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January 3, 1975

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed H. R. 10710--The Trade Act of 1974, the purposes of which are: to provide the President with broad authority for the next 5 years to negotiate the reduction or elimination of tariff and non-tariff barriers to international trade; to authorize relief for U. S. industries, workers, firms and communities injured by import competition; to authorize the U. S. to retaliate against certain unfair trade practices of other countries; to provide authority for granting most favored nation status to the Soviet Union and other non-market economy countries under certain conditions; and to establish tariff preferences for certain less-developed countries.

In brief, the bill contains the following provisions:

Title I, Negotiating Authorities. Title I of the bill includes the 5-year authority for the President to enter into multilateral negotiations to reduce or eliminate tariff and non-tariff barriers to trade. It allows tariffs of 5 percent or lower to be eliminated entirely while permitting tariffs above 5 percent to be reduced by up to 60 percent. Under H. R. 10710 Congress must approve by law any changes negotiated in non-tariff barriers.

Title I, Other Authorities. Title I also provides several trade management authorities such as authority to impose a surcharge for balance of payments purposes.

In addition, this Title makes the Special Representative for Trade Negotiations an Executive Level I (currently this is an Executive Level III position) and it replaces the existing Office of the Special Representative for Trade Negotiations created by Executive Order with the same office established by statute.

The bill also places the Tariff Commission substantially under congressional control by prohibiting executive review of its budget, it changes the Commission's name to the International Trade Commission and provides for a rotating chairmanship on an 18-month basis.

Title II, Import Relief. Title II of H. R. 10710 significantly eases access to relief and adjustment assistance for American industries, firms, workers and communities suffering injury or threat of injury from growing import competition. Industries adversely affected by import competition would receive import relief

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in the form of increased U.S. duties or other import restrictions. Workers receiving liberalized adjustment assistance under the bill could get 70 percent of their previous pay for 52 weeks up to a maximum of $170 per week. Worker adjustment assistance would cost about $430 million annually for every 100,000 workers who are eligible. For firms injured by import competition, H.R. 10710 authorizes Government relief in the form of technical assistance and financial assistance including direct loans and guarantees of loans. A community determined to be a "trade impacted area" would be eligible to receive technical assistance, public works grants, direct loans and guarantee of loans.

Title III, Relief from Unfair Trade Practices. Increased authority for the U.S. to respond to unfair foreign export subsidies or foreign import restrictions on U.S. products is included in Title III. The bill authorizes the President to impose duties or other import restrictions, either selectively (i.e., against the products of a particular country) or on a non-discriminatory basis, Restrictions imposed under this authority would be subject to congressional override by concurrent resolution in certain cases. The bill also amends U.S. laws to tighten provisions covering antidumping and countervailing duties and unfair practices involving patents.

Title IV, Trade Relations With Countries not Currently Receiving Nondiscriminatory Treatment. Title IV contains the provisions regarding trade relations with countries not currently receiving most-favored nation (non-discriminatory) tariff treatment. The bill prohibits the President from implementing any commercial agreement to grant most favored nation tariff treatment or trade credits to any non-market economy country that imposes more than a nominal restriction on emigration unless the President reports to the Congress that such a country is not unduly denying its citizens the right to emigrate. The President could, however, waive the restrictions against implementing such agreements for such a country for a period of 18 months beginning with the date of enactment of the bill if he reports to Congress that he has determined that such a waiver would substantially promote the objectives of this section of the bill, and he has received assurances that the emigration practices of that country will henceforth lead substantially to the achievement of the objectives of this section.

In general, subsequent twelve-month extensions of a waiver could be authorized by the President subject to an ultimate authority in either House to terminate the waiver by resolution.

Title V, Tariff Preferences. Title V establishes a generalized system of tariff preferences for developing countries. The authority under this title allows the U.S. to honor a long-standing pledge to establish such a plan. Tariff preferences are not authorized for certain import-sensitive products such as textiles, footwear, electronics, watches and glass. Nor is preferential treatment accorded to communist countries (except Romania and Yugoslavia), to countries that restrict U.S. access to supplies through cartel-like arrangements (such as most OPEC nations), or to countries that do not

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cooperate in stopping drug traffic to the U. S. or refuse to compensate for confiscations.

Access to Supplies. The theme of improving U. S. access to supplies of raw materials runs throughout the bill. In Title I it is stated as an objective of the multilateral trade negotiations. In Title III, authority is granted for taking retaliatory steps against countries withholding raw materials, and similarly, in Title V, withholding supplies of vital commodity resources is cited as grounds for denying preferential tariff rates to a developing country.

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