GENERAL AGREEMENT ON TARIFFS AND TRADE
Contracting Parties
Second Session

Working Party 3 on Modifications to the General Agreement

Request of the United States for a Waiver Under
Article XXV of the General Agreement on Tariffs and Trade
in respect of Preferential Treatment for the Trust
Territory of the Pacific

Delete paragraphs 4 to 5 on page 2: "of the foregoing commodities .......... more than 200,000 tons", and the footnote on page 2, and insert the following text instead of paragraphs 4 to 6:

"Of the foregoing commodities only copra and phosphate are produced by the native population. The sugar, alcohol and dried bonito industries employed practically all Japanese, the first two having been subsidized by Japan for strategic reasons. In view of the exodus of the 70,000 Japanese there would appear to be no basis for the maintenance of these industries in the future.

Phosphate exports, which are now going to Japan, are expected to terminate by 1951 because of the depletion of resources.

In addition to these main commodities there is a small native production and export of trochus shells and of handicraft articles of wood, grass, leaves and porcelain. Handicraft exports amounted to about $26,000 in the first six months of 1948. There were also 93,000 pounds of charcoal exported during the latter period.

Copra. Copra exports from the islands during the 1930's ranged from 10 to 15 thousand tons, mostly to Japan. Exports to the United States during the first half of 1948 amounted to a little over 5,000 tons, together with about 800 gallons of coconut oil. Total United States imports of copra average more than 200,000 tons.

Wartime destruction of coconut plantations, together with the limited area suited for the raising of coconuts, makes unlikely annual production of more than 10,000 tons.

It may be noted that the quantities of copra exported to the United States from the N.E.I. in 1937 and 1939, amounting to 5,500 and 12,000 tons respectively, represented only 1% and 2%, respectively, of total exports of copra from the N.E.I. in those years. These exports took place in competition with Philippine copra. Since production of Philippine copra is more efficient than that of the Trust Territory, there would seem to be little reason to believe that the extension of the preference to the latter would significantly alter the competitive position of N.E.I. copra in the United States market."