UNITED STATES POLICY AND ACTION

To supplement the information made available to Committee III, the following information is submitted by the United States Government in response to GATT/AIR/273, 9 March 1962.

1. Customs tariffs

With regard to the consideration being given by the United States to action to reduce tariff barriers on the products identified by Committee III, it should be noted that the new trade legislation presently before the Congress would, if enacted, include authorization for the President to do the following in trade agreements: (1) reduce existing duties by 50 per cent, in exchange for comparable concessions on the part of other countries, (2) reduce or eliminate tariffs on any tropical agricultural or forestry product not produced in significant quantities in the United States, provided the EEC agrees to take similar action on a non-discriminatory basis, and (3) eliminate tariffs on products dutiable at 5 per cent or less. At this stage of Congressional consideration, it is not possible to indicate the form which the bill will finally take or to specify the nature of the future tariff reduction which the United States will be able to effect.

It should also be noted that it has been possible for the United States to take certain specific actions of benefit to the trade of less-developed countries which are not directly related to the basic negotiating authority of the Trade Agreements Act. For example, it has already been reported to the Committee that the United States has recently suspended or terminated import fees imposed under Section 22 of the Agricultural Adjustment Act with respect to flaxseed, linseed oil and peanut oil. In addition, specific legislative action has been taken to suspend duties or processing taxes on bauxite, aluminum oxide, scrap and alloys, copra, coconut oil, palm kernels and oil, and palm oil.

The United States is not presently in a position to submit specific proposals concerning the two tasks envisaged by paragraph 9 of L/1732.

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1 This communication from the United States mission in Geneva was received after the close, on 9 May, of the recent meeting of Committee III, to which it was destined. It is distributed for the information of contracting parties and will be presented to the next meeting of the Committee.
2. **Quantitative restrictions**

The following is the status of the quantitative restrictions maintained by the United States on products included in the three lists drawn up by Committee III and previously reported to the Committee:

(a) **Cotton**

Import quotas are maintained on cotton, cotton waste and "picker lap" under the provisions of Section 22 of the Agricultural Adjustment Act to prevent imports from materially interfering with domestic agricultural programmes, including price support, acreage allotment and marketing quota, and conservation reserve programmes, and related surplus operations. Descriptions of these programmes are contained in document L/1549, 3 October 1961, "Seventh Annual Report by the United States Government under the Decision of 5 March 1955". It is anticipated that these programmes will continue for the foreseeable future.

(b) **Cotton manufactures**

Since the last meeting of the Committee, Hong Kong and Spain have agreed to limit exports to the United States of certain categories of cotton textiles following requests by the United States in accordance with the provisions of the short-term arrangements. In this connexion, certain transitional import restrictions were imposed by the United States.

(c) **Lead**

Import quotas were placed on unmanufactured lead and concentrates in 1958 after an investigation by the Tariff Commission under Section 7 of the Trade Agreements Act and a finding by that body of serious injury to the domestic industry as a result of imports. This action is being kept under annual review, with the latest such review having taken place in November 1961. To date, the conditions which brought about the original action have not been found to have changed sufficiently to warrant steps leading to the removal of the quotas.

(d) **Peanuts**

The import quota on peanuts is maintained under Section 22 of the Agricultural Adjustment Act in order to prevent imports from materially interfering with domestic programmes. These programmes, which include price support, acreage allotment and marketing quota, purchase, and storage and disposal, are expected to continue for the present. The programmes are described in document L/1549.

(e) **Tung nuts and tung oil**

On 1 May 1962 the President determined that unrestricted imports of tung nuts and tung oil would not result in material interference with domestic price support operations. Accordingly, by proclamation, effective 2 May 1962, the special import quota applying to these products was terminated.

3. **State trading**

The United States has no specific proposals for questions to be included in the supplementary questionnaire contemplated in paragraph 17 of L/1732.