tariff Commission, *Production and Sales of Selected Organic Chemicals and Plastics and Resin Materials by the Four Largest U.S. Producers and Sellers, 1958 and 1959*, TC Publication 40, 1961.



with the Commission's annual reports on synthetic organic chemicals. The material given in the report was compiled by the Commission for another Government agency at the direction of the Bureau of the Budget and pursuant to the provisions of the Federal Reports Act of 1942 (5 U.S.C. 139). The report was released to the public by the Commission because the data are of general interest.

### **Report on Micron Grading of Wool**

In response to a resolution adopted by the Senate Committee on Finance on April 28, 1958, the Tariff Commission, on April 29, 1958, instituted an investigation—under the provisions of section 332 of the Tariff Act of 1930, as amended—of the grades and qualities of wool imported into the United States for use in the manufacture of carpets and papermakers' felts and of domestic wools similar in grade and character. The resolution specified that the Commission should submit a report on its investigation on or before September 30, 1959, and that the report should include—besides other pertinent data—an analysis of the present method of grading and sampling of imported wools, and an analysis of any alternative methods of grading and/or sampling, as the Commission's study might develop.

The alternative method of grading wool that was considered by the Commission in the report that it submitted in September 1959 was the micron method. This method is based on laboratory measurement in microns (millionths of a meter) of the diameter of the wool fibers. Arrangements were made for the testing of samples by three laboratories to determine the reliability of this method. Only part of the results of the tests by only one of the laboratories were received by the Commission in time to be incorporated in the report.

After the Commission issued its report in 1959, considerable interest in the micron method of grading wool was shown by both private industry and other Government agencies. Moreover, Public Law 86-557, approved on June 30, 1960, which authorized the Secretary of Agriculture to determine and establish the standards to be used for grading imports of wool, makes possible the use of the micron method of grading imported wool. In view of these and other factors, the Commission decided to prepare a report on the reliability of the micron grading method, based on all of the results of the tests finally received by the Commission from all three laboratories. At the close of the period covered by this report, the Commission was in the process of preparing its final report on micron grading of wool.

### **Study of Changes in the Prices of Copper**

In granting a reduction in the import tax on copper at Geneva in 1956, the U.S. Government provided in a note appended to the schedule item number for that concession—item 4541(3) of the 1956 U.S. schedule of concessions granted under the General Agreement on Tariffs and Trade—that the reduction is to be effective only when the

average market price of electrolytic copper (delivered Connecticut Valley) is 24 cents or more per pound. Under the terms of the note the Tariff Commission is required to advise the Secretary of the Treasury when the price of copper falls below 24 cents per pound. Inasmuch as the price of copper did not fall below this level during 1962, the Commission made no report during the year to the Secretary of the Treasury on the price of copper.

### **Report on Sales of Handtools by Domestic Producers**

A survey of U.S. manufacturers of handtools was undertaken by the Tariff Commission in order to provide basic data, particularly in connection with the revision of its *Summaries of Tariff Information*. A report was released by the Commission in July 1961 giving a statistical summary of the results of the survey of producers' total sales and sales for export in 1958 and 1959 of handtools and parts.<sup>14</sup> Given in the report are statistics on the following categories of handtools: (1) Blacksmiths' hammers, tongs and sledges, track tools, wedges, and crowbars; (2) saws and saw blades; (3) pliers, pincers, and nippers, and hinged handtools for holding and splicing wire; (4) files, file blanks, rasps, and floats; (5) certain types of agricultural or horticultural tools; and (6) certain types of handtools, most of which are chiefly used by carpenters or mechanics. The data in the report were the results of a questionnaire survey of 325 concerns, which are believed to have accounted for virtually all, if not all, of the domestic production of such tools in 1958 and 1959.

### **Compilations of Information on Status of Investigations**

The Commission issues from time to time a series of compilations showing the outcome or current status of the various investigations that the Commission is directed by law to conduct. A compilation of escape-clause investigations was last issued in July 1962; compilations of the other six types of investigations were last issued during July 1960. The seven compilations are as follows:

- (1) Investigations Under the "Escape Clause" of Trade Agreements;
- (2) Investigations Under the "Peril Point" Provision;
- (3) Investigations Under Section 22 of the Agricultural Adjustment Act;
- (4) Investigations Under Section 332 of the Tariff Act of 1930;
- (5) Investigations Under Section 336 of the Tariff Act of 1930;
- (6) Investigations Under Section 337 of the Tariff Act of 1930;  
and
- (7) Injury Determinations Under the Antidumping Act.

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<sup>14</sup> U.S. Tariff Commission, *Sales of Handtools by U.S. Manufacturers in 1958 and 1959*, TC Publication 25, 1961 [processed].

## Work Relating to the Trade Agreements Program

### Trade-agreement activities

Not only is the Tariff Commission the agency directed to conduct peril-point and escape-clause investigations under the provisions of the Trade Agreements Extension Act of 1951, as amended, and Executive Order 10401, but it is also one of the agencies from which the President seeks information before concluding trade agreements with foreign countries. Executive Order 10082, of October 5, 1949, requires the Commission to supply to the Interdepartmental Committee on Trade Agreements factual data concerning the production and consumption of, and trade in, all articles on which the United States proposes to consider granting concessions in trade agreements. When trade-agreement negotiations are in progress the Commission furnishes such information to the Trade Agreements Committee and to its "country" committees. The Chairman of the Tariff Commission serves as a member of the Trade Agreements Committee, and also as chairman of the interdepartmental Committee for Reciprocity Information (CRI);<sup>15</sup> the Vice Chairman of the Tariff Commission serves as his alternate on both Committees. A senior member of the Commission's staff also serves as the Chairman's alternate on the Trade Agreements Committee. The Commission regularly assists the CRI in responding to inquiries for information on trade-agreement matters.

It is a matter of Commission policy that the Tariff Commission member of the Interdepartmental Committee on Trade Agreements shall not participate by voting in the making of any decisions of that Committee, and that members of the Commission's staff assigned to work in connection with the planning or conduct of trade-agreement negotiations shall act only as technical advisers or consultants in furnishing facts, statistics, and other information of a technical nature, and shall not participate by voting in any decision in any way connected with tariff or foreign-trade policy matters or the planning or conduct of trade-agreement negotiations, and that they shall not be named or constituted as members of negotiating teams.

During 1962, Commissioners and members of the Tariff Commission's staff assisted the Interdepartmental Committee on Trade Agreements as consultants and technical advisers in dealing with a variety of problems. Principal among these was the assistance the Commission gave to the Trade Agreements Committee and its "country" committees in connection with U.S. participation in the fifth round of

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<sup>15</sup> The primary functions of the Committee for Reciprocity Information, which was created by Executive Order 6750 in 1934, are (1) to hold hearings 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. The latest Executive order prescribing the duties and functions of the CRI is Executive Order 10082 of Oct. 5, 1949.

tariff negotiations conducted by the Contracting Parties to the General Agreement on Tariffs and Trade. The negotiations, which began in September 1960 and ended in July 1962, embraced four distinct types of negotiations: (1) Renegotiations with the member states of the European Economic Community pursuant to article XXIV:6; (2) renegotiations of concessions in existing schedules pursuant to article XXVIII:1; (3) negotiations by contracting parties for new or additional concessions; and (4) negotiations with countries that desire to accede to the General Agreement.

Between July 1, 1961, and June 30, 1962, a total of 13 Tariff Commission staff members served at one time or another as members of the U.S. delegation to the 1960-62 tariff negotiations at Geneva: 1 of the staff members served as Tariff Commission representative on the Trade Agreements Committee (which met at Geneva during the negotiations) and as a technical adviser to the U.S. delegation; 1 as rate coordinator for the delegation, as well as a technical adviser to one of the individual U.S. negotiating teams; 5 others as technical advisers to individual U.S. negotiating teams; 2 as tariff experts for the delegation; 1 as statistical assistant; and 3 as members of the delegation's secretariat.

During 1962 the Tariff Commission also assisted the Trade Agreements Committee in its preparation for U.S. participation in the 19th Session of the Contracting Parties to the General Agreement and at the meetings of the Council of Representatives of the Contracting Parties that took place throughout the year. One Tariff Commissioner served as special adviser to the U.S. delegation to the 19th Session of the Contracting Parties to the General Agreement, which was held from November 13 to December 9, 1961, in Geneva while the tariff negotiations were in progress.

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

Section 3 of the Trade Agreements Extension Act of 1955 directs the Tariff Commission to keep informed at all times concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President, and to submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program.

Before the passage of the Trade Agreements Extension Act of 1955, various Executive orders had directed the Commission to prepare similar reports annually and to submit them to the President and to the Congress. The latest of such orders—Executive Order 10082 of October 5, 1949—is still in effect. The 13 reports that the Commission has issued in compliance with these directives provide a detailed history of the trade agreements program since its inception in 1934. The Commission's first 12 reports on the operation of the trade agreements program cover developments from June 1934 through June 1959.

The 13th report covers the period from July 1959 through June 1960.<sup>16</sup> During all or part of this period, the United States had trade-agreement obligations in force with 43 countries. Of these, 35 countries were contracting parties to the General Agreement on Tariffs and Trade and 8 were countries with which the United States had bilateral trade agreements.

During the period covered by the 13th report, the Contracting Parties to the General Agreement on Tariffs and Trade (GATT) did not sponsor any multilateral tariff negotiations of the Geneva-Annecy-Forquay type. At their 14th Session in May 1959, however, they decided to hold a general tariff conference, beginning in September 1960, for the purpose of negotiating with the member states of the European Economic Community, with countries that desire to accede to the General Agreement, with contracting parties that desire to negotiate new or additional concessions, and with contracting parties that desire to renegotiate concessions in their existing schedules. During the period covered by the 13th report, the United States participated in limited trade-agreement negotiations under the General Agreement with Cuba, as a result of that country's adoption of a new customs tariff; with Belgium, Denmark, West Germany, Japan, the Netherlands, Sweden, and the United Kingdom, as a result of requests by those countries for tariff concessions to compensate them for increases in U.S. rates of duty resulting from escape-clause actions; with the United Kingdom, Belgium, and other interested contracting parties, as a result of U.S. invocation of the so-called Geneva wool-fabric reservation; and with Canada, as a result of that country's revision of the textile schedule of its tariff. The report describes these negotiations and, for those that were completed, analyzes the changes that they made in the schedules of concessions of the respective countries.

The 13th report also covers other important developments during 1959-60 with respect to the trade agreements program. These include the major developments relating to the general provisions and administration of the General Agreement; the actions of the United States relating to its trade agreements program; and the major commercial policy developments in countries with which the United States has trade agreements.

#### **Trade agreements manual**

To assist other Government agencies, as well as private organizations and individuals, that are interested in data on the trade agreements that the United States has entered into under the authority of the Trade Agreements Act of 1934, as amended and extended, the Commission periodically issues a trade agreements manual. The *Trade Agreements Manual* is designed to provide the answers to certain common questions about U.S. trade agreements. Part I of the *Manual*

<sup>16</sup> First released in processed form, the report was subsequently printed as *Operation of the Trade Agreements Program: 13th Report, July 1959-June 1960*, TC Publication 51, 1962.

considers U.S. trade-agreement obligations, present and past. Part II is devoted to information about the General Agreement on Tariffs and Trade. To assist the reader, brief explanatory comments precede each tabulation, and various technical points are explained in the footnotes.<sup>17</sup>

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<sup>17</sup>The latest edition of this compilation is U.S. Tariff Commission, *Trade Agreements Manual: A Summary of Selected Data Relating to Trade Agreements Negotiated by the United States Since 1934*, 3d ed., misc. ser., 1959.

### **PART III. FURNISHING TECHNICAL INFORMATION AND ASSISTANCE**

A considerable part of the work of the U.S. Tariff Commission relates to furnishing technical information and assistance to the Congress and to other agencies of the U.S. Government, as required by law, and to furnishing information to industrial and commercial concerns and to the general public. Section 332 of the Tariff Act of 1930 directs the Commission to gather information relating to the tariff and commercial policy and to place it at the disposal of the President, the Senate Committee on Finance, and the House Committee on Ways and Means, "whenever requested." Section 334 of the Tariff Act of 1930 directs the Commission to cooperate with other Government agencies in appropriate matters.

#### **Work for the Congress**

During 1962, as in previous years, the Commission's work in response to directives or requests from the Congress constituted an important part of its activities. This section of the report deals only with direct requests from congressional committees and from individual Members of Congress for information or 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.

#### **Services to committees of the Congress**

The Congress regularly requests the Tariff Commission to analyze proposed legislation relating to tariff and trade matters. Most of the requests come from the Senate Committee on Finance and the House Committee on Ways and Means. Preparation of analyses of, or comments on, bills and resolutions usually involves considerable work by the Commission, and often requires extensive reports. During the period covered by this report, congressional committees requested the Commission to prepare analyses of, or comments on, a large number of bills and resolutions on a wide variety of subjects.

In addition to the reports that congressional committees request the Commission to make on proposed legislation, the committees often ask members of the Tariff Commission's staff to assist at congressional hearings, or to supply technical and economic information orally in executive sessions of the committees. During 1962, members of the

Commission's staff appeared on numerous occasions before the House Committee on Ways and Means during consideration of proposed legislation including some of the subjects mentioned below.

The following is a representative list of titles of the bills and resolutions which the Commission prepared analyses of, or comments on during 1962:

- To impose additional duties on excess imports of certain live animals, meats, and meat products.
- To define the term "articles" as that term is used in paragraph 909 of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 909) as amended.
- To amend section 304 of the Tariff Act of 1930 to require that all textiles imported into the United States be marked with the name of the country of origin.
- To amend the Tariff Act of 1930 to impose a duty on shrimps and provide for duty-free entry of unprocessed shrimps annually in an amount equal to imports of shrimp in 1960.
- To provide a more definitive tariff classification description for lightweight bicycles.
- To make permanent the existing suspensions of the tax on the first domestic processing of coconut oil, palm oil, palm kernel oil, and fatty acids, salts, and combinations or mixtures thereof.
- To provide for inclusion of certain imported cotton articles within the coverage of certain proclamations under section 22 of the Agricultural Adjustment Act, as amended.
- To amend the Tariff Act of 1930 and certain related laws to provide for the restatement of the tariff classification provision and for other purposes.
- To provide for the inclusion of certain producers and growers of raw materials as interested parties in escape-clause proceedings under the Trade Agreements Extension Act of 1951, and make mandatory the recommendations of the U.S. Tariff Commission in such proceedings, and for other purposes.
- To amend paragraph 1101(b) of the Tariff Act of 1930 to provide for the duty-free importation of certain wools for use in the manufacture of polishing felts.
- To continue for 2 years the suspension of duty on certain aluminum and bauxite.
- To promote the general welfare, foreign policy, and the security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.
- To amend certain provisions of the Antidumping Act, 1921, to provide for greater certainty, speed, and efficiency in the enforcement thereof, and for other purposes.
- To maintain a fair ratio with domestic consumption of iron ore between iron ore produced in the United States and iron ore imported from foreign countries.
- To impose a statutory prohibition upon the importation of certain furs which are the product of the U.S.S.R. or of Communist China.



**Services to individual Senators and Representatives**

Each year the Commission receives many requests from individual Senators and Representatives for various types of information.<sup>1</sup> Some of these requests can be answered from data that are readily available in the Commission's files; others require research and often the preparation of extensive statistical compilations and trade analyses. Many of the requests relate to investigations that are pending before the Commission.

**Cooperation With Government Agencies**

Over the years, cooperation with individual Government agencies, as well as cooperation with those agencies on interdepartmental committees, has accounted for a considerable part of the Tariff 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 Department of State.

During 1962 the Commission carried on various kinds of work in cooperation with a score of other Government agencies. The Commissioners and staff members serve on about 25 interdepartmental committees, including the various trade-agreement committees. The assistance that the Commission gives to individual Government agencies directly or through committees ranges from handling simple requests for factual information to undertaking projects that require considerable research, sometimes involving as much as several hundred man-hours of staff work. At times, cooperation with Government agencies involves detailing members of the Commission's staff to those agencies for short periods.

Selected aspects of the work that the Commission conducted in cooperation with Government agencies during 1962 are reviewed below.

**Work for defense and emergency agencies**

During 1962 the U.S. Government agencies concerned with the problems of defense continued to call upon the Tariff Commission for needed information on strategic and critical materials. All the technical divisions of the Commission supplied such information.

The Commission's commodity divisions continued to furnish the Office of Emergency Planning with information on strategic and critical materials similar to that which the Commission had furnished

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<sup>1</sup> During the period covered by this report, the Commission received 710 letters from individual congressmen requesting information on their behalf on various matters. In addition, the Commission received a large number of congressional telephone requests for information. Many of these requests, like those contained in congressional letters, involved considerable work by the Commission and its staff.

to the Office of Civil and Defense Mobilization.<sup>2</sup> Members of the Commission's commodity divisions serve on each of the seven interdepartmental commodity advisory committees which are under the chairmanship of the Office of Emergency Planning. These committees are concerned with the following groups of commodities: Iron, steel, and ferroalloys; light metals; nonferrous metals; nonmetallic minerals; chemicals and rubber; forest products; and fibers.

During the year the Chemicals Division of the Tariff Commission continued to furnish the Business and Defense Services Administration of the Department of Commerce with monthly data on U.S. production and sales of the most important organic chemicals and plastics materials, and annual data on production and sales of synthetic organic chemicals. These data were used by the Business and Defense Services Administration, among other purposes, in performing its industrial defense mobilization planning functions. Several of the other commodity divisions of the Commission also furnished information to the Business and Defense Services Administration.

#### **Work for other Government agencies**

Besides assisting the Department of State in trade-agreement matters, the Commission during 1962 furnished that Department with a wide range of data on U.S. tariffs and trade for other purposes. As mentioned earlier in this report, the Commission was represented on the Interdepartmental Committee on Trade Agreements, and on the "country committees" and negotiating teams, which are all under the chairmanship of the Department of State.

During the year the Commission supplied the Department of Agriculture with considerable information on agricultural, chemical, and forest products, and exchanged information in connection with investigations that the Commission conducted under section 22 of the Agricultural Adjustment Act, as amended.

The Commission furnished assistance during 1962 to the following bureaus of the Department of Commerce: The National Bureau of Standards, the Bureau of the Census, the Business and Defense Services Administration (mentioned earlier in this report), the Bureau of International Business Operations, and the Bureau of International Programs.<sup>3</sup> The Commission's commodity divisions assisted the Bureau of the Census in the analysis of "basket" classifications of import statistics and in matters concerning the proper coding and classification of imported articles for statistical purposes. The commodity divisions also supplied the successor bureaus to the Bureau of Foreign

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<sup>2</sup> On Aug. 1, 1961, the major civil defense functions of the Office of Civil and Defense Mobilization were transferred to the Department of Defense. On Sept 22, 1961, the Office of Civil and Defense Mobilization was redesignated as the Office of Emergency Planning.

<sup>3</sup> The Bureau of International Business Operations and the Bureau of International Programs were established on Aug. 8, 1961, when the Bureau of Foreign Commerce was abolished.

Commerce with market and consumption data on certain articles of commerce for which they had unique information.

Other agencies that the Commission assisted during the year included the Bureau of Customs and the Internal Revenue Service of the Treasury Department; the Bureau of Mines of the Department of the Interior; the Department of Labor; the Department of Justice; the Federal Trade Commission; the Civil Service Commission; the General Services Administration; the Library of Congress; and the Bureau of the Budget, the Council of Economic Advisers, and the Office of Emergency Planning of the Executive Office of the President. During 1962, members of the Commission's staff, in addition to serving on other interagency committees, also served on the Bureau of the Budget's Technical Committee on Industrial Classification and its Interdepartmental Chemical Statistics Committee, the Civil Service Commission's Board of Examiners, and the Bureau of the Budget's Interagency Committee on Foreign Trade Statistics.

#### **Assistance to Nongovernmental Research Agencies**

During 1962 the Commission also assisted certain quasi-official organizations by providing information on trade and tariff matters. A member of the Commission's Ceramics Division served on the Committee on Ceramic Whitewares of the American Society for Testing and Materials, a national technical society composed of representatives of industry, the Federal Government, and engineering schools. The assistance given this society related chiefly to nomenclature and classification of ceramic products. Members of the Commission's Chemicals Division served on the Committee on the Handbook of Nonsystematic Names, sponsored by the American Chemical Society and the Synthetic Organic Chemical Manufacturers Association, and on the *Colour Index* Editorial Committee of the American Association of Textile Chemists and Colorists. A member of the Commission's Lumber and Paper Division served on the Paper-Plastics Committee of the Technical Association of the Pulp and Paper Industry.

#### **Assistance to Business Concerns and the Public**

In response to many requests from outside the Federal Government, the Tariff Commission furnishes information on specific matters within its field. These requests come from industrial and commercial organizations, as well as from research workers, lawyers, teachers, editors, students, and others. Supplying the requested information entails a variety of work, such as preparation of appropriate letters and statistical compilations, and conferences with individuals and representatives of organizations. The Commission maintains no public relations staff for dealing with the public.

To assist individuals and organizations interested in studying recent developments in U.S. commercial policy, the Commission periodically issues a list of selected publications relating to U.S. tariff

and commercial policy and to the General Agreement on Tariffs and Trade. The compilation lists certain pertinent publications of the Tariff Commission, the Department of State, the Department of Commerce, the Congress, special governmental boards and commissions, and the Contracting Parties to the General Agreement on Tariffs and Trade, and indicates where those publications may be obtained.<sup>4</sup>

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<sup>4</sup>The latest edition of this compilation is U.S. Tariff Commission, *List of Selected Publications Relating to United States Tariff and Commercial Policy and to General Agreement on Tariffs and Trade*, 6th ed., 1960 [processed].

## PART IV. OTHER ACTIVITIES

### General Research and Assembling of Basic Data

Prerequisite to the varied activities of the U.S. Tariff Commission is the continuing task of assembling, maintaining, coordinating, and analyzing basic economic, technical, and statistical information pertinent to its work. Section 332 of the Tariff Act of 1930 directs the Commission to gather such information and to place it at the disposal of the President, the House Committee on Ways and Means, and the Senate Committee on Finance "whenever requested." It also directs the Commission to make such investigations and reports as may be requested by the President, by either of the above-mentioned committees, or by either branch of the Congress. Over the years the Commission's staff has devoted a large part of its time to such work.

Basic information on many thousands of individual commodities is collected by the Commission's various divisions. This basic information includes technical data on the nature of the commodities and their processes of production; on U.S. production, imports, exports, marketing practices, and prices; on production, imports, exports, and prices for the leading foreign producing and exporting countries; and on the conditions of competition between foreign and domestic products. Such information is obtained primarily through the assembly, collation, and analysis of data obtained from Foreign Service reports, from Government publications, from trade journals, and from individual firms, and through fieldwork by the Commission's technical experts. On commodities involved in special investigations, the Commission also obtains data—through questionnaires and public hearings—on costs, profits, employment, and other pertinent subjects. Another major class of the Commission's basic data pertains to foreign countries—their exports, imports, industries, and resources; their economic, financial, and trade position; and their commercial policies.

The Tariff Commission Library, which includes a unique and comprehensive collection of material on the U.S. tariff, U.S. commercial policy, and international trade, contains approximately 63,000 volumes. The library also maintains a large collection of related material on economic and business conditions in the United States and foreign countries, as well as an excellent collection of information on the technical and economic aspects of industry, including material on the production of raw materials and the manufacture of various individual commodities. Original source material includes extensive files of official foreign-trade statistics. The library currently receives more than 1,200 periodicals, including economic and technical trade

journals. Although the library was established primarily for the use of the Commission and its staff of experts, the resources of the library are also available to private organizations, individual research students, and other Government agencies. The Legal Division's legislative reference service closely follows congressional legislation that is of interest to the Commission and its staff, and maintains a complete file of pertinent legislative documents.

### Fieldwork

Fieldwork 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 preparing its *Summaries of Tariff Information* and its other reports is obtained by personal visits of its staff members to manufacturers, importers, and other groups. Through years of experience the Commission has found that neither public hearings nor inquiries by mail can supply all the details needed for making decisions in its investigations and for verifying information on production, costs, industrial practices, and competitive factors.

In 1962, as in the past several years, the Commission found it necessary to devote an exceptionally large amount of time to fieldwork. During the year the Commission's experts made field trips in connection with the investigations that the Commission conducted under the escape-clause provision, under sections 332, 336, and 337 of the Tariff Act of 1930, under section 201(a) of the Antidumping Act, 1921, as amended, and under section 22 of the Agricultural Adjustment Act, as amended, as well as field trips in connection with the Commission's reviews under Executive Order 10401. To keep abreast of technical and trade developments, the Commission's experts visited representative manufacturing and importing firms in their fields of specialization. Representatives of the Commission also attended several conferences of trade and technical associations in order to follow developments affecting competition in domestic markets.

### Work of the Invoice Analysis Section and the New York Office

The Tariff Commission's work frequently requires special tabulations and analyses of original customhouse documents and the statistical copies of these documents. The Commission also receives many requests by other Government agencies for special analyses of these invoices. The Invoice Analysis Section of the Commission's Technical Service coordinates all requests for invoice analysis and acts as a liaison between the Commission's Washington and New York offices, and between the Commission and other Government agencies, in connection with such requests. The original customhouse documents and statistical copies provide certain information not available elsewhere.

The New York office assists the Invoice Analysis Section in obtaining the information shown on the customhouse documents from the

customs district of New York. The office that the Commission maintains in the customhouse at the port of New York also performs several other related functions. Through personal calls and interviews, the New York office also maintains contacts with manufacturers, importers, exporters, customs examiners and appraisers, and others in the New York area. In this way it assists the Commission's specialists in maintaining up-to-date information in their respective fields.

During 1962 the New York office and the Invoice Analysis Section analyzed invoices containing data on about 600 commodity classifications of imports as a part of the Commission's regular work. In addition, the New York office and the Invoice Analysis Section made special analyses of invoices for use in the Commission's investigations under the escape-clause provision, under sections 332, 336, and 337 of the Tariff Act of 1930, under section 201(a) of the Antidumping Act, 1921, and under section 22 of the Agricultural Adjustment Act, as amended, as well as for use in reviews under Executive Order 10401. They also made analyses of imports in connection with the Commission's tariff classification study, the Commission's work on the trade-agreement negotiations that took place at Geneva during 1962, the revising of *Summaries of Tariff Information*, and the answering of requests from Congress for information.





## PART V. ADMINISTRATION AND FINANCES

### Membership of the Commission

Section 330 of the Tariff Act of 1930 provides that the U.S. Tariff Commission shall consist of six members appointed by the President and confirmed by the Senate for terms of 6 years, one term expiring each year. This section of the act also provides that not more than three Commissioners may be of the same political party. The President annually designates the Chairman and Vice Chairman from the membership of the Commission.

#### Members of the Commission on June 30, 1962

On June 30, 1962, the close of the period covered by this report, the members of the Commission and the dates on which their respective terms expire were as follows:

Chairman.....	Ben Dorfman, Democrat from the District of Columbia (June 16, 1967).
Commissioner.....	Joseph E. Talbot, Republican from Connecticut (June 16, 1965).
Commissioner.....	Walter R. Schreiber, Republican from Maryland (June 16, 1964).
Commissioner.....	Glenn W. Sutton, Democrat from Georgia (June 16, 1966).
Commissioner.....	William E. Dowling, Democrat from Michigan (June 16, 1963).
Commissioner.....	(Vacancy).

#### Appointments and changes during 1962

On October 27, 1961, the President announced the recess appointment of Ben Dorfman, Democrat from the District of Columbia, as a member of the Commission for the term expiring June 16, 1967. Mr. Dorfman entered on duty November 2, 1961. The Senate confirmed his appointment on February 5, 1962.

On April 27, 1962, J. Allen Overton, Jr., Republican from West Virginia, resigned as a member of the Commission, effective May 31, 1962. By the close of the period covered by this report the vacancy thus created had not been filled.

The terms of office of Joseph E. Talbot and J. Allen Overton, Jr., as Chairman and Vice Chairman of the Commission, respectively, expired on June 16, 1961. On October 30, 1961, the President designated Ben Dorfman as Chairman for the period ending June 16, 1962, and on June 16, 1962, redesignated Mr. Dorfman as Chairman for the period ending June 16, 1963.

### Personnel of the Commission

On June 30, 1962, the personnel of the Tariff Commission consisted of 5 Commissioners and 274 staff members. The total of 279 persons consisted of 161 men and 118 women.

The following tabulation shows the average number of the Commission's personnel during successive 5-year periods from 1931 to 1960 and the total number of persons employed on June 30 of the years 1956 through 1962:

<i>Period or year</i>	<i>Number</i>
5-year average:	
1931-35 -----	315
1936-40 -----	306
1941-45 -----	306
1946-50 -----	233
1951-55 -----	199
1956-60 -----	229
Annual:	
1956 -----	208
1957 -----	217
1958 -----	219
1959 -----	234
1960 -----	271
1961 -----	282
1962 -----	279

#### Finances and Appropriations, Fiscal Year 1962

During the fiscal year 1962 the appropriated funds available to the Tariff Commission amounted to \$2,770,000, of which the Commission transferred \$10,000 to the General Services Administration for rental of additional space. Reimbursements received by the Commission amounted to \$8,837, making a grand total of \$2,768,837 available to the Commission for expenditure during fiscal year 1962. The unobligated balance as of June 30, 1962, was \$83,528.

Expenditures for the fiscal year 1962 were as follows:

Salaries:	
Commissioners -----	\$111, 943
Employees:	
Departmental -----	2, 085, 064
Field -----	48, 080
Overtime -----	2, 933
Federal Insurance Contributions Act tax -----	596
Federal Employers' Group Life Insurance Act contributions -----	7, 577
Federal employers' retirement contributions -----	143, 933
Federal employers' health benefits contributions -----	14, 502
Travel expense and transportation of persons -----	50, 482
Transportation of things -----	654
Books of reference and other publications -----	12, 099
Communications service -----	14, 366
Penalty mail -----	8, 600
Contractual services -----	64, 172
Office supplies and equipment -----	101, 610
Printing and reproduction -----	18, 698
<b>Total -----</b>	<b>2, 685, 309</b>

**RECENT REPORTS OF THE UNITED STATES TARIFF COMMISSION  
ON SYNTHETIC ORGANIC CHEMICALS**

**Synthetic Organic Chemicals, United States Production and Sales, 1960  
(TC Publication 34, 1961), \$1.25**

**Synthetic Organic Chemicals, United States Production and Sales, 1961  
(TC Publication 72, 1962), \$1.25**

**OTHER RECENT REPORTS**

**United States Import Duties (1962), TC Publication 63**

**Special and Administrative Provisions (Titles III and IV) of the Tariff Act of  
1930, as Amended, as in effect on December 1, 1960, \$2.25 (subscription  
price); 50¢ additional for foreign mailing**

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**NOTE.—The reports listed above may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C. (See inside front cover for other available reports.) All U.S. Tariff Commission reports reproduced by the Government Printing Office may be consulted in the official depository libraries throughout the United States.**

