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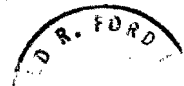
The next subsection covers problems handled multilaterally, including both those initiated bilaterally which required some multilateral consideration (e.g. conciliation or advisory opinions) and some which were handled multilaterally from the outset.

A. Bilateral Efforts to Reduce Barriers and Discrimination 1/

In 1975, there were as always a number of instances in which the United States found reason to question commercial practices of other countries, and some problems were settled in that way. Ad hoc bilateral discussions were held in some cases; in others, the specific trade problems formed a part of wider agendas covered at regular periodic consultations with both developed and developing countries, such as those held between the United States and the EC (May and November in 1975), with Latin American countries in the framework of the Organization of American States, and with Japan, Canada, India, and New Zealand.

Agricultural export problems were prominent among the issues dealt with bilaterally in 1975. Generally satisfactory bilateral solutions were reached on trade problems with Austria (canned fruit syrup specifications) and Mexico (duties on cattle, which were revoked in favor of reinstatement of previous duty-free status). The European Communities deferred application of import certificate and labeling requirements for wine which would have excluded a large proportion of American wines; consultations between the United States and the EC may have forestalled this action by exposing the problems that would be faced by both if the regulations became applicable to United States wines. Talks continue in an effort to resolve the problems. Similarly, the European Communities eliminated export subsidies on wheat and reduced those on barley malt after United States protests, although the prospect of reduced crops helped to reinforce the U.S. position. However, the trade impact of these subsidies will continue to be felt for some time due to advance fixing of subsidy levels. Mexico, which had increased duties on quarter horses, agreed to a reduction which represents progress on a portion of the trade.

Countries with which the U.S. Government was, at the end of 1975, conducting bilateral discussions on unresolved trade problems include: Jamaica (rice imports restricted to suppliers in Guyana); Canada (federal and provincial bilingual labeling requirements which would have the effect of restricting imports from the United States); European Communities (a series of measures affecting U.S. exports, including questions of access for turkey parts, export subsidies accorded to EC apples, and the EC import system covering processed vegetables, dried prunes, canned peaches and tomato concentrates). Some of the EC measures appear to impair U.S. GATT rights and may consequently be the subject of Article XXIII consultations, in which other GATT countries may join the United States.



In early 1975, the Japanese Government began to require that citrus imports be entirely free of certain fungicides which have been in general use for some time and for which tolerance levels have been established in the Codex Alimentarius. The U.S. Government held a number of discussions with Japanese officials on these requirements with a view toward reaching a mutually acceptable solution at an early date.

A few other agricultural problems related to agricultural imports. Bilateral discussions averted the need for restrictions on Colombian cut flowers, and the EC reduced export subsidies on cheese and canned hams, after which the Treasury decided under the authority of the Trade Act of 1974 to waive countervailing duties (See Chapter VII C). Bilateral discussions have also helped towards a better understanding of U.S. restrictions on imports of meat and wool from New Zealand and were used extensively in explaining to other countries, especially in Latin America, the U.S. Generalized System of Preferences (GSP - See Chapter VIII).

In addition, a number of problems in agricultural trade with non-market economy countries have been resolved through bilateral channels with results that have expanded trade and smoothed relations (See Chapter VI for USSR Grains Agreement).

Bilateral representations with regard to industrial products generally moved into the multilateral talks discussed below but, for example, pursuant to its undertaking in earlier consultations, Japan liberalized its quantitative restrictions on imports of electronic digital automatic data processing machines, parts and accessories, effective December 24. This step reduced to 27 the number of items under Japanese residual quantitative restrictions. While the Government of Japan has made significant progress in removing restrictions of this type on industrial products, the United States is continuing

1/ Bilateral problems involving U.S. laws and regulations are separately discussed in Chapter VII, including escape-clause cases, dumping and countervailing duty action, Section 22 of the AAA and Section 301 of the Trade Act of 1974. Chapters VI, VIII, and X also include some bilateral matters.



to press, both bilaterally and in the MTN, for removal of quantitative restrictions on the remaining products, which include agricultural commodities of interest to U.S. exporters. The United States also succeeded in obtaining bilaterally from Israel substantial elimination of certain preferences to EC sources, as a result of which Israel became eligible to benefit from the U.S. GSP. Bilateral discussions with New Zealand were held on tighter licensing requirements affecting a variety of imports into that country as well as on New Zealand's tobacco mixing regulations. Some of the other matters discussed below began at a bilateral stage.

B. GATT and OECD Examination of Foreign Trade Barriers of Interest to the United States

1. Consultations with Canada on Cattle and Beef

Effective August 12, 1974, Canada imposed import quotas on live slaughter cattle and fresh and frozen beef and veal, which substantially reduced U.S. shipments of these items to Canada. Canada stated that the measures were taken to prevent disruption of a new beef stabilization program, implemented on the same date. Following bilateral representations, the United States, on November 16, 1974, responded to the Canadian action by imposing retaliatory quotas on U.S. imports of cattle, beef, veal, hogs and pork from Canada in an effort to obtain removal of Canada's restrictions.

High level consultations under GATT Article XXII, for the purpose of resolving this impasse, began in Washington in November 1974 and resumed at the Ministerial level in Washington on April 2, 1975 as Canadian cattlemen began to pressure their government to take action to restore the North American market for cattle and beef. By June, Canada had filled its U.S. quotas for beef cattle, hogs and pork and consultations resumed in Ottawa on June 20. Some progress toward normalization was made at these talks and at subsequent meetings in July. On August 6 Canada removed its quantitative import restrictions on imports of slaughter cattle from the United States, and the United States responded by lifting its restrictions on imports from Canada of cattle, hogs, and pork. Further bilateral discussions led to agreement on the removal of the remaining Canadian quotas, and the U.S. retaliatory quotas were accordingly withdrawn by Presidential proclamation, effective January 1, 1976.

2. Consultations with Canada on Eggs

In 1974 Canada imposed import quotas on eggs for a four-month period in response to a large price difference between U.S. and Canadian eggs. The Canadian action at that



time was an effort to bolster the price support activities of the Canadian Egg Marketing Agency (CEMA), and, since it affected items that had been bound in GATT, Article XXII consultations commenced between the two countries. The problem was temporarily resolved in September 1974 when the quotas were removed.

In June, 1975, however, Canadian authorities informed the United States of details of a proposed permanent import quota system -- whereby the United States was to be given an annual quota equal to 0.36 percent of annual Canadian egg production. The Canadian controls became effective on July 5, 1975.

As the quota was well below anticipated U.S. export levels and constituted in the U.S. view an impairment of GATT bindings, Article XXII talks were initiated on this issue. On July 17, a petition was filed with STR under section 301 of the Trade Act (See Chapter VIII E). On July 18, consultations in Washington focused on the GATT aspects and on the economic impact of the Canadian restriction. Further talks were held in Washington on August 6, at which time the United States requested data on the Canadian system and invited Canada to join in seeking an advisory opinion from the GATT on the consistency of Canada's system with certain GATT articles. In the September-December 1975 period, discussions of this issue took place within the GATT framework and in bilateral consultations. The advisory opinion, received late in the year, did not yield a satisfactory resolution, which is still being sought.

3. Japan's Quotas on Beef and Veal

Late in 1974, Australia brought a complaint against Japan in GATT concerning a ban on imports into Japan of beef and veal, requesting Article XXII consultations on this intensification of import restrictions. The United States, along with New Zealand, asked to join the consultations, two rounds of which were held in 1975. The embargo was lifted in June, when sizeable beef quotas were established. The consulting delegations, including the United States, acknowledged that this constituted an improvement, but reserved all GATT rights in view of the fact that illegal restrictions had not been entirely removed.



4. Prior Import Deposits (Brazil, Finland, Italy and Import Surcharges (Portugal))

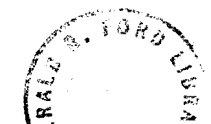
Internal inflationary pressures in all of these countries led each to adopt one or another special temporary measure to restrain imports. All might have qualified to use quantitative restrictions to forestall balance-of-payments difficulties but chose alternative methods not provided for under GATT. Italy's measure was adopted in 1974, reviewed in GATT that year, and terminated as of March 24, 1975. Finland instituted its scheme early in 1975, was examined in GATT on the question in 1975 and promised to phase out its deposit scheme by March 24, 1976. The Portuguese surcharge, which ranges from 20 to 30 percent on different categories of imports, was also reviewed in GATT and found not to exceed measures which might otherwise have been taken under the circumstances, but no date has been set for termination. Brazil's regulations were instituted in the second half of the year and a consultation was agreed upon in November, but had not taken place by the end of the year. The Portuguese surcharge and Finnish deposits were the subject of international discussions in OECD as well as in GATT.

5. Import Quotas of Australia on Automobiles, Textiles, Steel Plates, Refrigerators, Footwear, Etc.

Early in 1975 Australia announced a series of what it termed short-term emergency measures, introducing new import restrictions on a number of products. All of the measures, it claimed, were justified under GATT's escape clause Article XIX, with the exception of tariff quotas on certain textiles on which no tariff commitments had been made in GATT. As to the textiles, the Australian view was that no GATT obligation had been infringed. The United States made bilateral representations about these measures in Canberra, and the measures were raised in GATT by various countries at successive Council meetings in 1975, as well as in OECD. Several delegations saw in the Australian actions signs of a trend towards protection, particularly for new industries. The United States has joined others in requesting compensation consultations on steel plates. With regard to the textile quotas, some countries suggested the Australian action should be reviewed by the Textiles Surveillance Body.

6. Import Quotas on Footwear Imposed by Sweden

On November 5, 1975, Sweden imposed global quotas on imports of footwear, including leather shoes, plastic shoes and rubber boots. Sweden cited the need to protect its industry for national security reasons as justification for the action. The United States has criticized the action in GATT and OECD discussions of the quotas, which were



still in effect as of the end of 1975 with no announced expiration date.

7. UK Import Measures

Faced with serious economic problems, the UK in mid-December, announced a package of new import restrictions. While the measures cover a limited number of products and do not appear to limit U.S. exports to the UK, they involve some items, e.g., certain textiles and footwear, which are sensitive in many countries. These measures are a matter of particular concern at a time when many other governments also face strong domestic pressures to combat recession through unilateral restrictive trade actions. The United States, while recognizing the particularly difficult UK economic situation, promptly expressed its concern both bilaterally and in GATT and the OECD. In further consultations the United States has indicated it will expect to examine with British authorities how the impact on the international trading system can be kept to a minimum and will also seek continuing international surveillance of the UK measures to assure their removal at the earliest possible time.

8. Negotiations Under Article XXVIII (GATT)

During 1975 the United States engaged in another group of negotiations within the framework of GATT as the result of other countries' recourse to Article XXVIII. Article XXVIII provides to all parties to the Agreement a means of withdrawing or modifying tariff concessions, subject to explicit procedures and criteria, notably the requirement that parties grant equivalent concessions to the countries whose trade is adversely affected by the proposed withdrawals or modifications.

In 1975, the United States did not modify or withdraw any tariff concessions previously granted to its GATT trading partners. However, during this period there were notifications of tariff modifications of interest to the United States by Brazil, New Zealand and, late in the year, by Austria. Collectively, these actions could adversely affect over \$50 million of U.S. exports. Accordingly, Article XXVIII negotiations were begun with the first two countries and it is expected they will begin with Austria.



Talks also continued with South Africa concerning a tariff modification proposed in 1974 which would affect a small amount of U.S. trade. Article XXVIII negotiations initiated by Japan, Pakistan and Sri Lanka, all relating to minor modifications in terms of the U.S. trade affected, were also carried over from 1974, as was Indonesia's conversion to the Brussels Tariff Nomenclature and the resulting modifications to its schedule of tariff concessions.

In the course of the year, the United States successfully concluded an extensive negotiation with New Zealand for certain concession modifications. Valuable compensatory concessions were obtained on such products as film, packing machinery, cash registers, etc. The compensatory concessions should have a positive impact on \$3.5 million of annual U.S. exports.

The situation regarding Brazil's renegotiations was complicated by the Brazilian position that as a developing country the principle of non-reciprocity embodied in Part IV of the Agreement should be taken into account in the negotiations. Brazil sought recognition of this view in its request for a waiver to authorize the application of its modified rates in advance of renegotiations. The U.S. position is that Part IV of GATT does not relieve developing countries of their obligation to maintain in renegotiations the previous general level of concessions, since otherwise repeated renegotiations would soon completely erode the original concessions. A decision embodying a compromise on this question which was acceptable to the United States was adopted at the Thirty-first Session of the CONTRACTING PARTIES at the end of November 1975 and negotiations were expected to begin in 1976. Brazil was given until March 31, 1977 to complete the renegotiations.

Besides these questions, there were thus outstanding at the end of the year relatively minor negotiations with Austria, Japan, Pakistan, South Africa and Sri Lanka plus the Indonesian conversion of its tariff to Brussels nomenclature. Some of these matters are likely to be settled in the context of the MTN. (See Chapter III above).

At the end of the year, a large number of countries took advantage of the opportunity to reserve for themselves the right to renegotiate concessions under Article XXVIII in the three-year period beginning January 1, 1976. These included Austria, Brazil, Canada, EC, Israel, Japan, Poland, South Africa, Turkey and the United States.

9. EC/EFTA Rules of Origin (GATT)

The United States and several other countries conducted formal consultations in 1975

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under GATT Article XXII with respect to restrictive rules of origin contained in the EC's industrial free trade agreements with the remaining members of the European Free Trade Association. The United States contended that the origin rules in these agreements unnecessarily limit imports from third countries, particularly certain semi-processed materials and components.

Since it is in the nature of a free-trade area that each member retains its own tariff against exports from outside the area, all free-trade area agreements require rules of origin or some other technique to prevent movement of third-country imports (from outside the area) throughout the entire area via the particular member country whose national tariff on a particular product happens to be the lowest. Origin rules, however, may be adequate to prevent abuse or more than adequate, in which case new unwarranted protection results. Appropriate rules are difficult to formulate since many imports, especially into highly industrialized countries, will normally be raw materials or intermediate products for further manufacture. For trade to evolve normally, there must be assurance that goods may move freely, once processed to the next or a final stage. However, too lax a requirement will bring in abnormal imports just as surely as too rigid a requirement will reduce the trade-creating effects of the free trade arrangement and reduce demand for the components normally supplied by third countries. This last feature is critical for the United States as an outside supplier.

The fact that at the outset member states of the free-trade area are in transition towards free trade with one another, with internal rates moving downwards, further complicates accurate assessment of the effects of origin rules. The United States has made a study surveying the trade in question and believes that the origin rules are causing losses in U.S. exports to Europe. Fifty cases of actual or potential trade damage to U.S. firms were presented to the EC/EFTA countries illustrating the losses. Further meetings to discuss these cases, along with other matters, are to be held early in 1976.



10. Finnish - East European Free Trade Area Agreements (GATT)

In late September 1975, the United States participated in GATT working parties established to examine free trade area agreements reached between Finland on the one hand, and Hungary, Czechoslovakia, and Bulgaria on the other. The United States expressed doubts that these agreements conformed to either the letter or the principle of GATT Article XXIV, which governs the establishment of free trade areas and customs unions. Several other countries were unable, on the basis of available information, to express a view on the question and suggested further examination. U.S. doubts are based on the fact that the desirable trade-creating effect which accompanies the formation of free trade areas and customs unions among countries with market economies does not appear to operate when one or more of the parties to such an agreement has a non-market economy. The working parties came to no definite conclusions. They are due to meet again next year to consider further the three Finnish-East European Free Trade Area Agreements on the basis of trade data collected in the interim.

11. Inflation Insurance for Exporters (GATT)

Programs have been formulated in several countries to compensate certain exporters for losses due to inflation. These programs, now operating in France, the U.K. and Finland; recently announced by Portugal; and suspended in Italy and Spain; partially compensate exporters of certain categories of goods for losses suffered under fixed price contracts because of increases in input costs due to inflation. The premiums charged exporters by the various governments fall substantially below the payments made to cover losses at current and foreseeable rates of inflation. The difference between premiums and payments is made up by government funds. The programs therefore contain a substantial subsidy element.

In addition to the subsidy element inherent in these programs, the knowledge that a substantial portion of this inflation risk can be covered allows an exporter benefitting from the program to bid lower than he otherwise would or to forego the need for an escalation clause, thus adversely affecting the competitive position of others (e.g., U.S. exporters) bidding on the same contract.

In the GATT Council meeting of June 2, the United States raised the problems posed by these programs, and urged all those having them in effect to notify them to the GATT under GATT Article XVI:1, which requires notification of export subsidies. The United States also considers these programs to be contrary to Article XVI:4, which prohibits



export subsidies having the effect of lowering export prices below domestic prices for the same product.

The United States brought this matter up in the GATT Council in 1975 and further action is planned for 1976. This type of export subsidy may also be discussed in the MTN Subsidies/Countervailing Group, where it may well be covered by the subsidies/countervailing code expected to emerge from those negotiations.

12. OECD Trade Activities

Despite persistent inflation, balance of payments difficulties, and rising levels of unemployment in 1975, the OECD countries were generally successful in resisting pressures to adopt protectionist trade policies in order to gain short-run advantages. At the last OECD Ministerial Council meeting, member countries, with the exception of Portugal, renewed for a second year the Declaration on Trade and Other Current Account Measures, which they had adopted in May 1974. The declaration, known as the "Trade Pledge", is a promise to avoid new import restrictions, artificial export stimulation, and export restrictions. At the same meeting where the Trade Pledge was extended, OECD Ministers agreed that countries should make better use of the OECD's notification and consultation procedures when contemplating measures which could restrict trade. With a few minor exceptions, the Pledge proved to be a significant deterrent to attempts of countries to stimulate their economies at the expense of their trading partners.

In 1975, the OECD moved forward in its work on nontariff barriers to trade. By the end of the year, the OECD could point to significant progress in the negotiation of agreements on government purchasing and on export credit competition. A draft instrument on government purchasing will provide the basis for negotiations which may be concluded as early as 1976 (See Chapter III). Work on export credits will be intensified with a view towards limiting developed country competition on credit duration, down payments, and interest rates.

Consultations on selected major industrial sectors were initiated in 1975 through the examination of common problems confronting the steel industries of OECD member countries.



In general, these talks are viewed as effective tools in identifying sectoral problems before they reach crisis proportions and in working out suitable cooperative arrangements to remedy underlying structural difficulties.

OECD work on trade relations with developing countries is covered in Chapter V below.



V. COMMODITY TRADE DEVELOPMENTS

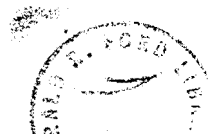
A. Basic Issues

1. Background

In recent years, commodity policy has been an increasingly important issue in trade relations both among developed countries and between developed and developing countries. Developing countries took the lead in numerous UN and specialized international agencies and this was followed by the establishment of a new Conference on International Economic Cooperation (CIEC) with its four subordinate commissions. The new forum, if it fulfills one of its main functions, should provide a more positive political climate in which specific solutions can be worked out in the appropriate specialized bodies. The United States and other developed countries are pursuing a number of commodity policy questions in the OECD, MTN, UN bodies, and other forums. The focus ranges from discussions of individual commodities to general issues such as supply access, export earnings stabilization, and investment conditions.

Developing countries' heavy dependence on earnings from raw material exports to finance their development plans explains why the commodity issue is of so much concern to them. Forty-eight developing countries count on the sale of three commodities or less for 50 percent or more of their total export earnings. Heavy dependence on these earnings has led to demands by them for less violently fluctuating commodity prices increasing proportionately to the prices of the manufactured goods they must buy. Proposals along these lines, including use of price indexation, have been made by developing countries as a part of the "new international economic order" instituted at the Sixth Special Session of the UN General Assembly in 1974. In UNCTAD, by the end of 1975, preparations for UNCTAD IV, a conference to be held in May 1976, were directed towards obtaining commitments by developed countries to some form of an Integrated Program for Commodities which would provide for movement into negotiations.

Developed countries meantime had experienced commodity shortages, accompanied by soaring prices in the 1973-74 boom period. Most significant of all was their bitter experience with the oil embargo. Both experiences have made them correspondingly more concerned to obtain assurances of continued access to supplies. There is, finally, a shared interest with developing countries in the establishment of conditions which will encourage investment in raw materials, untapped resources of which are probably located mainly in developing countries, as a means of ensuring that production will expand in line with anticipated needs over the next decade.



U.S. policy remains firmly based in the long-held belief that the market should continue to perform its central role in allocating supply and demand and determining equilibrium prices. The United States does, however, recognize that the functioning of the market might be improved and strengthened in some cases through internationally - agreed measures.

2. U.S. Policy Response

The United States has adopted a comprehensive approach to replace the hostility and confrontation of the past with a positive approach designed to meet the urgent concerns of both sides. Action on several fronts is envisaged.

First, ways must be developed to greatly increase the willingness and ability of host countries to receive both public and private raw materials investment on terms acceptable to prospective investors. In his speech to the Seventh Special Session of the UN General Assembly, the Secretary of State made three proposals to this end. They are (1) the development of an internationally-agreed set of fair and balanced principles for private firms and governments, (2) an increase in the World Bank Group's role in resource financing, and (3) an expansion of the UN Revolving Fund for Natural Resource Exploration, to provide an additional source of risk capital.

Second, the United States attaches major importance to improving the efficiency of the international trading system for both industrial and developing countries. In the MTN, the United States is proceeding to negotiate on a priority basis trade-barrier reductions on tropical products, which are of special interest to developing countries, in exchange for appropriate contributions by the countries that will benefit. The United States will also seek, as emphasized by the Special Trade Representative, speaking at the Trade Negotiations Committee, assurances regarding access to supplies, and will be prepared to discuss appropriate reciprocal commitments sought by developing countries.



Third, as regards individual commodities, the United States shares with developing countries an interest in moderating the effects of excessive price fluctuations. To this end, the United States has proposed the creation of a development security facility in the IMF to provide loans (in some cases, grants -- to the poorest countries) to offset shortfalls in overall export earnings.

Fourth, contact between producers and consumers of raw materials should be encouraged to improve the growth, efficiency, and stability of markets. The United States has proposed the establishment of producer/consumer forums, where they do not now exist, for each key commodity to examine these fundamental questions and has stated its willingness to examine on a case-by-case basis proposals for international cooperation, including, for example, those involving buffer stocks and other possible arrangements on individual commodities.

B. Grains

The United States supports the concept of trade liberalization in the area of grains and has actively pursued this objective, notably at the multilateral trade negotiations. (See Chapter III C 6). The United States has also participated in the work of the FAO's Intergovernmental Groups on Grains and Rice, two subsidiary bodies of the FAO Committee on Commodity Problems. In addition, the United States participated in discussions in the International Wheat Council (IWC) in February 1975 leading to the further extension, until June 30, 1976, of the International Wheat Agreement (IWA) of 1971. On December 1, 1975 the United States Senate gave its consent to ratification of the further extension of the IWA.

The extension of the old wheat agreement resulted when members of the IWC were unable to reconcile their differing views on the scope and structure of a new grains agreement. However, in view of the growing international concern over world food security that culminated in the World Food Conference in November 1974, the Council in February established a Preparatory Group to examine the possible bases for negotiation of a new international arrangement. The terms of reference for the IWC Preparatory Group incorporated the view that the establishment of a grain reserves system should be included in the Group's examination.

The Preparatory Group met three times in 1975. At its third meeting in late September, the United States presented a proposal for the establishment of a system of nationally-held reserves designed to increase assurance that adequate food supplies will be available worldwide.



Under the U.S. proposal, a global reserve of 30 million tons of food grains (wheat and rice) would be established. This reserve would be sufficient to offset over 90 percent of world production shortfalls from trend. The responsibility for holding reserves would be shared equitably among participants. Each country would be free to determine how its reserves would be accumulated and held. However, participants would have to assure their ability to fulfill their obligations under the agreement. Internationally agreed guidelines would assure properly coordinated action. Acquisition and release of reserve stocks would be triggered by a quantitative indicator based upon stock levels and deviations in production from long-term trends. To accomplish its objectives, the reserve system would require provisions for the timely exchange of adequate information and data regarding crop prospects, supply availabilities and stocks, anticipated demand, and international trade in grains.

At the end of 1975, the U.S. proposal was under active consideration by countries in the Preparatory Group. A fourth meeting of the Group was scheduled for January 1976.



C. Tin

Since 1956, world trade in tin has been influenced by four successive five-year International Tin Agreements (ITA), whose objectives have been to avoid excessive price fluctuations for tin through the use of a buffer stock and export controls. The ITA attempts to accomplish this by operating a buffer stock to prevent prices from falling below an established floor price by buying tin, and by selling tin from the buffer stock to prevent prices from rising above an established price ceiling. The ITA has been more successful in protecting the floor price than the ceiling price during the last 20 years. In addition, export and inventory controls may be used to supplement buffer stock operations to help support the floor price. These mechanisms are aimed at keeping tin prices within a middle sector of the floor-ceiling price band, where they are allowed to fluctuate freely.

The International Tin Council (ITC), an intergovernmental body currently composed of seven tin-producing countries and 22 consuming countries, administers the ITA. Voting power within the ITC is divided evenly between producers and consumers as groups (with each individual country's votes based on the share of its production or consumption within the world tin market); all decisions of the Council require at least a majority of both producer and consumer votes. Membership in the ITC includes seven of the most important tin producers, who together account for some 75 percent of world tin mine production (the People's Republic of China being the major exception) and, except for the United States, all of the major tin consumers. The United States did not sign any of the first four ITAs.

In 1975, the United States participated in the May-June negotiation of the Fifth ITA, which is scheduled to come into force for a five-year period beginning July 1, 1976. In September 1975, the United States announced at the UNCA Seventh Special Session its intention to sign the Fifth ITA, subject to Congressional consultations and ratification. In announcing its intention to become a signatory of the ITA, the United States reiterated that it would retain its right to sell excess tin from its strategic stockpiles.

D. Cocoa

The International Cocoa Agreement (ICCA) of 1972 has not had to operate in the cocoa market since its entry into force in June 1973, because cocoa prices have remained well above the negotiated price range. Exporting members have continued depositing a one cent per pound contribution on exports into a buffer stock fund and expect to accumulate a total of \$80 million by the fall of 1976.



The United States participated actively in the negotiations that led to the original ICCA, but declined to become a party to the Agreement. United States objections to the Agreement were based on the inflexibility of the quota adjustment mechanism, the unrealistic market share division and the narrow price range.

Negotiations for a new ICCA, which would enter into force October 1976 if ratified by the required number of exporters and importers, were held in September 1975 under UNCTAD auspices. The United States made a series of proposals for a new Agreement which would correct the deficiencies of the original ICCA. These proposals emphasized the use of buffer stock operations in place of export quotas, increased the latitude in which market prices could fluctuate, and gave greater power to the Cocoa Council to make adjustments. A few of the U.S. proposals were incorporated into the final compromise text. At the close of the conference most producer and consumer members said the final text was acceptable; however, the United States and the Ivory Coast have expressed reservations on the final text. The Agreement is open for signature until August 31, 1976.

E. Coffee

The world coffee market in 1975 was dominated by the effects of a July frost in Brazil, which will sharply reduce Brazilian coffee production into 1978. Prices, which had been dropping during the first half of 1975, rose from the low by more than 60 percent after the reports of widespread damage to the Brazilian crop. Prices are expected to remain at high levels for at least two years.

During 1975, the International Coffee Organization (ICO) continued negotiations for a new coffee agreement; the operative economic provisions of the last Agreement were suspended in 1972. The United States has been a member of coffee agreements since 1962. In December 1975, producer and consumer members reached agreement on new economic provisions. The ICA of 1975 is due to enter into force formally in October 1976 if 80 percent of exporters and importers ratify; however, quotas will not be activated until prices drop and world coffee production is restored so that coffee supplies are again abundant.



The new agreement follows the basic structure of previous agreements; however, a number of innovative provisions have been added. The most important new provisions include:

1. automatic suspension of export quotas when prices increase 15 percent above the agreed price range or 15 percent above the previous year's average, thus assuring that quotas would not be maintained if there were sharp price rises;
2. an economic incentive for producing countries to supply coffee to consuming members' markets rather than to non-members during the non-quota shortage periods;
3. greater flexibility in establishing country market shares, providing a larger quota to countries with coffee available to ship; and
4. an incentive for producing members to declare any inability to fulfill their quota in time for redistribution to other suppliers.

The U.S. participated actively in the negotiations for this third Coffee Agreement. The draft Agreement was under review at the end of the year by the agencies concerned. If it is decided to recommend U.S. membership, the new Agreement will be sent to the Congress for ratification and necessary implementing legislation.

F. Other

1. Sugar

The International Sugar Agreement (ISA) continued as a consultative forum in which the United States participates as an observer. In this role it is currently making preparations for renegotiation of the ISA.

The Sugar Council met in November 1975 and recommended that a small consultative group draft a Sugar Agreement for presentation to the Sugar Council session in April 1976, with a view to holding negotiations in September 1976 under UNCTAD auspices. The United States plans to participate in negotiations for a new ISA, but will defer a decision on membership in any agreement which may be negotiated until this work is completed.

Full U.S. participation in the negotiations would be welcomed by ISO members. In theory, at least, stabilization of the non-preferential world sugar market could be



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assisted by U.S. participation in a new Sugar Agreement because the Agreement would have a wider base. This is also true of EC participation in a new ISA, which is more likely than before.

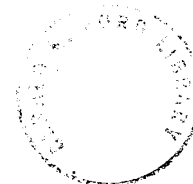
There seems to be a renewed sense of urgency among the interested countries that progress be made towards drafting a new Agreement. The declining world sugar price and the growing use of artificial sweeteners are general concerns of most ISA exporters. Initial thinking among importers and exporters is along traditional lines based on export quotas with some strengthening of stock arrangements.

2. Bananas

The Sixth Session of the FAO Intergovernmental Group on Bananas (IGB) met in Abidjan, Ivory Coast from April 29 to May 3, 1975. The group unanimously agreed to request the Director General of the FAO to convene a Working Party of the IGB as soon as practicable to undertake preparatory work which could lead to the eventual negotiation of an international banana agreement. The first meeting of the Working Group is likely sometime in the summer of 1976. The U.S. is a member of the IGB.

The group will study ways and means of carrying out the following objectives as proposed by the Sub-Group of Exporters of the IGB and accepted for study by the entire IGB:

1. how to ensure an equilibrium between supply and demand of bananas through the rationalization of production and exports in the light of the requirements of the market;
2. how to ensure prices which are fair and remunerative to producers and reasonable to consumers;
3. ensuring importing countries a regular supply of good quality bananas;
4. how to promote the consumption of bananas in importing countries, particularly in new markets; and



5. how to take into account the special characteristics of bananas and the banana market.

In preparation for the Working Group meeting, the Union of Banana Exporting Countries (UPEB), composed of Colombia, Costa Rica, Guatemala, Honduras and Panama met in September 1975 to consider what elements and mechanisms might eventually go into an international banana agreement. The UPEB meeting produced a rough outline of the "principal elements of a possible international banana agreement". The general tone of this paper is moderate and it would provide a useful basis for discussion.

3. Tea

In the face of declining real prices for tea over many years, some producers have initiated efforts to establish some sort of international tea agreement. Thus far these efforts have been largely unsuccessful.

The Working Party of the Sub-Group of Exporters of the FAO Intergovernmental Group on Tea (IGT) held a meeting in Rome from April 2-8, 1975. The group examined the technical feasibility and economic advantages to tea exporting countries of a minimum export price arrangement, coordination and regulation of marketing, intensification and cooperation in global promotion, rationalization of marketing, and provisions for an independent market intelligence service, as elements of a possible multidimensional international agreement for tea. The meeting reported back to the Sub-Group of Exporters on its analysis. The Sub-Group of Exporters will report to the entire importer-exporter membership of the IGT in April 1976 where further study of the concepts is likely. The U.S. is a member of the IGT.

4. Rubber

The U.S. continued to participate actively in the work of the International Rubber Study Group (IRSG) in 1975. At its 24th Assembly in Jakarta, Indonesia, in October 1975, the IRSG approved the report of its Statistical Committee assessing the short-term prospects for worldwide rubber supply and demand, and the report of an ad hoc Advisory Panel of Industry Experts assessing the longer-term outlook for rubber through 1980 and beyond. In addition, the Assembly approved a revised constitution and procedures for the IRSG.

During 1975, the Association of Natural Rubber Producing Countries (ANRPC), led by Malaysia, Indonesia, and Thailand (who together account for approximately 80 percent of the world's natural rubber production), worked at formulating a price stabilization

scheme for natural rubber involving a buffer stock and supply rationalization measures. On a number of occasions, the ANRPC and its members stated their intentions to present their price stabilization scheme, when ready, to the IRSG for consideration and discussion. The ANRPC announced at the 24th IRSG Assembly in Jakarta that it hoped to have details of its price stabilization scheme completed by the end of 1975.

5. Lead and Zinc

The International Lead and Zinc Study Group (ILZSG) continued to monitor trends in the production, consumption, and trade of lead and zinc. Its thirty members from producing and consuming countries held their annual meeting in Geneva in November, at which time they took stock of the depressed market conditions affecting the two metals, and predicted only slight improvements for 1976.

The Study Group actively watches market conditions, and has recently prepared a report on use of secondary materials, a topic of increasing concern due to energy shortages. The permitted level of lead additives in gasoline is another topic closely watched by the Study Group. Other topics that are periodically reviewed include East/West trade, national economic policies affecting the lead and zinc industries, and the use of metal scrap.

Although some suggestions are occasionally put forward about significantly expanding the role of the Study Group, there are at present no plans for it to play a more active part in the lead and zinc market.

6. Tungsten

The UNCTAD Committee on Tungsten met in July in Geneva to consider further documentation prepared by its Secretariat on improving the regular exchange of maximum possible information on tungsten output, consumption, and stocks and on possible measures which might be feasible and appropriate to help stabilize the price of tungsten. No consensus



was achieved on the feasibility of such measures, and the Committee requested that its Working Party meet early in 1976 to study the matter at greater length. In May, a number of tungsten producing countries met in La Paz to form the Primary Tungsten Association, whose announced purpose is to promote an international commodity arrangement for tungsten. Members of the Association include companies from Bolivia, Peru, Portugal, Australia, Thailand, the major world tungsten producers.

7. Iron Ore

In October, the Association of Iron Ore Exporting Countries (AIOEC) was formally inaugurated at a Ministerial meeting in London. Countries joining the AIOEC include Algeria, Australia, Chile, India, Mauritania, Peru, Sierra Leone, Tunisia, and Venezuela. Some other major producers, such as Sweden, are also expected to join. The Association is in process of hiring a staff and plans to establish its headquarters in Europe. No program of work or projects have been announced, but the Association has disclaimed any intent to function as an iron ore cartel.

8. Copper

World copper consumption and copper prices remained at very low levels throughout 1975. Despite export and production cutbacks in a number of countries, world stocks continued to grow and stood at near 1.5 million metric tons at the end of the year. Confronted with this depressed market, the Intergovernmental Council of Copper Exporting Countries (CIPEC) extended its earlier 10 percent export cutback to 15 percent and made it applicable to production as well. The CIPEC membership grew during the year from the four original founders (Chile, Peru, Zaire, Zambia) to include Indonesia as a full member and Australia and Papua New Guinea as associate members bringing its share of production of internationally traded refined copper to 57 percent. In September, the Secretary of State specifically mentioned copper as a priority candidate for the formation of a producer/consumer forum in his address to the Seventh Special Session of the UN General Assembly. At its Ministerial meeting in November, CIPEC emphasized the need for a more stable market and the long-term establishment of prices which "would be fair both to producers and consumers" and decided to initiate a dialogue between producing and consuming countries to promote the negotiation of a stabilization agreement for copper prices.

9. Bauxite

The International Bauxite Association (IBA) expanded its membership in the course



of 1975 from its original seven (Australia, Guinea, Guyana, Jamaica, Sierra Leone, Surinam and Yugoslavia) to eleven, with the addition of the Dominican Republic, Ghana, Haiti, and Indonesia. The November IBA Ministerial Council meeting in Kingston, Jamaica recommended, as an interim measure, the implementation of a minimum pricing formula on member country bauxite exports beginning in January 1976. The IBA also decided to expand and accelerate long-term studies on the pricing of bauxite and alumina, and on valuation and taxation policies. In a follow-up to his address to the Seventh Special Session of the UN General Assembly in September, the Secretary of State told the Conference on International Economic Cooperation (CIEC) on December 16 that the U.S. now stands ready to cooperate in establishing a producer-consumer forum to discuss bauxite, as well as copper and other commodities.



VI. U.S. TRADE RELATIONS WITH THE SOVIET UNION,
EASTERN EUROPEAN COUNTRIES AND THE PEOPLE'S
REPUBLIC OF CHINA

Trade turnover with the non-market economies of the Soviet Union, Eastern Europe, (excluding Yugoslavia), and the People's Republic of China (PRC) reached a new high of \$4 billion in 1975. A substantial increase in exports combined with a drop in imports yielded a record U.S. surplus of \$2.2 billion:

	<u>U.S.S.R.</u>	<u>Other 1/ Eastern Europe</u>	<u>P.R.C.</u>	<u>Total</u>	<u>Change from 1974</u>
	<u>----- \$ millions -----</u>				
Total U.S. Exports	1,836	950	304	3,090	+38%
Agricultural	1,117	583	91	1,792	+23%
Non-Agricultural	718	367	213	1,298	+68%
Total U.S. Imports	254	477	158	889	-11%
Balance	1,582	473	146	2,201	+79%

Preliminary, and in part estimated.

1/ Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania

Source: U.S. Department of Commerce

A. U.S.S.R.

The Trade Act of 1974 prohibits the extension of most-favored-nation tariff treatment and U.S. Government-supported credits to non-market economy countries which do not meet the provisions on freedom of emigration of section 402 of the Act. In January 1975, the Soviet Union informed the United States that it considered the conditions imposed by the Act as interference in its internal affairs and contrary to the U.S.-Soviet Trade Agreement of 1972. The trade agreement therefore could not enter into force. Without MFN and, more importantly, U.S. Government credits, the U.S. share of new Soviet orders



for Western machinery and equipment declined from 23 percent in 1973 to 16 percent in 1975, representing a substantial loss to the United States of future exports and jobs. Nevertheless, bilateral trade has grown rapidly, primarily because of large U.S. grain sales, and has far exceeded the goal announced at the June 1973 summit meeting, namely, a total trade turnover of \$2-3 billion during the three-year period 1973-1975.

Economic and commercial ties continued to expand during 1975. The U.S. Government sponsored participation of American companies in two major Soviet trade fairs on pumps, valves, and compressors, and on business equipment. The U.S. Commercial Office, opened in 1974, is widely accepted and heavily used by both American businessmen and Soviet foreign trade officials. Nineteen American firms had accredited offices in Moscow by the end of 1975.

Discussions aimed at improving economic and commercial relations with the Soviet Union continued in various forums throughout the year. The U.S.-USSR Joint Commercial Commission, a government-to-government body established in 1972, met in Moscow in April. The Commission, co-chaired by the Secretary of the Treasury, completed a wide-ranging review of trade issues and reiterated the determination of both governments to remove the barriers which prevent full development of trade between them. The U.S.-USSR Trade and Economic Council, an organization of American business firms and Soviet officials, which was created in 1974 with U.S. Government assistance and has offices in New York and Moscow, facilitated commercial transactions between the two countries. On the occasion of the Council's Board of Directors meeting in October, a Soviet Deputy Minister of Foreign Trade conferred with high Administration officials on prospects for extension of MFN and eligibility for U.S. Government credits to the USSR. The Administration continued consultations with Congress on these important and controversial issues during the year. Administration officials urged their favorable resolution in testifying before the Senate Commerce Committee in December. Other ongoing discussions included bilateral civil aviation negotiations which resulted in the extension, for the term of one year, of the current level of flight frequencies and the 1975 oral understanding on charter flights.



The most significant positive development in economic relations with the USSR in 1975 was the signing in October of a five-year grain agreement (1976-1981). This agreement will provide nearly \$5 billion of potential foreign exchange earnings, will assure U.S. farmers of a Soviet market for at least six million metric tons of wheat and corn annually for the next five years, and will protect U.S. livestock producers and consumers from large fluctuations in wheat and corn prices. In conjunction with this agreement, a five-year maritime agreement was signed in December providing for a new and higher freight rate for grain carriage from the United States to the USSR, thus enabling American carriers to continue their participation in this trade on an equal and substantial basis.

Another positive development was the progress made in exchange of information under the long-term cooperation agreement signed at the 1974 summit meeting. Specifically, a working group of economic experts met in February; a market research seminar was held in February; and a seminar was held in December on the organizational and legal aspects of facilitating bilateral trade and economic cooperation. All these activities were designed to facilitate market development and improve prospects for trade expansion.

At the time of the grain agreement a letter of intent was signed establishing parameters for negotiation of an agreement to give the U.S. the option to purchase oil in the Soviet Union. Conclusion of such an agreement would provide a net addition to Western oil resources and some diversification of supply sources.

Following ratification by the Senate, the U.S.-USSR Tax Convention entered into force following the exchange of instruments of ratification on December 30, 1975.

B. Eastern Europe

Trade with Eastern European countries in 1975 showed a U.S. trade surplus of approximately \$473 million. A large increase in exports to Poland, and smaller increases in exports to Hungary and Bulgaria contributed to the gain, while exports to Romania declined. On the import side, the biggest decrease was registered with Hungary (the 1974 figure was inflated by imports of \$50 million worth of gold coins) and the only significant increase came from Bulgaria, due to large purchases of tobacco.

Commercial relations between the United States and the countries of Eastern Europe continued to improve in 1975. The increasing tempo of official visits by U.S. and Eastern European leaders during 1975 and the forward movement in the private sector's joint council activity reflect a continuing desire on both sides to strengthen and



institutionalize the framework within which East-West trade takes place.

With Poland, the largest U.S. trading partner in the area, both private and governmental contacts expanded considerably. The inaugural session of the U.S.-Polish Economic Council, established by the U.S. and Polish Chambers of Commerce, was held in Warsaw in September. The fifth session of the intergovernmental Joint U.S.-Polish Economic Commission convened in Warsaw in October. The U.S. Secretary of Commerce co-chaired the Commission meeting, which laid the groundwork for a number of specific opportunities for commercial, industrial, and technological cooperation between U.S. and Polish enterprises. On this occasion both governments reconfirmed the goal of a \$2 billion trade exchange in 1980. In November, the Secretary of Agriculture gave the Polish authorities the assurances they sought that grains would be available to them over the next five years, thus doubling the prospective market for these products in Poland.

A trade agreement with Romania entered into effect on August 3, when notes were exchanged during President Ford's visit to Bucharest (See Chapter X G). Romania now receives most-favored-nation tariff treatment and is eligible for Ex-Im Bank and CCC credits. A U.S.-Romanian Protocol on Development of Agricultural Trade of September 11 extended to Romania supply assurances similar to those given to Poland. Other highlights of U.S.-Romanian commercial relations included the holding of the second plenum of the privately-sponsored Romanian-U.S. Economic Council in Washington in May and the convening of the second session of the intergovernmental Joint American-Romanian Economic Commission in Washington in November. The latter was attended by Romanian Deputy Prime Minister Ion Patan and focused on progress in bilateral economic, industrial and technical cooperation.

Although Hungary, Czechoslovakia, Bulgaria, and the German Democratic Republic have indicated that they cannot accept the provisions of the Trade Act of 1974 that link the granting of most-favored-nation tariff treatment and government credits to freedom of emigration, progress was registered in relations with these countries in other areas. The U.S. and Hungarian Chambers of Commerce signed an agreement establishing a joint



Economic Council which held its first plenary meeting in November. In October, the U.S. Secretary of Commerce paid a visit to Hungary and invited the Hungarian Deputy Prime Minister and Foreign Trade Minister to visit the United States in 1976. The President of the Czechoslovak Chamber of Commerce Ludvik Cerny led a delegation to the United States in October. While in Washington, he signed an agreement establishing a joint Economic Council and met with various U.S. officials. The first meeting of the Bulgarian-U.S. Economic Council took place in Sofia in September. In December, State Secretary Gerhard Beil of the German Democratic Republic's Ministry of Foreign Trade visited the United States to discuss bilateral commercial relations with U.S. officials.

During the year, the U.S. Government sponsored participation of American companies in major trade exhibitions in Poland, Hungary, Bulgaria, and Czechoslovakia. In March the U.S. Government sponsored its first trade promotion event in the German Democratic Republic at the Leipzig Spring Fair. A series of technical sales seminars also were held in Eastern Europe, and the U.S. Trade Development Center in Warsaw, Poland, continued to enjoy heavy use.

C. People's Republic of China

While the United States maintained a favorable trade balance with the PRC in 1975, exports and trade turnover declined sharply. Nevertheless commercial ties continued to expand in 1975. American attendance in the semi-annual Chinese Export Commodities Fair in Canton during both the spring and fall of 1975 exceeded previous levels. The first American Chamber of Commerce group (San Francisco) and the first industry associations (the Electronic Industries Association and the National Machine Tool Builders' Association) sent delegations to China. Representatives of the PRC state-trading corporation responsible for textiles completed a six-week market survey mission to the United States during the spring. A high-level delegation of the China Council for the Promotion of International Trade visited the United States in September, reciprocating the November 1973 visit to China by leading officials of the National Council for U.S.-China Trade. This was followed by the visit of two Chinese delegations representing the state trading corporations responsible for light industrial products and for native produce and animal byproducts.



VII. CHANGES IN U.S. DUTIES AND NONTARIFF MEASURES, AND
U.S. ACTIONS ON UNFAIR FOREIGN PRACTICES AFFECTING
U.S. COMMERCE

A. Escape Clause Case

Early in the trade agreements program it was recognized that trade concessions of broad national interest could, in exceptional cases, cause hardships to particular industries. Thus, U.S. domestic legislation and international agreements to which the United States is a party have long contained safeguard provisions (escape clauses) permitting a temporary increase in the level of protection when imports result in serious injury to domestic producers. Such temporary increases in protection, usually in the form of higher tariffs, are designed to enable an industry to adjust to foreign competition.

The Trade Expansion Act of 1962 significantly tightened the criteria for determining the eligibility of industries for escape clause relief. In the 13 years during which these criteria were in effect, 26 investigations of petitions for import relief were completed by the Tariff Commission and reports made to the President. An affirmative finding (i.e., a finding that the statutory criteria had been met) by a majority of Commissioners voting in the case occurred in only three cases. The Commission was evenly divided in six cases, but for almost two-thirds of all the cases a majority of the Commission made a negative determination. Moreover, because of the difficulty of meeting the criteria, some domestic producers were reportedly discouraged from even petitioning for import relief. Under such circumstances, broad support developed for enactment of more operable escape clause provisions and such changes were incorporated in the 1974 Act. In liberalizing the criteria for obtaining import relief, however, Congress made clear that certain conditions must be met and that increased protection should not be granted automatically merely because an industry was experiencing competition from imports. In this regard, the Senate Finance Committee stated, "It is not intended that the escape clause criteria go from one extreme of excessive rigidity to complete laxity."

In all escape clause cases the United States International Trade Commission undertakes an investigation and reports its findings to the President. Each of the following conditions must be met before the Commission can recommend import relief:

- (1) That imports of an article into the United States are increasing (either actually or relative to domestic production);
- (2) That a domestic industry producing an article like or directly competitive with the imported article is being seriously injured or threatened with



serious injury; and

- (3) That the increased imports are a substantial cause (i.e., an important cause, not less than any other cause) of the serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

The criteria differ significantly from those previously in effect. First, increases in imports may be measured relative to domestic production and an increase in absolute terms is not required by the statute. Second, the causal link between increased imports and trade agreement concessions has been eliminated. Third, increased imports now need be only a substantial cause rather than the major factor causing actual or threatened injury to the domestic industry. Under the 1962 Act, "major" was generally interpreted to mean greater than all other causal factors combined. "Substantial cause" under the present Act is defined as an important cause, and not less than any other cause.

Tariff relief carried over from earlier escape clause actions was in effect throughout 1975 on certain ceramic table and kitchen articles and certain ball bearings. No new tariff relief was granted under the new legislation but 12 investigations were ordered by the USITC following the receipt of petitions from industries producing birch door skins; cigar wrapper tobacco; bolts, nuts and screws; asparagus; stainless steel and alloy tool steel; non-rubber footwear; certain stainless steel flatware; certain gloves; slide fasteners and parts; mushrooms; ferricyanide and ferrocyanide blue pigments; and shrimp. The Commission has up to six months to complete its investigation and report to the President. Three such reports were made in 1975; in all three cases the Commission found that the criteria for relief were not satisfied.



(b) there is a reasonable prospect of successful trade agreements reducing or eliminating nontariff barriers; and (c) countervailing duties would seriously jeopardize such negotiations.

Pursuant to the Trade Act and its legislative history, countervailing duty petitions outstanding on the date of enactment of the Trade Act were to be treated as having been received on the day after enactment for purposes of the prescribed time limits. Thirty - one investigations were formally initiated in this way on January 15, 1975. Four additional investigations had been formally initiated earlier and seven more were initiated in the course of 1975. A total of 42 investigations were thus in process during 1975. The 38 formally initiated in 1975 covered a total of \$2,862.2 million in imports in 1974. As a result of the investigations conducted in 1975, countervailing duties will be collected on four products: footwear from Taiwan, non-rubber footwear from Korea, float glass from Italy, and leather handbags from Brazil.

Fourteen investigations were terminated during 1975 and 20 final determinations were made -- 10 negative and 10 affirmative. Among the 10 affirmative determinations there were six waivers, i.e., the assessment of countervailing duties was temporarily waived under the provisions of the Trade Act. The seven investigations initiated after the first of the year remained in process at the end of the year, as shown in Sections A and C of the tabulation below:



COUNTERVAILING DUTY DECISIONS

Product

Country

I. Pending Investigations

A. Preliminary determination of "bounties or grants":

Cheese
Glazed ceramic tile
Castor oil products
Cheese
Cheese

Norway
Philippines
Brazil
Finland
Sweden

B. Preliminary negative determinations:

None

C. Other announced investigations:

Screws
Glass beads

Italy
Canada

II. Completed Actions

D. Final affirmative determination:

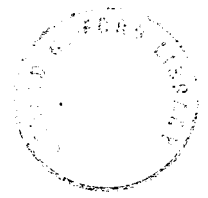
Float glass
Handbags, leather
Non-rubber footwear
Footwear

Italy
Brazil
Korea
China

E. Final affirmative determination with waiver:

Cheese
Hams, canned
Cheese

EC
EC
Switzerland



Cheese
Rubber footwear
Steel, carbon & High strength plates

Austria
Korea
Mexico

F. Final negative determinations:

Processed Asparagus
Float glass
Float glass
Ferrochrome
Pipe & fittings, cast iron soil
Float glass
Float glass
Consumer electronic products
Non-rubber footwear
Textile, cotton & manmade fibers

Mexico
Belgium
Germany, Fed. Rep.
South Africa
India
France
U.K.
Japan
Argentina
India

D. Actions Under Section 22 of the Agricultural Adjustment Act, as amended

Section 22 requires the President to take action to prevent imports from rendering or tending to render ineffective or materially interfering with domestic agricultural support or stabilization programs. The President acts on the basis of investigations and reports and recommendations by the United States International Trade Commission, generally by imposing, when necessary, quantitative restrictions on imports. As the statutory criteria for action may require restrictions in circumstances not consistent with U.S. obligations under the terms of the General Agreement on Tariffs and Trade, the United States sought and obtained in 1955 a waiver of its obligations in this regard and reports annually to the GATT Contracting Parties on actions taken.



As of the end of 1974, quotas were in effect limiting imports of certain cheese and other dairy products, cotton of specified staple lengths, cotton waste and cotton picker lap and peanuts. There was no expansion of any U.S. section 22 quotas in 1975. Issuance of supplementary dairy quotas such as those in effect in the first part of 1974, was precluded in 1975 because U.S. production was in excess of commercial demand and government support purchasing was substantial throughout much of the year. A situation of overproduction prevailed in much of the world.

E. Operation of Section 301 of the Trade Act of 1974

Under the Trade Act of 1974 (Title III, Chapter I, sec. 301), the President is required to take all appropriate and feasible steps within his power to obtain the elimination of certain unfair practices of foreign countries which affect U.S. commerce, including practices regarding services associated with international trade as well as practices affecting goods. Regulations governing the filing of complaints against such foreign practices and the conduct of reviews and hearings on complaints were published in the Federal Register in their definitive form on August 28, 1975. These included establishment of an interdepartmental working group known as the Section 301 Committee, to receive and review complaints received pursuant sec. c. 301. This working group reports to the interagency Trade Policy Review Group.

During 1975, six petitions were filed with the Office of the Special Representative for Trade Negotiations (STR), seeking relief under the new provisions of section 301. As required by the Trade Act, semi-annual reports on the reviews and hearings on these petitions were submitted to the Congress. The status of action on these complaints as of the end of the year was as follows:

1. Shipping Practices of Guatemala

A notice of complaint was filed with STR by Delta Steamship Lines, Inc. on July 1, 1975. The petition, alleging discriminatory shipping practices by the Government of Guatemala, was published in the Federal Register for July 10, 1975. The complainant subsequently requested a public hearing, which was held September 25-26, 1975. With the conclusion of the period for submission of rebuttal briefs in mid-October, the Section 301 Committee proceeded with its review of the case, and STR made representations to the Government of Guatemala looking toward the removal of the offending practice. Bilateral discussion of the case was proceeding on a priority basis at the end of 1975.

2. Canadian Quotas on Eggs

On July 17, 1975, the Special Representative received from the United Egg Producers



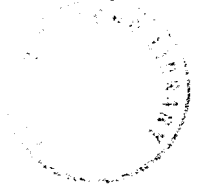
a petition alleging unfair trade practices by Canada against United States commerce in commercial eggs. On July 21 a petition was received from the American Farm Bureau Federation also requesting relief against the same Canadian practices. These petitions were published in the Federal Register for August 11. No interested party requested a hearing in this case. The final date for submission of views by interested parties was fixed for September 22, 1975. The Section 301 Committee then began its review of the case; STR had already opened discussions with Canada, both bilaterally and within the framework of GATT (See Chapter IV B), seeking removal of the offending practice. Resolution of the issues was being pursued on a priority basis at the end of the year.

3. Egg Albumen Gate Price of European Communities

On August 7, 1975 the Special Representative received a petition by Seymour Foods, Inc. alleging unfair trade practices by the European Community against United States commerce in egg albumen. The petition was published in the _____ of August 18. No hearing was requested. The final date for submission of views by interested parties was fixed for October 3. Immediately thereafter, the Section 301 Committee proceeded with its review of the case and with preparations for intensive discussions between STR and the European Community looking toward removal of the offending practice.

4. EC Minimum Prices and Certification for Canned Fruits, Juices and Vegetables

On September 22, 1975, the Section 301 Committee received from the National Canners Association a petition alleging unfair trade practices with regard to new import restrictions established by the European Community on canned fruits, juices, and vegetables. The petition was published in the Federal Register for September 29. The petitioner requested public hearings, which were held on November 17. With the passing of the final date for submission of rebuttal briefs (early December), the Section 301 Committee



proceeded with its review. It was expected that STR would initiate conversations with the European Community early in 1976.

5. EC Export Subsidies on Malt

On November 13, 1975, the Section 301 Committee received a petition by the Great Western Malting Co. alleging unfair trade practices by the European Community, more particularly the loss of the Japanese market for U.S. malt, due to the Community's subsidization of malt exports to Japan and other third countries. The petition was published in the Federal Register for November 21, 1975. No request for a public hearing was filed. The final date for submission of views by interested parties was fixed for January 9, 1976.

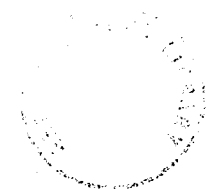
6. EC Export Subsidies on Wheat Flour

On December 1, 1975, the Section 301 Committee received a petition by the Millers' National Federation alleging that United States exports of wheat flour to third country markets are adversely and unfairly affected by export subsidies paid by the EC to its wheat millers. The petition was published in the Federal Register for December 8. The petitioner requested that public hearings be held, and January 28, 1976 was fixed for this purpose.

F. Unfair Import Practices Under Section 337, Tariff Act of 1930, as Amended

Section 337 of the Tariff Act of 1930 declares unlawful methods of competition in import trade, the effect or tendency of which is to destroy or substantially injure a domestic industry, efficiently and economically operated, to prevent the establishment of an industry, or to restrain or monopolize trade and commerce in the United States. Virtually all the cases under this section have involved patent infringement, i.e., the unlicensed importation of articles falling within the claims of a U.S. patent.

The Trade Act of 1974 substantially amended section 337. The statute, prior to its amendment, provided for the U.S. Tariff Commission (renamed the United States International Trade Commission by the 1974 Act) to investigate and report to the President in respect of alleged unfair methods of competition. If the President was satisfied that



the statutory criteria had been met, he was required to direct the Secretary of the Treasury to issue an exclusion order against the articles concerned in the unfair methods of competition. Additionally, if the President had preliminary information, pending the full investigation, indicating that the statute was being violated, he could direct the issuance of a temporary exclusion order, in which case imports were permitted under bond prescribed by the Secretary of the Treasury.

The major amendments changed the basic respective roles and authority of the President and the Commission. The amended statute grants final authority to the Commission to determine, subject to judicial review, whether section 337 has been violated, and in such cases to order the exclusion from entry of articles involved in such violation or issue a cease and desist order (a new remedy provided by the amendments). Also, the Commission can, pending determination of whether section 337 is violated, order exclusion from entry of articles involved, or issue a cease and desist order, or issue a cease and desist order, if it has reason to believe section 337 is being violated, except that such articles can enter under bond. Following the issuance of exclusion or cease and desist orders by the Commission, the President has 60 days to intervene and override the Commission's decision if he determines it necessary because of policy reasons. The amendment also stipulated that investigations under section 337 must be completed within a one-year period (18 months in complicated cases). The new procedures became effective April 3, 1975.

At the beginning of 1975 the Commission had in progress under the old procedures seven full investigations and 11 preliminary inquiries. Prior to the effective date of the new procedures, one of the investigations (golf gloves) was completed and a second (electronic flash devices) was terminated. In the case of golf gloves, the Commission did not find unfair methods of competition or unfair acts in importation. The investigation of electronic flash devices was terminated when licensing agreements were made between the complainant and the foreign manufacturers.

In a third case, the Commission found unfair methods of competition and unfair acts in the importation and sale of certain electronic pianos but did not recommend their exclusion. The administrative procedures on this case were not completed, however, prior to April 3, 1975, when the new amendments became effective. Therefore, this case



together with the remaining four investigations (convertible game tables and components thereof; doxycycline; expanded, unsintered polyfluoroethylene in tape form; and chain door locks) and the 11 preliminary inquiries (eye testing instruments incorporating refractive principles; certain electronic audio and related equipment; piezoelectric ceramic 10.7MHz electric wave filters; certain hydraulic tappets, II; certain ultra-microtome freezing attachments; certain electronic printing calculators; certain components of automatic tobacco leaf graders; liquid propane heaters; certain high fidelity audio and related equipment; overlapping digital movements; and certain Angolan robusta coffee) in progress at that time were reinstated as the first 16 investigations under the amended statute. During the remainder of the year the Commission instituted five other investigations (record players incorporating a straight line tracking system, monolithic catalytic converters, glass fiber optic devices and instruments equipped with glass fiber optic devices, certain bismuth molybdate catalysts, and dry wall screws).

The investigations on electric wave filters and automatic tobacco leaf grader components were subsequently terminated when a licensing agreement or other arrangements were made between the complainant and the respondents in these cases, and the investigations of doxycycline and catalytic converters were suspended pending the outcome of court actions related to these cases. The remaining 17 investigations which were instituted under the amended statute in 1975 were still in progress before the Commission when the year ended.

The permanent exclusion order on lightweight luggage issued in 1972 and the temporary exclusion order on convertible game tables issued in 1974 continued in force throughout 1975. The temporary order on panty hose issued in 1972 was terminated on March 18, 1975, when the patent involved in that case expired. No new orders were issued in 1975.



VIII. THE U.S. GENERALIZED SYSTEM OF PREFERENCES

The President, by Executive Order 11888 of November 24, 1975, authorized implementation of a Generalized System of Preferences (GSP) for developing countries. This action followed extensive public hearings, receipt of advice from the USITC, and completion of other statutory procedural requirements. Under GSP, designated products from eligible developing countries are, subject to certain conditions, granted duty-free entry starting January 1, 1976. The system is to remain in effect until January 4, 1985.

The introduction of the U.S. scheme reflects a commitment made by all major non-Communist countries to implement a system of non-reciprocal and non-discriminatory tariff preferences for the benefit of developing countries. Twenty-two other countries have also initiated comparable schemes. GSP is regarded as one element in a coordinated and concerted effort by the world's industrialized trading nations to bring developing countries more fully into the international trading system. The objective of this policy is to encourage developing countries to diversify their production and exports and to make their products more competitive in world trade, thereby decreasing their need for external assistance over the long run, and also contributing to expanded market opportunities for all nations.

A. Coverage of U.S. GSP

Under the U.S. system, 98 countries and 39 dependent territories have been designated as beneficiaries for preferential treatment (See Appendix C). Product coverage includes 2,724 U.S. tariff items designated eligible for duty-free entry. On the basis of 1974 data, this represented more than \$2.6 billion in trade from eligible countries, which was approximately 2.6 percent of total U.S. imports, and 19 percent of U.S. dutiable non-petroleum imports from eligible developing countries. As in the GSP schemes of other countries, the U.S. product list is concentrated in the area of manufactures and semi-manufactures. However, it also includes a number of agricultural items. Many other agricultural and industrial items already enter at zero duty, so that 43 percent of U.S. imports (based on 1974 trade data) from beneficiary developing countries will now enter duty-free. Eligible imports of designated beneficiaries are subject to rules of origin requirements and "competitive need" criteria.

In designating a country a beneficiary, various factors were taken into account: the level of its economic development, including per capita gross national product and living standard as well as other appropriate economic factors; whether or not other major developed countries are extending generalized tariff treatment; and the extent to which the country has assured the United States equitable and reasonable access to its



markets and basic commodity resources. Developing countries were not designated if they (1) were Communist countries unless they met certain criteria, (2) extended preferential treatment having a significant adverse effect on U.S. commerce to products from a developed country, (3) were a member of OPEC or (4) had nationalized U.S. property without prompt, adequate and effective compensation being made or without good faith negotiations being carried out; (5) did not cooperate in preventing the illegal importation into the United States of narcotic drugs; and (6) failed to act in good faith in recognizing or enforcing arbitral awards in favor of U.S. interests. Since the passage of the Trade Act, Israel, Turkey, Hong Kong and many of the less developed countries associated with the European Community, took steps to phase out or reduce their preferential treatment of imports from developed countries. Consultations on this requirement were held in Washington with several of these countries. Progress has also been made in resolving various nationalization cases involving property owned by U.S. citizens.

B. Consideration of the Interests of U.S. Producers

While GSP is designed in the first instance to facilitate expansion of developing countries' trade, careful consideration is being given domestic interests. Articles were only designated for GSP treatment after public hearings by the United States International Trade Commission (USITC) and by the interagency Trade Policy Staff Committee, chaired by the Office of the Special Representative for Trade Negotiations. Hearings were held in Washington and other cities throughout the United States during the spring and summer of 1974. An interagency review culminating in meetings of the Cabinet-level Trade Policy Committee formulated advice for the President on product designation.

Under the Act, certain articles may not be designated eligible for GSP. Items subject to escape clause or national defense trade actions fall in this category. Products specifically enumerated for exclusion from GSP are textiles and apparel articles which are subject to textile agreements; most footwear items; watches; import sensitive



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steel products; glass products; and electronic products. In addition, other products were considered import sensitive in the context of GSP and were not designated. These included a number of chemicals, bicycles, clocks, earthenware, gloves, handbags, leathers, and luggage. Also the competitive need limitations described below result in products from certain countries being removed from GSP when imports of the item exceed specific levels.

In addition to regular import relief procedures provided under section 201 of the Trade Act, imports under GSP are subject to provisions of U.S. law which protect U.S. producers against unfair foreign trade practices, such as dumping or subsidization. The President, in addition, has authority to review all products eligible for GSP at periodic intervals.

Regulations were published in the Federal Register, December 31, 1975 establishing procedures for interested parties to petition to adjust product treatment afforded under GSP. Products can be added to the list, or the President can suspend, modify or withdraw preferences for any article or commodity. An initial review of urgent cases was expected to be completed by March 1, 1976.

C. Competitive Need Provisions

The competitive need provision offers a preferential advantage to new industries in all beneficiary developed countries regardless of the success of the more advanced industries in certain beneficiary developing countries. This feature is part of the U.S. aim to provide impetus to new industry in developing countries in order to help them become competitive. Under GSP, a country is presumed competitive in a product when U.S. imports of that product from that country exceed \$25 million or account for 50 percent or more, by value, of total U.S. imports of the product in one year. When either of these events occur during a calendar year, a beneficiary will not be eligible for GSP on that article during the following calendar year. In such instances, the MFN duty rate will apply to that product when imported from that country. 1974 trade data were used to determine initial GSP ineligibility of products imported from certain beneficiary developing countries due to the competitive need provision. In accordance with Trade Act provisions, work was underway at the end of the year on the preparation of new lists of competitive need exclusions based on 1975 trade data and adjustment of the original \$25 million limitation to reflect the change in the U.S. gross national product. Also, the 50 percent market share limit does not apply where the U.S. did not produce a like or directly competitive product as of January 3, 1975.



D. Technical Provisions

Eligible articles must be imported directly from a beneficiary developing country to qualify. Merchandise which is the product of a beneficiary qualifies for duty-free treatment only if the sum of the cost or value of domestic materials plus the direct cost of processing in the country is not less than 35 percent of the value of the article.

Merchandise which is a product of two or more member countries of an association of countries which has asked to be considered as one country for purposes of GSP is eligible for GSP only if the sum of the cost or value of the materials produced in such countries, plus the direct cost of processing operations performed in such countries, is not less than 50 percent of the value of the article. As of the end of the year, no requests had been received from an association of countries to have its eligible members treated as one country for purposes of GSP.

To qualify for duty-free treatment under GSP, the exporter is required to complete, sign and have his government authority certify an UNCTAD Certificate of Origin, Form A, as evidence of the country of origin. (This requirement may be waived by U.S. Customs officials for shipments valued at \$250 or less.) Although the United States will require an amendment or attachment to the agreed Form A to reflect the U.S. system, the Form was being accepted "as is" by U.S. Customs during the first months of the GSP.



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IX. ADJUSTMENT ASSISTANCE

A. Coordination

The Adjustment Assistance Coordinating Committee was established by section 281 of the Trade Act to coordinate adjustment assistance activities and to promote the effective delivery of adjustment assistance benefits to workers, firms, and communities. The Committee, which consists of a Deputy Special Representative as Chairman and policy-making officials from the Departments of Commerce, Labor and the Small Business Administration, held its first meeting on September 26, 1975.

Areas that were identified by the Committee for early consideration were (a) use of the new authority in Title II of the Trade Act to improve the adjustment assistance program, (b) adequacy of funding for the new programs, (c) sharing of information among agencies with operating responsibilities for adjustment assistance, and (d) the plans of each agency for committing adequate resources to the adjustment assistance programs.

B. Adjustment Assistance for Workers

The Trade Act of 1974 provides for a new worker adjustment assistance program, including expanded benefits and speedier delivery of services to those import-displaced workers who may have to look outside the industry where their experience and skills have been acquired to find new employment. Under Title II, Chapter 2 of the Act, the Secretary of Labor has responsibility for determining whether workers have been injured by increased imports which cause a loss, or threaten a loss, of employment or less than full-time employment, as well as certifying groups of workers eligible to apply for adjustment assistance. The determination of injury under the Trade Expansion Act of 1962 (TEA) had been the responsibility of the Tariff Commission. The new program became effective April 3, 1975.

The new provisions for worker adjustment assistance are intended to overcome certain deficiencies of the previous program. The qualifying criteria in the TEA were drawn so tightly that no worker group was able to qualify until November 1969, seven years after the law went into effect. In addition, a cumbersome petitioning process caused undue delays, and applicants who succeeded after 1969 in establishing their eligibility often received their assistance long after their initial unemployment and need for re-training and placement.

The major features of the worker adjustment assistance program under the Trade Act are:



- trade readjustment allowances consisting of cash payments amounting to 70 percent of a worker's average weekly wage, not to exceed the national average weekly manufacturing wage; allowances are for up to 52 weeks, with extensions for training or for workers aged 60 or older;
- training;
- job placement;
- job search grants up to \$500 for 80 percent of necessary job search expenses for unemployed workers who cannot be expected to find suitable employment within their own commuting area;
- relocation allowances for workers who find jobs outside their commuting area may be paid in order to reimburse them for 80 percent of reasonable and necessary moving expenses plus a lump sum payment equal to three times their average weekly wage up to \$500.

1. Program Under the Trade Act of 1974 - April-December 1975

Under the new program, the number of petitions and certifications have increased dramatically. During its nine-month period of operation in 1975, the Office of Trade Adjustment Assistance in the Department of Labor received 528 petitions covering about 337,308 workers. Some 123 petitions covering 51,261 workers were certified as eligible by the end of 1975. This compares with a total of 53,899 workers certified eligible during the entire life of the TEA program. The status of the worker adjustment assistance cases at the end of 1975 is shown below:



SUMMARY OF TRADE ADJUSTMENT ASSISTANCE CASES
Trade Act of 1974
April, 1975 to December 31, 1975

<u>Status</u>	<u>Number</u>	<u>Estimated No. of Workers</u>
Petitions certified	123	51,261
Petitions denied	112	56,887
Petitions in process	283	224,542
Withdrawals	5	3,910
Terminations	<u>5</u>	<u>708</u>
TOTALS	528	337,308



Dollar outlays for the old program totaled \$75.6 million, or about \$15 million per year for the years from 1969 to 1974, when there were active cases. The estimated cost for the current first year of the new program is \$300 million.

Petitions filed under the new legislation came from workers in a number of industries but those from the automobile, apparel, electronics and shoe industries accounted for the majority of the employees (Appendix D). Several major industrial unions representing whole industry segments initiated these petitions. The most publicized petitions were the ten submitted by the United Auto Workers (UAW) on behalf of more than 40,000 workers in Chrysler plants and concerning automobiles and parts imported from Canada. Another 115 UAW petitions were received recently which cover about 78,000 workers. In the apparel industry, two unions, the Amalgamated Clothing Workers and the International Ladies Garment Workers Union filed 170 petitions on behalf of about 35,000 workers.

The major changes under the new Act, as mentioned above, are that the determination of injury is made by the Secretary of Labor, the injury criteria are less stringent, and the petitioning and investigative processes have been simplified considerably. The law requires that a determination on eligibility be made within 60 days after a petition is

filed.

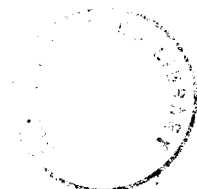
The criteria for injury require that increased imports of like or directly competitive articles contribute importantly to the total or partial separation, or threat thereof, of a significant number or proportion of workers of a firm or subdivision of a firm; further, that there be an absolute decline of sales or production also caused importantly by increased imports. The TEA of 1962 required that imports be the major cause of unemployment. Also, under the Trade Act, the criteria requiring a link to trade concessions was dropped.

Section 224 provides that whenever a section 201 industry import relief petition is filed with the United States International Trade Commission (USITC), the Secretary of Labor begin a study to find the number of workers in the industry who are likely to qualify for adjustment assistance and to determine whether they can be assisted under existing employment and training programs. In 1975, 12 studies were initiated and summaries for three cases on which the USITC had acted were sent to the President.

Section 282 calls for a Trade Monitoring System to be established by the Secretaries of Labor and Commerce to monitor trends in imports. Work was started in 1975 to develop an "early warning" system which will identify industries and groups of workers and geographical areas which might become impacted by increased foreign competition.

2. Summary of Operations Under the Trade Expansion Act of 1962 - October 1962 to March 31, 1975

Until March 31, 1975, the worker adjustment assistance program was governed by the provisions of the Trade Expansion Act of 1962. Under that Act the Tariff Commission issued determinations on 261 petitions covering approximately 115,000 workers. In the first seven years of the program, there were six determinations issued, all negative. In the subsequent period from November 1969 to the end of the program, the Department of Labor certified as eligible to apply for adjustment assistance about 54,000 workers



covered by 110 petitions:

	<u>Number</u>	<u>Estimated No. of Workers</u>
Petitions certified	110	53,899
Petitions denied	171	67,431
Petitions withdrawn	2	850
Petitions Dismissed	1	271

The great majority of petitions submitted were from workers in three industries -- shoes, textiles, and electrical and electronic equipment. Allowances paid under the old program amounted to \$75.6 million.

C. Adjustment Assistance for Firms and Communities

During the first quarter of 1975, the program of trade adjustment assistance for firms was administered in accordance with the provisions of the Trade Expansion Act of 1962. Under that program firms could be certified eligible to apply for trade adjustment assistance if they were seriously injured or threatened with serious injury by increasing imports resulting from trade concessions. Two firms -- a footwear producer and a granite fabricator -- were certified eligible during the first quarter, and technical assistance was used to help a manufacturer of ball bearings develop its recovery plans. In addition, two firms previously certified and provided with financial and technical assistance had their adjustment proposals modified and were authorized additional financial assistance, including a \$60,000 direct loan to a producer of men's shirts (previously provided with \$900,000 in direct and guaranteed loans) and a \$3 million loan guarantee to a sheet glass manufacturer (previously provided with a \$7 million direct loan as the Federal portion of a \$21 million project).

Under the provisions of the Trade Expansion Act, the Department of Commerce received and approved the adjustment proposals of 19 firms, and provided an additional nine firms with technical assistance to assist in proposal development after they were certified eligible to apply for adjustment assistance. A total of \$45.3 million in adjustment



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assistance was authorized, including \$39.5 million in financial assistance (\$33.7 million in direct loans and \$5.8 million in loan guarantees), \$1.9 million in technical assistance, and \$3.9 million in tax benefits. The industries represented by applicant firms included footwear, textile and apparel, piano, sheet glass, stainless steel flatware, electronic products, marble and granite, barbers' chairs, ball bearings, and earthenware.

A new program of trade adjustment assistance that continues assistance to firms and provides it for the first time to communities became effective on April 3, 1975, under Title II of the Trade Act of 1974. This program makes it somewhat easier for firms to qualify for financial and technical assistance and establishes assistance to communities through the Commerce Department's Economic Development Administration. To be certified eligible to apply for adjustment assistance, a firm must demonstrate that increased imports of articles like or directly competitive with those produced by the firm contributed importantly to declines in sales or production, or both, and to separation, or threat of separation of the firm's workers. Communities must show that they have been adversely impacted by similar causes.

During the last three quarters of 1975, the number of firms, by industry, which filed acceptable petitions for certification of eligibility was as follows:



<u>Industry</u>	<u>Petition Accepted for Filing</u>	<u>Certification Pending</u>	<u>Petition Withdrawn</u> (No. of firms)	<u>Certified Eligible</u>	<u>Petition Denied</u>
Footwear	11	1	1	9	--
Apparel	6	4	--	2	--
Mushrooms	4	--	--	4	--
Consumer Electronics	3	--	1	2	--
Granite	2	--	--	2	--
Leather	1	--	1	--	--
Marble	1	--	--	1	--
Ball Bearings	1	--	--	1	--
Textiles	2	--	1	1	--
Textile Machinery Parts	1	--	--	--	1
Total	<u>32 a/</u>	<u>5</u>	<u>4</u>	<u>22 a/</u>	<u>1</u>

a/ Includes nine firms previously certified under the Trade Expansion Act which did not have their adjustment proposals approved before April 3, 1975.

In the latter part of the year, the Department of Commerce authorized trade adjustment assistance for four firms totaling \$3.5 million, including \$3,050,000 in direct loans and \$450,000 in guaranteed loans. Employment in the four companies whose proposals were approved amounted in 1975 to approximately 630 persons and was projected to increase by 255 additional jobs when the recovery plans of the firms are fully implemented.

The following trade adjustment proposals were approved in 1975 under provisions of the Trade Act:

1. A \$1 million direct working capital loan to a manufacturer of ball bearings to restore its financial stability, re-establish necessary supplier and customer relationships, and to expand its product lines;
2. A direct fixed asset loan of \$800,000 and a working capital guaranty of \$450,000 to a fabricator of granite and marble to re-establish a sound financial position, to enable the firm to prefabricate stone building panels, and to finance the modernization of its finishing plant and tombstone display facilities;



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3. A \$250,000 direct fixed asset loan to a granite fabricator for quarry development and to finance the purchase of modern efficient equipment for its quarrying operations; and
 4. A \$1 million direct working capital loan to a producer of women's shoes to enable the firm to finance its order backlog by increasing inventories of raw material, work in process and finished shoes.

In addition, at the end of the year the Department of Commerce was reviewing the tentative economic recovery plans and negotiating the terms for providing trade adjustment assistance for five firms which had been certified eligible to apply for assistance, including three footwear firms, a producer of children's sweaters, and a maker of men's apparel.

Although several trade-impacted communities expressed an interest in the trade adjustment assistance program, no petitions for certification were filed during the year, possibly because many potential petitioning communities may be considering their prospects for assistance under other community development programs of the Economic Development Administration for which they may be eligible.



X. OTHER IMPORTANT TRADE MATTERS

A. Textiles

1. The Arrangement Regarding International Trade in Textiles

1975 was the second year of the four-year Arrangement Regarding International Trade in Textiles, negotiated under the auspices of GATT and now in effect among countries accounting for the major part of world trade in textiles. Its objective is, on the one hand, to develop international trade in textiles while, on the other, to avoid market disruption or the threat thereof under procedures set forth in the Arrangement. The Textiles Surveillance Body reviews each country's measures to ensure compliance.

Under the procedures of Article 2 of the Arrangement (generally referred to as the multifiber arrangement or MFA), textile importing countries (such as the United States) were obliged to bring their restraint measures into conformity with its terms by June 30, 1975 or otherwise terminate them. When the MFA was negotiated in December, 1973, the United States had in place 36 bilateral textile restraint agreements with 30 nations. From March 1974 through June 1975, the United States held negotiations on all of these agreements with the following results:

Comprehensive all-fiber textile and apparel bilateral agreements negotiated:

Japan, Hong Kong, Korea, Taiwan, Malaysia, Singapore, Philippines, Macao, Thailand, Mexico, Colombia, Haiti.

Cotton textile and apparel bilateral agreements negotiated:

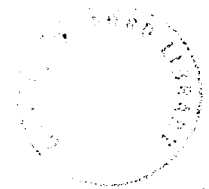
India, Pakistan, Egypt, Poland, Romania.

Termination of existing bilateral; replacement by consultation mechanism:

Czechoslovakia, Hungary, Yugoslavia, Malta, Spain, Greece, Jamaica, Peru, Portugal, Nicaragua.

Terminated agreements:

Italy, Turkey



In the case of Brazil it was expected that agreement would be reached early in 1976. In the case of El Salvador, the United States negotiated the terms for a comprehensive, all fiber agreement, but El Salvador refused to exchange diplomatic notes to give effect to the initialled memorandum of understanding. As a result of this impasse, the United States will closely monitor textile imports from El Salvador and take unilateral, Article 3 action where necessary and appropriate.

There may be need in the course of 1976 to negotiate restraint agreements with other new suppliers but, as of the end of 1975, the United States considers that having completed its bilateral negotiations its obligations under Article 2 have been fully met.

The procedures of the MFA require that the participating countries decide by the end of the third year (December 1976) on the future of the MFA -- i.e., its renewal, renegotiation, or termination. To assist the participating countries in coming to such a decision, a major review of the Arrangement is to be undertaken, probably in the last quarter of 1976.

The United States considers that the MFA has played a very important role in international trade, and has indicated that it will seek renewal of the Arrangement for an additional period of time. The appropriate Government textile negotiators will be consulting closely with the other 49 participating countries to accomplish this objective.

2. Organization for U.S. Action on Textiles

In early 1975, the position of Chief Textile Negotiator was transferred from the Council on International Economic Policy (CIEP) to the Office of the Special Representative for Trade Negotiations. In June 1975, by Presidential Memorandum, the Special Working Group for Textile Trade Policy was transformed into the Textile Trade Policy Group (TTPG), comprised of the Under Secretaries of State, Commerce, Labor, Treasury and Agriculture, the Executive Director of CIEP, and chaired by the Special Representative for Trade Negotiations. The purposes of the TTPG are:



- 1) to advise on U.S. textile policy under Section 204 of the Agricultural Act.
- 2) to give the Committee for the Implementation of Textile Agreements (CITA) policy guidance on Article 3 actions under the MFA.
- 3) to propose and provide for the negotiation of multilateral and bilateral textile agreements.

The TTPG met in November 1975, and it was anticipated that further meetings, on a fairly frequent basis, would be held in 1976.

The day-to-day implementation of the textile import restraint program is carried out by the CITA. CITA, established by Executive Order, is chaired by the Deputy Assistant Secretary of Commerce for Resources and Trade Assistance and is comprised of members from State, Labor, and Treasury. A representative from STR is a non-voting member. CITA meets frequently and works closely with the Chief Textile Negotiator in carrying out the recommendations and policy decisions of the TTPG.

B. Efforts to Eliminate Unethical Practices in World Trade S. Res. 265

S. Res. 265, passed on November 12, expressed the sense of the Senate that negotiations under the Trade Act of 1974 should be initiated at once to develop an international code of conduct (including obligations among governments, procedures for dispute settlement, and sanctions against infractions by non-participants) in order to eliminate unethical or corrupt practices such as bribery, illicit political contributions, kick-backs, etc. Such practices, which are fairly common in some areas of the world, create unreasonable conditions of competition and distort international patterns of trade and investment.

During the past year, U.S. representatives in several international bodies have worked actively to develop effective means for dealing with the problems to which S. Res. 265 is addressed. In the multilateral trade negotiations, to which the Resolution refers specifically, the Special Trade Representative on December 10 informed the Trade Negotiations Committee that development of a code of conduct to eliminate unethical practices was an important U.S. goal and he urged other governments to negotiate vigorously on this item in 1976. Contacts were initiated with the U.S. private sector to obtain information and advice on the problem and in bilateral discussions with other governments in 1976 the United States intends to include the topic as a means of building broad support


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for an appropriate multilateral response to this problem.

In the OECD, the U.S. Representative at the December meeting of the Working Party on Government Procurement raised the issue of including in a draft code being prepared by the Working Party provisions on unethical business practices. The United States also requested that further consideration be given to this matter at the next available opportunity.

In another OECD group, the Committee on International Investment and Multinational Enterprises, agreement has been reached to include a provision on bribery in the guidelines relating to multinational enterprises. The provision states that enterprises (1) should not render - and they should not be solicited or expected to render - any bribe or other improper benefit, direct or indirect, to any public servant or holder of public office; not make contributions to candidates for public office or to political parties or other political organizations except as permitted by law; and (2) should abstain from any improper involvement in local political activities. The United States has notified the OECD of its intention to press for a more thoroughgoing investigation by the Organization of bribery and means of dealing with it, in addition to the guidelines.

Bribery and related practices were also taken up in 1975 in the United Nations and the Organization of American States. In November, the UN General Assembly adopted a Resolution condemning bribery and "corrupt practices" and calling on governments to cooperate in preventing corruption and to disclose to the public illegal payoffs by multinational enterprises. In the OAS, the Permanent Council in July adopted unanimously a resolution which inter alia resolved "(1) to condemn, in the most emphatic terms, any act of bribery, illegal payment by any transnational enterprise; any demand for, or acceptance of improper payments by any public or private person, as well as any act contrary to ethics and legal procedures; and (2) to urge the governments of the member states, insofar as necessary, to clarify their national laws with regard to the aforementioned improper or illegal acts." The OAS is expected to examine the matter further as it considers the operations of multinational enterprises.



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C. U.S. Romanian Trade Agreement

The first bilateral trade agreement granting most favored nation status to a non-market economy country under the Trade Act of 1974 entered into force on August 3, 1975, when President Ford and President Ceaucescu exchanged formal notes of acceptance. The Agreement had been signed in April 1975 and was approved by Congress in July 1975 following a close examination of the Agreement itself and of current and anticipated Romanian emigration practices.

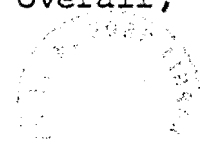
In addition to the mutual extension of most favored nation treatment, the Agreement sets forth various provisions, in accordance with section 405 of the Trade Act, for the facilitation of commercial contacts of firms, companies and economic organizations in the territory of the other party. It provides safeguard procedures for dealing with actual or prospective imports that cause, threaten to cause, or significantly contribute to market disruption. The Agreement also includes provisions for the protection of industrial property, industrial rights and processes, and copyrights. It guarantees most-favored-nation treatment in financial transactions and encourages the prompt and equitable settlement of commercial disputes.

The Agreement covers a variety of rights, facilities, and services which are to be accorded by each side to commercial organizations of the other country. These include access to courts and administrative bodies, travel and housing rights, access to end-users and other economic organizations, the facilitation of trade promotion activities, the right to advertise, the facilitation of tourism, and access to economic and commercial information. Annex II of the Agreement guarantees numerous rights and facilities for establishment and operation of representations of commercial organizations. Principles for the establishment and operation of governmental commercial offices are also set out.

Separate articles of the Agreement provide for navigation rights and national security protection.

The Agreement notes that Romania as a developing country is potentially eligible for tariff treatment granted by the United States under the Generalized System of Preferences.

Romania reaffirms in the Agreement the import commitment incorporated in its protocol of accession to the GATT. Under that protocol, Romania is committed to increase its imports from GATT members by at least the same percentage it increases imports overall, as provided for in its Development Plan.



The initial term of the Agreement is three years, subject to periodic review by the Congress of Romanian compliance with the freedom of emigration provisions of the Trade Act. Over this initial term it is envisioned that U.S.-Romanian trade will at least triple as compared with the 1972-74 period.

D. United States - Canada Automotive Agreement

As a result of the United States-Canada Automotive Agreement, trade between the two countries in automotive vehicles and original equipment parts has, with certain exceptions on the part of Canada, been duty-free since 1965. The Agreement has largely achieved its objective of facilitating an integration of the North American automotive industry.

Trade with Canada in automotive products has increased 20-fold since inception of the Agreement, with two-way trade in 1975 reaching a level of almost \$14 billion. Trade flows have fluctuated over the course of the Agreement because of varying demand patterns between the two countries and the substantial initial influence of large new automotive investments. Such fluctuations are to be expected under this type of sectoral free-trade arrangement.

In 1975 the United States registered a surplus of about \$1.6 billion in trade under the Agreement, due in large part to the depressed U.S. automotive market (fewer Canadian exports south) compared with the relatively strong Canadian market (more U.S. exports, especially parts, north). As market conditions stabilize, it is expected that the U.S. surplus will decline, but the United States will likely continue to maintain a bilateral surplus in automotive products trade into the near-term future.

Notwithstanding its long-term benefits, certain problems of implementation had not been resolved by the end of the year. In order to allow the initially less competitive Canadian sector to adjust to the larger North American market, certain transitional safeguards were included in Annex A to the Agreement. These safeguards provided that only



bona fide Canadian vehicle manufacturers could import automotive products duty-free. In order to be considered "bona fide", manufacturers were required to meet certain minimum Canadian value-added and Canadian production-to-sales ratio requirements. As Canadian automotive production has become competitive, the United States has concluded that it would be appropriate for Canada to remove these safeguards, and in discussions with the Canadian Government, U.S. spokesmen have requested that such action be taken at an early date.

On December 11 the United States International Trade Commission conducted hearings in Detroit in conjunction with its official investigation of the Automotive Agreement. The investigation, conducted at the request of the Senate Committee on Finance, is to provide an analysis of the history, terms, and impact of the Agreement; evaluation of Canadian compliance with regard to transitional safeguards; information on the relative structure of production within the US/Canadian markets. The Commission's report was scheduled to be completed in early 1976.

An annual report made by the President to the Congress on the operation of the Agreement provides detailed information on the implementation of the Automotive Products Trade Act of 1965, as well as data on production, trade, prices, and employment.

E. Protocol to the Agreement on the Importation of Educational, Scientific, and Cultural Materials

Under the Agreement on the Importation of Educational, Scientific and Cultural Material, commonly known as the "Florence Agreement", certain articles of the types indicated in the title can enter the United States and 67 other signatory countries duty-free, subject to certain conditions. The basic purpose of the Agreement, sponsored by the United Nations Educational, Scientific and Cultural Organization (UNESCO), is to promote intellectual progress, international understanding, and world peace by reducing tariffs and other trade restrictions that have the effect of impeding the free flow among nations of ideas, knowledge, and the diverse forms of cultural expression of different civilizations.

The materials to which the Agreement is applicable, subject to certain provisos, are listed in five annexes covering: (A) Books, publications and documents; (B) Works of art and collectors' pieces of an educational, scientific or cultural character; (C) Visual and auditory materials of an educational, scientific and cultural character; (D) Scientific instruments or apparatus intended exclusively for educational purposes or pure scientific research; and (E) Articles for the blind. A protocol annexed to the Agreement



allows the suspension of obligations with respect to any product in the event increased imports under the Agreement cause or threaten serious injury to the domestic industry producing like or competitive products.

Although the United States became a party only in 1967, the Agreement was opened for signature in 1950. Since that time, there have been far reaching changes in the ways and means of communicating information and knowledge as well as major progress in dismantling trade barriers across a broad range of products. With these developments in mind, the General Conference of UNESCO authorized the drafting of a protocol(s) to expand the facilities of the Agreement.

A draft prepared by a committee of experts, together with their preliminary report, was sent to member states for comment in August 1975. Shortly thereafter the House Committee on Ways and Means and the Senate Finance Committee were advised of plans for developing the U.S. position. Notice of the draft protocol and the opportunity for interested parties to submit their views was published in the Federal Register of October 31, 1975. Preliminary U.S. comments on the draft protocol were sent to the UNESCO Secretariat in December for consideration by a special committee of legal and technical experts, which will recommend a revised draft for consideration by the General Conference of UNESCO in October 1976. The United States was invited to be represented on the special committee.

The changes incorporated in the draft protocol are too extensive to summarize fully in this report but certain key elements from the trade point of view are noted below:

1. The product scope of Annexes A and C would be expanded, and under one version of Annex C, the visual and auditory materials which are covered would not be subject to the present requirements that they be of an educational, scientific or cultural character and be consigned to approved institutions, thereby extending to these materials the duty-free treatment already extended to books, publications, and documents.

2. Annex D would be liberalized by removing the proviso that the materials covered be used in approved institutions exclusively for educational purposes or pure scientific research and tools for the maintenance, checking and repair of scientific instruments were proposed for addition.

3. Annex E would be extended to cover not only additional articles for the blind but articles for other handicapped persons.

4. Annexes would be added to cover sports equipment and musical instruments imported by approved groups, provided such articles were not manufactured in the country of importation. An optional annex would contain materials used in producing books, paper processing machines, and printing and binding machines not produced in the country of importation.

The United States has thus far taken no official position on the draft protocol. With regard to the trade aspects, however, a preliminary survey indicates considerable domestic opposition to acceptance of the new draft annexes covering sports equipment, musical instruments, and materials and machines used for the production of books, publications and documents. In connection with work on the new protocol, the United States has urged early completion by the UNESCO Secretariat of a survey on interpretation and implementation of the existing provisions on scientific instruments or apparatus by other contracting states. The trade aspects of the draft protocol will be subject to further study by the Executive Branch and liaison will be maintained with the Congress on developing the U.S. position on the final draft protocol.

F. Tariff Nomenclature - Harmonized System Committee

Customs nomenclature has been included among the list of nontariff measures for discussion in the multilateral trade negotiations in the NTM Subgroup on Customs Matters. However, in view of the efforts already underway in the Customs Cooperation Council in Brussels to develop a harmonized commodity code which may lead to changes in the Customs Cooperation Council Nomenclature (commonly referred to as the Brussels Tariff Nomenclature or BTN), the Customs Matters Subgroup postponed discussion on this subject in 1975.

The work of the universal harmonization of nomenclatures is being carried out by the Harmonized System Committee of the Customs Cooperation Council. This international organization is recognized as possessing the competence to undertake the technical work



in the nomenclature area. The United States has greatly increased its participation in the Harmonized System Committee with a view to development of an improved classification system which may then be considered as a basis for a tariff nomenclature and for other purposes. To assure that the needs of the U.S. business community are recognized in the development of a harmonized code, Section 608(c)(2) of the Trade Act of 1974 requires the participation of the U.S. International Trade Commission in technical work of the Harmonized System Committee.

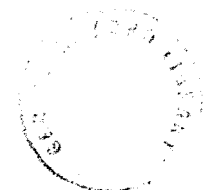
The Harmonized System Committee has been in existence since mid-1973. In developing the system, which is based on the BTN, the Committee is attempting to take into account the requirements of customs administrations, compilers and users of trade statistics and carriers. The Committee recognizes that no system can satisfy all the needs of all potential users and envisages the system as a flexible one which can be adapted to various uses. By the end of 1975, the Committee had tentatively completed approximately 20 percent of the system, and anticipates completion of the system by 1980. Once the work on individual chapters is completed, a review of the system as a whole will be conducted both within the U.S. and in the Customs Cooperation Council. The Executive and Legislative branches of the Government will then be in a position to determine future courses of action regarding the nomenclature question.

In regard to the nomenclature issue, the report of the United States International Trade Commission, "The Tariff Schedules of the United States Converted into the Format of the Brussels Tariff Nomenclature" was made available to the public in mid-1975.

G. Petroleum and Petroleum Products

U.S. imports of petroleum and petroleum products in 1975 were \$25.2 billion, about two percent above 1974. By volume, there was a small decline to about six million barrels per day. The share of domestic consumption represented by gross imports was approximately 37 percent in both 1974 and 1975, as compared with 21 percent in 1965.

Within the import totals, the share represented by refined products continued to decline, and in 1975 was 32 percent, as compared with 43 percent in 1974 and an average



1-2


of 56 percent from 1968-1972. By value, crude petroleum imports were \$2.7 billion higher in 1975 than in 1974, while petroleum products dropped by \$2.2 billion. The decline in the share of imports accounted for by refined products appears due mainly to the nature of the price controls administered by the Federal Energy Administration, which tend to encourage crude oil imports over petroleum products. Reduced demand for petroleum products generally (as a result of high prices, reduced economic activity, a mild winter, and conservation measures) and inventories built up following the Arab oil embargo affected the import picture in 1975.

As part of the program to reduce the reliance of the United States on foreign sources, the President in 1975 imposed a supplemental fee of \$2 per barrel on imports of crude oil and petroleum products. Implementation was in two stages: a \$1 per barrel fee went into effect February 1, and another \$1 per barrel fee was imposed on June 1, 1975. A third \$1 per barrel fee, which had been initially planned, was not implemented. The President removed these fees on December 22, 1975, upon signing the energy bill, which provides a long-term solution to the problem of dependence on foreign sources of oil through the gradual decontrol of domestic crude oil prices, conservation measures, and incentives for increased production of alternative energy supplies.

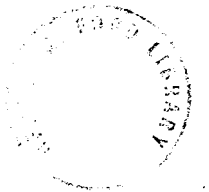
A 60¢ per barrel fee on imports of refined petroleum products was also imposed on June 1, 1975. This fee was rescinded on September 1, 1975, because it was feared that shortages in supplies of heating oil would result from speculation regarding the removal of domestic price controls.

The supplemental \$2 fees on petroleum imports were imposed under the authority of Section 232 of the Trade Expansion Act of 1962, as amended by the Trade Act of 1974. Section 232 authorizes the President, upon a finding by the Secretary of the Treasury that an article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, to take such action as he deems necessary to adjust imports of that article so that they do not threaten to impair the national security.

On August 11, 1975, the U.S. Court of Appeals of the District of Columbia ruled that the President was without legal authority to impose the \$2 petroleum import fees and ordered that they be removed. The court concluded that Section 232 of the Trade Expansion Act does not authorize the President to adjust imports by the use of license fees or



duties, but only by the use of "direct mechanisms" such as quotas. The Court of Appeals, however, stayed its mandate to permit the government to continue collecting the fees pending final review of the decision by the U.S. Supreme Court. The case was pending before the Supreme Court at the end of the year.



U.S. Trade by Area, 1974-75

(Millions of Dollars)



Area	1974	1975	Change from 1974 to 1975
Exports (f.a.s. value), total....	98,507	107,652	+9,145
Developed countries, total.....	63,021	64,792	+1,771
Canada.....	19,936	21,759	+1,823
Western Europe.....	28,637	29,939	+1,302
Japan.....	10,679	9,565	-1,114
Australia, New Zealand, and Republic of South Africa.....	3,769	3,529	-240
Developing countries, total.....	32,695	39,262	+6,567
OPEC and other oil exporting countries	8,137	12,569	+4,432
Other developing countries.....	24,558	26,693	+2,135
Other Western Hemisphere.....	15,809	17,114	+1,305
Near East.....	5,557	8,977	+3,420
East and South Asia.....	9,196	10,095	+898
Developing Africa.....	2,044	2,964	+920
Developing Oceania.....	88	112	+24
Communist areas in Europe and Asia.....	2,239	3,092	+852
Unidentified countries ¹	552	505	-47
Imports (c.i.f. value), total....	107,996	103,414	-4,582
Developed countries, total.....	64,044	59,789	-4,255
Canada.....	22,961	22,752	-209
Western Europe.....	25,408	22,234	-3,174
Japan.....	13,475	12,336	-1,139
Australia, New Zealand, and Republic of South Africa.....	2,199	2,467	+268
Developing countries, total..... ²	42,842	42,639	-203
OPEC and other oil exporting countries	22,391	23,286	+895
Other developing countries.....	20,451	19,353	-1,098
Other Western Hemisphere.....	19,623	17,065	-2,558
Near East.....	5,430	6,138	+708
East and South Asia.....	11,241	11,290	+49
Developing Africa.....	6,421	8,012	+1,591
Developing Oceania.....	126	135	+9
Communist areas in Europe and Asia.....	1,094	974	-120
Unidentified countries.....	16	12	-4

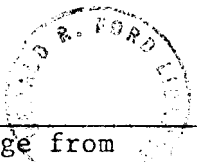
¹ Transshipments of certain grains and oilseeds through Canada are shown as exports to unidentified countries.

² Oil exporting developing countries are: 13 Organization of Petroleum Exporting Countries (OPEC) and Angola, Bahamas, Bahrain, Brunei, Egypt, Leeward and Windward Islands, Netherlands, Antilles, Oman, Trinidad and Tobago, and Tunisia.

Source: U.S. Department of Commerce

U.S. Imports of Principal Commodities, Valued CIF, 1974-75

(Millions of dollars)



Commodity	1974	1975	Change from 1974 to 1975
Imports, total.....	107,996	103,414	-4,582
Industrial supplies and materials, total	55,338	52,503	-2,835
Lumber.....	1,224	924	-300
Woodpulp.....	1,134	1,037	-97
Ores and concentrates.....	1,700	1,963	+263
Petroleum and products, total.....	26,516	26,975	+459
Crude petroleum.....	17,872	20,713	+2,841
Residual fuel oil.....	5,387	4,207	-1,180
Natural gas.....	903	1,477	+574
Industrial and agricultural chemicals.....	2,681	2,373	-308
Newsprint.....	1,542	1,457	-85
Textile yarns and fabrics.....	1,752	1,336	-416
Iron and steel mill products.....	5,759	5,135	-624
Copper.....	1,216	434	-782
Other nonferrous metals.....	2,788	2,205	-583
Consumer goods, total.....	27,316	26,049	-1,267
Gem diamonds.....	778	733	-45
Radios, TV sets, and sound recorders.....	2,372	1,946	-426
Passenger cars, engines, and parts			
from Canada.....	5,149	5,353	+204
from other countries.....	6,441	5,981	-460
Motorcycles, bicycles, and parts.....	1,404	933	-471
Clothing.....	2,495	2,810	+315
Footwear.....	1,238	1,393	+155
Toys, games, and sporting goods.....	787	691	-96
Capital goods, total.....	11,488	11,595	+107
Tractors and other agricultural machinery.....	773	901	+128
Office machines and parts.....	1,048	1,098	+50
Telecommunications apparatus.....	2,407	2,179	-228
Tubes, transistors, and semiconductors....	1,055	917	-138
Other machinery.....	3,885	4,451	+566
Trucks and chassis.....	1,677	1,495	-182
Scientific instruments.....	785	761	-24
Foods, feeds, and beverages, total.....	11,428	10,481	-947
Meat and preparations.....	1,461	1,287	-174
Fish and fish preparations.....	1,603	1,446	-157
Fruits and vegetables.....	1,196	1,181	-15
Sugar.....	2,389	1,941	-448
Coffee.....	1,602	1,689	+87
Alcoholic beverages.....	1,129	1,135	+6
Other and unspecified, total.....	2,426	2,786	+360

Source: U.S. Department of Commerce

Table 3 U.S. Imports of Principal Commodities, 1974-75

(Millions of dollars)

Commodity	1974	1975	Change from 1974 to 1975
Imports, total.....	100,251	96,140	4,111
Industrial supplies and materials, total.....	51,305	48,815	-2,490
Lumber.....	1,143	869	-274
Woodpulp.....	1,126	1,032	-94
Ores and concentrates.....	1,396	1,647	+251
Petroleum and products, total.....	24,668	25,197	+529
Crude petroleum.....	16,546	19,293	+2,747
Residual fuel oil.....	5,064	3,967	-1,097
Natural gas.....	882	1,456	+574
Industrial and agricultural chemicals....	2,499	2,229	-270
Newsprint.....	1,503	1,427	-76
Textile yarns and fabrics.....	1,615	1,219	-396
Iron and steel mill products.....	5,150	4,594	-556
Copper.....	1,189	419	-770
Other nonferrous metals.....	2,734	2,162	-572
Consumer goods, total.....	25,260	24,092	-1,168
Gem diamonds.....	775	730	-45
Radios, TV sets, and sound recorders.....	2,265	1,863	-402
Passenger cars, engines and parts			
From Canada.....	4,643	4,842	+199
From other countries.....	5,865	5,534	-331
Motorcycles, bicycles, and parts.....	1,317	881	-436
Clothing.....	2,311	2,547	+141
Footwear.....	1,134	1,275	-141
Toys, games, and sporting goods.....	724	633	-91
Capital goods, total.....	10,754	10,858	+104
Tractors and other agricultural machinery	693	803	+110
Office machines and parts.....	1,007	1,052	+45

Telecommunications apparatus.....	2,281	2,077	-204
Tubes, transistors, and semiconductors...	1,033	899	-134
Other machinery.....	2,902	3,450	+548
Trucks and chassis.....	1,452	1,304	-148
Scientific instruments.....	750	726	-24
Foods, feeds, and beverages, total.....	10,570	9,650	-920
Meat and preparations.....	1,353	1,141	-212
Fish and fish preparations.....	1,500	1,356	-144
Fruits and vegetables.....	1,017	993	-24
Sugar.....	2,247	1,870	-377
Coffee.....	1,520	1,587	+67
Alcoholic beverages.....	1,029	1,033	+4

Source: U.S. Department of Commerce



APPENDIX B

GATT MEMBERSHIP AS OF DECEMBER 31, 1975

Contracting Parties to the GATT (83)

Argentina	Greece	Norway
Australia	Guyana	Pakistan
Austria	Haiti	Peru
Bangladesh	Hungary	Poland
Barbados	Iceland	Portugal
Belgium	India	Rhodesia
Benim	Indonesia	Romania
Brazil	Ireland	Rwanda
Burma	Israel	Senegal
Burundi	Italy	Sierra Leone
Cameroon	Ivory Coast	Singapore
Canada	Jamaica	South Africa
Central African Republic	Japan	Spain
Chad	Kenya	Sri Lanka
Chile	Korea	Sweden
Congo	Kuwait	Switzerland
Cuba	Luxembourg	Tanzania
Cyprus	Madagascar	Togo
Czechoslovakia	Malawi	Trinidad and Tobago
Denmark	Malaysia	Turkey
Dominican Republic	Malta	Uganda
Egypt	Mauritania	United Kingdom of Great Britain and Northern Ireland
Finland	Mauritius	United States of America
France	Netherlands	Upper Volta
Gabon	New Zealand	Uruguay
Gambia	Nicaragua	Yugoslavia
Germany, Fed. Rep. of	Niger	Zaire
Ghana	Nigeria	
<u>Acceded provisionally (3)</u>		
Colombia	Philippines	Tunisia


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Countries to whose territories the GATT has been applied and which now, as independent States, maintain a de facto application of the GATT pending final decisions as to their future commercial policy (19)

Algeria	Fiji	Qatar
Bahamas	Grenada	Surinam
Bahrain	Lesotho	Swaziland
Botswana	Maldives	Tonga
Cambodia	Mali	United Arab Emirates
Equatorial Guinea	Papua New Guinea	Yemen, People's Dem. Rep.
		Zambia

COUNTRIES PARTICIPATING IN THE MULTILATERAL TRADE NEGOTIATIONS
(Membership of Trade Negotiations Committee, December 1975)

Algeria*	Korea
Argentina	Madagascar
Australia	Malawi
Austria	Malaysia
Bangladesh	Mauritius
Benin	Mexico*
Bolivia*	New Zealand
Botswana*	Nicaragua
Brazil	Nigeria
Bulgaria*	Norway
Burma	Pakistan
Cameroon	Panama*
Canada	Peru



Appendix B - page 2 continued

Chile	Philippines**
Colombia**	Poland
Congo	Portugal
Costa Rica*	Romania
Cuba	Senegal
Czechoslovakia	Singapore
Dominican Republic	Somalia*
Ecuador*	South Africa
Egypt	Spain

El Salvador*
El Salvador*
Ethiopia*
European Communities and member
states
Finland
Gabon
Ghana
Greece
Guatemala*
Haiti
Honduras*
Hungary
Iceland
India
Indonesia
Iran*
Iraq*
Israel
Ivory Coast
Jamaica
Japan
Kenya



Sri Lanka
Sri Lanka
Sudan*
Swaziland*
Sweden
Switzerland
Tanzania
Thailand*
Togo
Trinidad and Tobago
Tunisia**
Turkey
Uganda
United Kingdom of Great Britain and
Northern Ireland (on behalf of dependent
territories)
United States of America
Uruguay
Venezuela*
Viet-Nam*
Yugoslavia
Zaire
Zambia*

* Not Contracting Parties to GATT

** Acceded provisionally to GATT

APPENDIX C

Beneficiary Countries in the U.S. Generalized System of Preferences
January 1, 1976

Independent Countries



Afghanistan
Angola
Argentina
Bahamas
Bahrain
Bangladesh
Barbados
Benin
Bhutan
Bolivia
Botswana
Brazil
Burma
Burundi
Cameroon
Cape Verde
Central African
 Republic
Chad
Chile
China, Republic of
Colombia
Congo (Brazzaville)
Costa Rica
Cyprus
Dominican Republic
Egypt
El Salvador
Equatorial Guinea

Grenada
Guatemala
Guinea
Guinea Bissau
Guyana
Haiti
Honduras
India
Israel
Ivory Coast
Jamaica
Jordan
Kenya
Korea, Republic of
Laos
Lebanon
Lesotho
Liberia
Malagasy Republic
Malawi
Malaysia
Maldives Islands
Mali
Malta
Mauritania
Mauritius
Mexico
Morocco
Mozambique

Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Romania
Rwanda
Sao Tome and Principe
Senegal
Sierra Leone
Singapore
Somalia
Sri Lanka
Sudan
Surinam
Swaziland
Syria
Tanzania
Thailand
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Upper Volta
Uruguay
Western Samoa

Ethiopia
Fiji
Gambia
Ghana

Nauru
Nepal
Nicaragua
Niger

Yemen Arab Republic
Yugoslavia
Zaire
Zambia



Non-Independent Countries and Territories

Afars and Issas, French
Territory of the
Antigua
Belize
Bermuda
British Indian Ocean
Territory
British Solomon Islands
Brunei
Cayman Islands
Christmas Island
(Australia)
Cocos (Keeling) Islands
Comoro Islands
Cook Islands
Dominica

Falkland Islands (Malvinas)
and Dependencies
French Polynesia
Gibraltar
Gilbert and Ellice
Islands
Heard Island and
McDonald Islands
Hong Kong
Macao
Montserrat
Netherlands Antilles
New Caledonia
New Hebrides Condominium
Niue
Norfolk Island

Pitcairn Island
Portuguese Timor
Saint Christopher-Nevis-
Anguilla
Saint Helena
Saint Lucia
Saint Vincent
Seychelles
Spanish Sahara
Tokelau Islands
Trust Territory of the
Pacific Islands
Turks and Caicos Islands
Virgin Islands, British
Wallis and Futuna Islands

APPENDIX D

Worker Adjustment Assistance Determinations,
 By Standard Industrial Classification
 Under the Trade Act of 1974
 April, 1975 to December 31, 1975



<u>S/C No.</u>	<u>Industry</u>	<u>CERTIFIED</u>		<u>DENIED</u>	
		<u>Petitions</u>	<u>Est. No. Workers</u>	<u>Petitions</u>	<u>Est. No. Workers</u>
02	- Agricultural production - live- stock			1	30
10	- Metal mining	1	68		
21	- Tobacco manufactures			1	630
22	- Textile mill products	4	715	2	318
23	- Apparel & other finished products made from fabrics & similar materials	32	8,496	38	6,582
24	- Lumber and wood products, except furniture	1	300		
25	- Furniture and fixtures			1	390
28	- Chemicals and allied products			2	994
29	- Petroleum refining and related industries			1	7
30	- Rubber and miscellaneous plastics products	1	400	4	455
31	- Leather and leather products	35	7,216	10	1,813

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32 - Stone, clay, glass and concrete products	1	6	2	410
33 - Primary metal industries	6	3,381	3	810
34 - Fabricated metal products, except machinery and transp. equipment			4	1,086
35 - Machinery, except electrical	5	2,050	9	1,731
36 - Electrical & electronic machinery, equipment and supplies	21	11,824	18	9,055
37 - Transportation equipment	12	16,230	11	30,018
39 - Miscellaneous mfg. industries	4	575	4	1,867
45 - Transportation, by air			1	691
<hr/>				
TOTALS	123	51,261	112	56,887

Source: U.S. Department of Labor

APPENDIX D

Table 2 State Distribution of Worker Petitions,
April 3 to December 31, 1975

<u>State</u>	<u>CERTIFIED</u>		<u>DENIED</u>	
	<u>Petitions</u>	<u>Est. No. Workers</u>	<u>Petitions</u>	<u>Est. No. Workers</u>
Alabama			2	960
Arkansas	3	1,300	2	325
California	2	850	1	366
Colorado			3	500
Connecticut	1	300		
Delaware			1	4,000
Georgia	1	65	3	210
Illinois	4	1,254	4	6,040
Indiana	5	958		
Kentucky	1	16		
Louisiana	1	100		
Maine	1	300	3	453
Maryland	7	2,596	9	1,511
Massachusetts	9	2,502	5	662
Michigan	5	10,100	7	15,945
Missouri	16	8,139	13	3,922
Nebraska	2	350		
New Hampshire	2	360	2	900
New Jersey	4	900	3	78
New York	12	2,936	10	4,238
Ohio	1	30	5	6,358
Oregon			1	360
Pennsylvania	35	11,062	33	7,407
Tennessee	4	1,215		
Utah	1	68		
Virginia	2	5,140	2	1,239
West Virginia			2	1,213
Wisconsin	3	590	1	200