Withdrawal by the United States Concessions on Certain "Hat" Items:

Contracting Parties accept Report of Intersessional Working Party

At the Fifth Session of the Contracting Parties Czechoslovakia drew attention to the withdrawal by the United States of tariff duty concessions which had been negotiated in 1947 on parts of Item 1526 (a) of the United States tariff, namely women's hats and hat bodies made of fur felt, under the provisions of Article XIX of GATT. The United States Government had previously announced, on November 1, 1950, that in accordance with the findings of the United States Tariff Commission and with the provisions of Article XIX, the above tariff concessions would be withdrawn on December 1, 1950. In accordance with the provisions of Article XIX the United States held consultations with the contracting parties mainly concerned, namely Czechoslovakia, France and Italy. The consultations with Czechoslovakia did not prove acceptable to the Czechoslovak Government and a working party was set up, under the chairmanship of M. Georges Cassiers, Belgium, to examine whether — as the Czechoslovak Government contended — the United States in withdrawing the above mentioned concession had failed to fulfil the obligations contained in Article XIX:1 (a).

At their meeting on October 22, the Contracting Parties accepted the Report of the Working Party and agreed to make it public. (Copies are available from the Information Officer).

The Report, after reviewing the conditions which have to be fulfilled if a country is to invoke Article XIX, examines this particular case involving the existence or threat of serious injury to the United States women's fur felt hat industry. The Report finds that some degree of adverse effect, resulting from increased imports had been caused. The Report indicates that the factual evidence pointed towards temporary difficulties in the industry. The position should be kept under review, the Report states, in order that the 1947 tariff concessions should be wholly or partially restored, as required in Article XIX, as soon as the United States industry is in a position to compete with imported supplies without the support of higher rates of duty. Finally, the Report concludes that there was no conclusive evidence that the action taken by the United States under Article XIX constituted a breach of their obligations under the GATT.

The Report was adopted without a vote but the Czechoslovakian delegate, Mr. Arnost Tauber, maintained that the Report was not acceptable to his government. He declared that the Contracting Parties were faced by a further violation of the GATT by the United States. After the recent violation committed by the United States in asking the Contracting Parties to agree to the suspension of the obligations between Czechoslovakia and the United States, and in view of the fact that the Contracting Parties have taken the "illegal" decision, "under the pressure of the United States", Czechoslovakia was no longer interested in this item, Mr. Tauber said. Nevertheless he could not agree with the Report of the Working Party because the conclusions of this Report were based on incorrect premises and consequently the final outcome of the Report was necessarily also incorrect. The Czechoslovak delegate analysed various points of the Report and concluded that in his view the United States action in invoking Article XIX was a violation of the GATT.

The United States delegate, Mr. Walter Hollis, informed the Contracting Parties that steps had been taken in the United States to keep this matter under constant review.