In reference to the communication by the United States mission in Geneva concerning United States export licensing policy (L/3926), the secretariat has, by letter dated 21 September 1973, been informed by the United States mission in Geneva of the suspension of issuance of export licences for ferrous scrap orders under 500 net tons. A copy of the suspension announcement, released on 12 September 1973, is attached.

The United States Department of Commerce today announced that licensing of ferrous scrap exports against orders of less than 500 short tons is suspended effective immediately for September exports except for such orders for exports of stainless steel scrap, which will continue to be licensed regardless of when accepted.

This action is a modification of the licensing procedure announced 24 August. At that time the Department stated licences would be issued against such orders regardless of when they were accepted and that the validity period of these licences would be thirty days from the date of issuance. The Department also warned exporters that "In the event the volume of exports under the licensing procedure ...... reaches an unacceptable level, further restrictions may be imposed on exports against orders of less than 500 short tons."

Licences issued during the month of August for orders of less than 500 short tons totalled 198,715 short tons, or 14 per cent of the total amount of ferrous scrap licensed during that month. This compares with 102,965 short tons licensed for orders of less than 500 short tons in July which represented only 5 per cent of total exports licensed for July.

This large increase both on a tonnage basis, and as a percentage of total licences issued makes it quite clear that the outflow of ferrous scrap through small orders could impair the effectiveness of the entire licensing programme for that commodity. The need for prompt Department action became even more evident during the first part of September, when the rate of licence applications against small orders increased to a level which was substantially exceeding even the August rate.
In taking this action the Department decided to continue its previous licensing policy for small orders of stainless steel scrap because that particular type of scrap has traditionally been ordered and exported in small quantities. Moreover, licences for export of stainless steel scrap against orders of less than 500 tons in August totalled 3,562 short tons, less than 2 per cent of licences for all small orders of ferrous scrap.

For orders of less than 500 short tons, other than for stainless steel scrap, only those applications filed on or before 10 September have been licensed. The total tonnage covered by these licences is approximately 73,000 short tons, of which 40,000 tons are for Canada and 22,000 tons for Mexico. The total of 73,000 short tons would represent approximately 9 per cent of the total which we expect to license for September.

The Department will continue to monitor the ferrous scrap supply/demand situation closely and decisions on future licensing policy will be based on our findings. An announcement of the licensing policy for October, covering orders of 500 short tons or more, as well as those of less than 500 short tons, will be made later this month.

12 September 1973