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THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

AUG 22 1974

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MEMORANDUM FOR THE PRESIDENT

FROM:

W. D. Eberle 
The Special Representative for
Trade Negotiations

SUBJECT:

Tariff-Rate Quota on Stainless Steel Flatware

Issue

Under Proclamation 4076 of August 21, 1971, the tariff-rate quota applicable to certain stainless steel flatware may be increased by the amount consumption has risen over the preceding year, up to a maximum increase of 6 percent. On May 1, 1974, the Tariff Commission reported to the President that consumption in 1973 was 12 percent above 1972.

Discussion

A 6 percent increase in the quota amounts to less than 2 percent of domestic consumption and would have a negligible impact on the domestic industry. Some growth in imports from Japan is likely but a large portion of the Japanese trade is now in price brackets with which US producers can compete. The industry's concern is low price imports from Korea and Taiwan, and a minor change in the tariff-rate quota would not stimulate such trade.

The Japanese have made strong representations to us, noting the 1971 understanding that our restrictions would be eased as consumption rose. Favorable action on the quota would be a psychologically significant offset to Japanese protests against recent escape clause increases in US ball bearing tariffs.

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While we cannot rule out some complaints from producers if the tariff-rate quota were raised, such objections are apt to be limited since firms which account for the bulk of domestic output are large importers. We have had only one representation from Congress in recent months and that sought an increase in the quota.

Recommended Action

I recommend that you increase the tariff-rate quota by 6 percent, effective October 1, 1974. It has been cleared by the Interagency Trade Staff Committee, Ash, Cole, Gergen, Baroody and Timmons.

Decision

Approve increase in quota



Disapprove

(If you approve, please sign the attached letter to the Secretary of the Treasury.)

Attachment

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