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THE WHITE HOUSE
WASHINGTON

May 19, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN
FROM: JERRY H. JONES 
SUBJECT: Tariff Rate Quotas on Brooms
of Broomcorn

Your memorandum to the President of May 16 on the above subject has been reviewed and the STR recommendation -- that the present tariff-rate quotas remain in effect and that there be no public announcement of the decision -- was approved.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld
Frederick B. Dent
John M. Dunn

THE WHITE HOUSE

WASHINGTON

May 16, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*
SUBJECT: TARIFF RATE QUOTAS ON BROOMS
OF BROOMCORN

The attached memorandum from Ambassador Dent on Tariff Rate Quotas on Brooms of Broomcorn has been staffed at my request by the Council on International Economic Policy.

I concur with Ambassador Dent's recommendation that you allow the present tariff rate quotas to remain in effect.

Attachment

COUNCIL ON INTERNATIONAL ECONOMIC POLICY

WASHINGTON, D.C. 20500

MAY 12 1975

MEMORANDUM FOR

Mr. L. Wm. Seidman

SUBJECT: Tariff-Rate Quotas on Brooms of Broomcorn

The following White House agencies have concurred fully in the recommendations contained in Ambassador Dent's memorandum for the President, that the present tariff-rate quotas remain in effect, and that no public announcement be made of this decision:

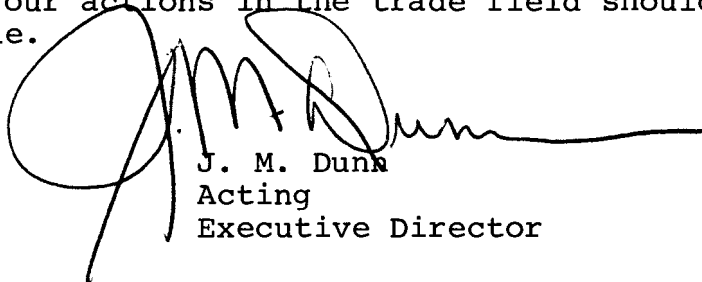
Council on International Economic Policy
National Security Council
Office of Management and Budget

Others contacted offered no comment.

The consumption of whiskbrooms and other broomcorn brooms declined 12.8 percent and 13.8 percent, respectively, in 1974 compared to the 1965 base year. The decline in imports for both categories was much more precipitous than was the decline in domestic shipments. Rather than supporting any effort to raise tariff-rate quotas, this evidence would suggest that U.S. protection should if anything be relaxed.

Our assessment is that the brooms and broomcorn problem in 1974 does not require a modification of the tariff-rate quota. The general decline in domestic consumption may simply reflect increased usage of more capital intensive cleaning devices, such as vacuum cleaners.

In a more general context, we should now be on guard against efforts that seek to impose increased U.S. trade-restrictive measures. At a time when the multilateral trade negotiations are just getting underway, and given the general perception that the United States needs to assume a major lead role in those negotiations, our actions in the trade field should be as exemplary as possible.



J. M. Dunn
Acting
Executive Director

OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

April 28, 1975

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MEMORANDUM FOR

THE PRESIDENT

FROM: FREDERICK B. DENT

SUBJECT: TARIFF-RATE QUOTAS ON BROOMS OF BROOMCORN

Problem

You are required under the Tariff Schedules of the United States (Schedule 7, Part 8, Sub A) to proclaim changes in the tariff-rate quotas applicable to brooms of broomcorn if you determine that annual domestic consumption has changed substantially as compared with 1965. Pursuant to Executive Order 11377 of October 23, 1967, the International Trade Commission on April 1 reported to you its estimates of consumption for 1974.

Discussion

Consumption of whiskbrooms in 1974 was 12.8 percent lower than in the 1965 base period. While U.S. producers' shipments were down 7.5 percent, imports were down 23.8 percent. The share of the market held by domestic producers was higher than in 1965.

Consumption of other broomcorn brooms was 13.8 percent below the base period. Domestic shipments were down 13.2 percent as compared with the decline of 22.6 percent in imports. On balance, the market share of U.S. producers was marginally higher than in 1965.

The principal foreign supplier of the subject brooms is Mexico, with smaller amounts from Hungary, the European Community and Poland.

Much of the domestic production is centered in Illinois and Ohio. For both whiskbrooms and other brooms of broomcorn, competition from brooms of plastic fiber has been a major

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-2-

factor in declining consumption. We have received no representations from members of Congress or domestic producers requesting a tightening of the quota.

This year may be considered a borderline situation. However, in the past, a change in consumption greater than that estimated for 1974 was not considered to require a modification of the tariff-rate quota. Moreover, much of the competition faced by U.S. producers would not be affected by a change in the quota. It should also be kept in mind that an increase in U.S. protection would weaken our position in the current multilateral trade negotiations and our ability to persuade other countries to hold the line against pressures for greater restrictions on their imports.

Recommendation

That you allow the present tariff-rate quotas to remain in effect. This recommendation has the unanimous concurrence of agencies on the Trade Policy Staff Committee, whose report is attached at Tab A.

Since this is a borderline case and interest would be negligible outside the industry, I suggest that there be no public announcement of your decision.

APPROVE

Mr 7

DISAPPROVE

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A

STADTLER
MARKET

POLICY
TRADE/STAFF COMMITTEE

ACTION RECORD

DATE: April 24, 1975
DOCUMENT: 75-17
SUBJECT: Tariff-Rate Quotas on Brooms of Broomcorn

SUBMITTED BY: Office of the Special Representative
for Trade Negotiations


TELEPHONE CLEARANCE:

<u>Agency</u>	<u>Member or Alternate</u>	<u>Other</u>
STR	Allen H. Garland (Chairman) Doris S. Whitnack	
Agriculture	James Starkey	
Commerce		Bill Cavitt
Defense		
Interior		Robert Johnson
Labor		
State		Bill Diroll
ITC	William Hart	
Treasury		Ted Hume

COMMITTEE DECISION:

Paper approved.

COMMITTEE COMMENT:


Carolyn Jahn
Secretary

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PROBLEM

The International Trade Commission on April 1, 1975, reported to the President its estimates of domestic consumption of broomcorn brooms in 1974. The Trade Staff Committee has been asked for its views on whether the changes shown in that report necessitate a modification of the tariff-rate quotas applicable to broomcorn brooms, as provided in TSUS Schedule 7, Part 8, Subpart A, Headnote 3.

RECOMMENDATION

That the President be advised that no modification of the existing tariff-rate quotas is required.

BACKGROUND

In accordance with PL 89-241, Section 78, the President must proclaim changes in the tariff-rate quotas applicable to imports of certain broomcorn brooms when domestic consumption changes substantially as compared with 1965. The TSUS items included in the Commission's consumption estimates are broomcorn whiskbrooms (750.26-750.28) and other broomcorn brooms (TSUS 750.29-750.31). For whiskbrooms, Congress set a tariff-rate quota of 115,000 dozen for imports valued not over 32 cents each. For "other" brooms of broomcorn, the tariff-rate quota was set at 205,000 dozen for imports valued not over 96 cents each. The relevant tariff provisions are shown in Annex A.

No trade agreement concessions have been made on broomcorn brooms, and the tariff-rate quotas have not been modified since they were established by Congress.

There are about 175-185 manufacturers of broomcorn brooms in the United States, with much of the production centered in Illinois and Ohio. While some of the brooms are made by workshops for the blind and in federal prisons, the bulk of the output comes from commercial plants, most of them small. Mexico is the principal foreign supplier, by value, with smaller entries from Hungary, the EC, and Poland.

Pursuant to Executive Order 11377 of October 23, 1967, the International Trade Commission has reported its estimate of consumption in 1974 as follows:

	<u>1965</u>	<u>1973</u>	<u>1974</u>
	------(in dozens)-----		
	<u>Whiskbrooms of a kind provided for in</u> <u>TSUS items 750.26 to 750.28, inclusive</u>		
U.S. Producers' shipments	318,691	333,202	294,885
Imports	152,686	104,092	116,327
Exports	765	780	966
Apparent Consumption	470,612	436,514	410,246

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	<u>1965</u>	<u>1973</u>	<u>1974</u>
	----- (in dozens) -----		
	<u>Other brooms of a kind provided for in</u>		
	<u>TSUS items 750.29 to 750.31, inclusive</u>		
U.S. producers' shipments	2,596,457	2,351,674	2,255,341
Imports	296,897	205,783	229,881
Exports	14,359	2,573	4,576
Apparent Consumption	2,878,995	2,554,884	2,480,646

Changes in consumption as compared with the 1965 base period are shown by the index below:

	<u>Whiskbrooms</u>	<u>Other Brooms</u>
	(1965=100)	
1967	95.2	103.8
1968	85.0	97.7
1969	94.7	107.8
1970	94.7	101.5
1971	81.2	96.3
1972	94.8	92.0
1973	92.8	88.7
1974	87.2	86.2

Although apparent consumption of broomcorn whiskbrooms in 1974 was 12.8 percent below the 1965 level, U.S. producers' shipments were down only 7.5 percent. Imports in 1974 were higher than the previous year but were only 1 percent over the level of the tariff-rate quota; as compared with 1965 there was a decline of 24 percent. The share of the market held by domestic producers in 1974 (72 percent) was higher than in the base period (68 percent). In the past, greater changes in whiskbroom consumption have not been considered to require an adjustment of the tariff-rate quota. If modified, however, the new quota level would be 100,280 dozen, a reduction of 14,720 dozen from the present level and 14 percent below 1974 imports.

In the case of "other" brooms, the decline in 1974 consumption as compared with the base period was 14 percent while shipments by U.S. producers were down 13 percent and imports down 23 percent. Exports were also substantially lower. Increased competition from brooms of plastic fiber was a major factor. On balance, while the domestic market for "other" broomcorn brooms was smaller in 1974, the share enjoyed by U.S. producers was 90.9 percent as compared with 90.2 percent in the base period.

It should be noted that all the figures reported by the Commission include broomcorn brooms in value brackets not subject to a tariff-rate quota. In the case of whiskbrooms, the imports of nonquota items

(TSUS 750.28) are negligible, but for "other" brooms of broomcorn the increase in such imports (750.31) amounted to 11,630 dozen and accounted for about half of the increase in total imports of "other" brooms from 1973 to 1974 as shown in the report of the Commission. Such imports would not be affected by a modification of the tariff-rate quota. If the tariff-rate quota for other brooms valued not over 96 cents were modified, the new level would be 176,710 dozen, and on the basis of 1974 imports nearly 41,000 dozen entries would pay the overquota duty, which had an AVE of 50 percent as compared to the 20 percent rate for inquota entries.

The consumption estimate for 1974 makes "other" brooms somewhat of a borderline case. However, account must be taken of other elements in the picture, which in combination tip the scales against a reduction of the tariff-rate quota, namely: (1) an important part of the 1974 increase in imports was due to nonquota brooms; (2) domestic producers had a slightly higher share of the U.S. market than in the base period set by Congress; and (3) an increase in protection, even on unbound items, would be detrimental to our interests in the multilateral trade negotiations.

At the recent hearings of the International Trade Commission on the impact of possible future U.S. concessions in trade agreements, the National Broom Council urged that the present quota levels and tariff rates be maintained on TSUS 750.26 to 750.31 but that the price breaks be raised, e.g., from 96 cents to \$1.10 on "other" brooms of broomcorn. The proposed change in price breaks goes beyond the authority of the President under headnote 3, to Schedule 7, subpart A and thus was not examined at this time.

SCHEDULE 7. - SPECIFIED PRODUCTS: MISCELLANEOUS AND NONENUMERATED PRODUCTS
 Part 8. - Combs; Hair Ornaments; Brooms and Brushes; Paint Rollers; Umbrellas and Canes

7 - 8 - A

Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty	
				1	2
		<p>PART 8. - COMBS; HAIR ORNAMENTS; BROOMS AND BRUSHES; PAINT ROLLERS; UMBRELLAS AND CANES</p> <p>Subpart A. - Combs, Hair Ornaments, Brooms and Brushes, Paint Rollers</p> <p><u>Subpart A headnotes:</u></p> <p>1. This subpart does not include --</p> <ul style="list-style-type: none"> (i) mechanical combs, brooms, or brushes (other than combs or brushes which are toilet articles), or combs, brooms, or brushes which are parts of articles (other than toilet articles); (ii) combs, brooms, or brushes imported with, and as part of, fitted luggage and handbags (see part 1D of schedule 7); (iii) pedicure or manicure sets (see part 3E of schedule 6); (iv) brushes imported with, and as part of, paint sets, kits, or color outfits (see part 9C of schedule 4); or (v) combs or hair ornaments provided for in part 6A of schedule 7. <p>2. For the purposes of this subpart, the term "combs" means toothed instruments having not over two rows of teeth, for adjusting, cleaning, or confining hair, or for personal adornment.</p> <p>3. (a) If the President determines that the estimated annual domestic consumption of whisk-brooms of a kind described in items 750.26 to 750.28, inclusive, or of other brooms of a kind described in items 750.29 to 750.31, inclusive, has substantially changed since 1945 or since the date of the immediately preceding proclamation under this paragraph (if any), the quantity provided for in item 750.26 to 750.29, as the case may be, shall be modified by the percentage by which the President determines the estimated annual domestic consumption of the relevant brooms has changed in comparison with such estimated consumption in 1955 or at the time of such immediately preceding proclamation (if any). Such modified quantity shall be proclaimed by the President and shall, subject to the provisions of this paragraph, replace the quantity previously applicable under item 750.26 or 750.29.</p> <p>(b) If the President determines an allocation among supplying countries of the quantity provided for in item 750.26 or 750.29 to be in the national interest, he may proclaim such allocation.</p>			

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1975)

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SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS
Part 8. - Combs; Hair Ornaments; Brooms and Brushes; Paint Rollers; Umbrellas and Canes

7 - 3 - A

750.05 - 750.35

Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty	
				1	2
750.05	00	Combs: Valued not over \$4.50 per gross.....	Doz.....	0.2¢ each + 5% ad val.	1¢ each + 25% ad val.
750.10	00	Valued over \$4.50 per gross: Wholly or almost wholly of rubber.....	Doz.....	0.7¢ each + 12% ad val.	2¢ each + 35% ad val.
750.15	00	Other.....	Doz.....	0.4¢ each + 8% ad val.	2¢ each + 35% ad val.
750.20	00	Barrettes, hair-slides, tiaras, and other hair ornaments (except combs): Of rubber or plastics, not set with imitation pearls or imitation gemstones.....	X.....	8.5% ad val.	80% ad val.
750.22	00	Other.....	X.....	27.5% ad val.	110% ad val.
750.25	00	Nonthermic, nonornamental devices for curling the hair.....	X.....	19% ad val.	45% ad val.
750.26	00	Brooms and brushes consisting of vegetable materials bound together but not mounted or set in a block or head, with or without handles: Brooms wholly or in part of broom corn: Whiskbrooms: Valued not over 32¢ each: In any calendar year prior to the entry, or withdrawal from warehouse, for consumption of 115,000 dozen (or such modified quantity as may become applicable under headnote 3(a) to this subpart) whiskbrooms classifiable under items 750.26 to 750.28, inclusive.....	No.....	20% ad val.	20% ad val.
750.27	00	Other.....	No.....	12¢ each	12¢ each
750.28	00	Valued over 32¢ each.....	No.....	32% ad val.	32% ad val.
750.29	00	Other brooms: Valued not over 96¢ each: In any calendar year prior to the entry, or withdrawal from warehouse, for consumption of 205,000 dozen (or such modified quantity as may become applicable under headnote 3(a) to this subpart) brooms classifiable under items 750.29 to 750.31, inclusive.....	No.....	20% ad val.	20% ad val.
750.30	00	Other.....	No.....	32¢ each	32¢ each
750.31	00	Valued over 96¢ each.....	No.....	32% ad val.	32% ad val.
750.32	00	Other.....	No.....	25% ad val.	25% ad val.
750.33		If product of Cuba.....		20% ad val. (s)	
750.35	00	Feather dusters.....	X.....	7% ad val.	45% ad val.

(s) = Suspended. See general headnote 3(b).

ANNEX SCHEDULES OF THE UNITED STATES ANNOTATED (1975)
SCHEDULE 7. - SPECIFIED PRODUCTS: MISCELLANEOUS AND NONENUMERATED PRODUCTS
Part 8. - Combs: Hair Ornaments; Brooms and Brushes; Paint Rollers; Umbrellas and Canes

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7 - 8 - A. B
750.40 - 750.60

Item	Stat. Suf. fix	Articles	Units of Quantity	Rates of Duty	
				1	2
750.40		Other brooms and brushes:			
		Tooth brushes.....		0.4¢ each + 8.5% ad val.	2¢ each + 50% ad val.
	20	<i>Mechanical.....</i>	No. p		
	40	<i>Other.....</i>	No. p		
750.45	00	Toilet brushes, except tooth brushes:			
		Valued not over 40¢ each.....	No.....	0.4¢ each + 17.5% ad val.	1¢ each + 50% ad val.
750.47	00	Valued over 40¢ each.....	No.....	0.4¢ each + 5% ad val.	1¢ each + 50% ad val.
750.50	00	Artists' brushes and hair pencils:			
		Valued not over 5 cents each.....	Doz.....	8% ad val.	40% ad val.
750.55	00	Valued over 5 cents but not over 10 cents each.....	Doz.....	0.4¢ each	40% ad val.
750.60	00	Valued over 10 cents each.....	Doz.....	4% ad val.	40% ad val.
750.65	00	Paint brushes, except artists' brushes.....	No.....	10% ad val.	50% ad val.
750.70		Other.....		14% ad val.	50% ad val.
	20	<i>Whisk brooms.....</i>	No.		
	40	<i>Upright brooms.....</i>	No.		
	60	<i>Push brooms, 16 inches or less in width.....</i>	No.		
	80	<i>Other.....</i>	No.		
750.75	00	Combination toilet articles which contain combs, brushes, or combs and brushes, as integral parts.....	X.....	14% ad val.	50% ad val.
750.80	00	Paint rollers.....	No.....	16% ad val.	50% ad val.
<p align="center">Subpart B. - Umbrellas, Walking Sticks, Whips, Riding Crops, and Parts Thereof</p> <p><u>Subpart B headnotes:</u></p> <p>1. For the purposes of this subpart, the term "umbrellas" refers to canopies of cloth, paper, or other material supported on a radiating frame which is collapsible around a supporting central shaft, and, in addition to ordinary umbrellas for protection against rain, includes parasols, beach umbrellas, tent umbrellas, cane umbrellas, and decorative umbrellas of the type usually made of paper on a wood or bamboo frame, but does not include miniature umbrellas of the type used as party favors or as toys.</p> <p>2. Wood sticks, in the rough, or cut into lengths suitable for umbrellas, walking sticks, canes, seat sticks, whips, or riding crops, are provided for in part 1A and part 2B of schedule 2.</p>					