The United States mission has transmitted to the GATT secretariat the following announcement dated 1 June 1976.

Import relief for domestic producers of ferricyanide and ferrocyanide (iron blue) pigments is not in the national economic interest of the United States, President Ford has determined, according to Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations.

Increased tariffs had been recommended on 2 April 1976 by the United States International Trade Commission as a result of its investigation of a petition for import relief filed last fall by the American Cyanamid Company. Two of the six Commissioners found serious injury to the domestic industry caused substantially by imports, three found the threat of such injury, and one found no injury.

Since the period covered by the United States International Trade Commission report, the domestic economy has made significant progress toward recovery from the recession. Demand for iron blue pigment has risen this year, and with inventories drawn down, the capacity of the United States industry is not sufficient to supply anticipated consumption in 1976.

The value of imports of these pigments in 1975 was $1,786,000, down from a peak in 1974 of $2,679,000.
Employment in the domestic industry remained steady at an average of 134 workers from 1972-1974. As production declined in 1975, about thirty-six workers were laid off. With output now rising, employment should also recover. Also, adjustment assistance is available under the Trade Act of 1974 to workers if imports have contributed importantly to their unemployment.

Prices of domestic iron blue pigments have risen significantly, with the current average 15 per cent or more above that reported by the United States International Trade Commission for 1975. Import prices have risen even more sharply. The increased tariff protection recommended by the United States International Trade Commission would result in further substantial price increases at a time when curbing inflation is a priority objective of national economic policy.

The bulk of domestic iron pigments production is accounted for by two large multi-product firms whose overall operations in recent years showed growing profits except during the 1975 recession. Iron blue pigments account for under 0.2 per cent their total of sales. With the resources available to such large producers, they should be able to finance any investment necessary to improve their competitive position vis-à-vis imports without tariff relief.

The Trade Act of 1974 requires that the President consider the effect of increased import restraints on the international economic interests of the United States. Expanding world markets for United States exports is a major factor in the national economic interest. Trade restrictive actions, on the other hand - except where justified in unique and acute circumstances - tend to proliferate with an accumulative effect on world trade to the detriment of the United States.