GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONTRACTING PARTIES

SCHEDULE XX - UNITED STATES

Consultation under Article XIX

1. The following communication was received today from the United States Government for transmission to the CONTRACTING PARTIES.

2. Attention is drawn to the request that this communication be treated as strictly confidential.

COMMUNICATION FROM THE UNITED STATES GOVERNMENT
CONCERNING TARIFF ITEM 338

"The United States Tariff Commission submitted to the President on 27 October an escape clause report on woodscrews of iron and steel, Tariff Paragraph No. 338. Three Tariff Commissioners found that there had been injury to the domestic industry and recommended, for an indefinite period, an annual quota of 2,800,000 gross allocated as follows (in thousand gross): Japan - 772, Belgium - 608, the United Kingdom - 534, West Germany - 254, Sweden - 217, the Netherlands - 151, Austria - 140, Italy - 117, all others - 7. Lagbolts and lagscrews were excepted from the quota recommendation. There was no recommendation with respect to the modification of the tariff rate of 12% per cent ad valorem which was negotiated under the GATT with the BENELUX countries. Three Commissioners found that there had been no injury as a result of increased imports and recommended that no action be taken.

"The average annual imports of woodscrews into the United States during the period 1951-53 were as follows (in thousand gross): Japan - 1,521, Belgium - 1,198, the United Kingdom - 1,053, West Germany - 427, the Netherlands - 299, Austria - 275, Italy - 230, all others - 14.

"No decision has yet been reached by the President. In a split decision, the Trade Agreements Act requires that the findings and recommendations of each group of Commissioners be transmitted to the President and provides that the findings and recommendations of either group may be considered by the President as those of the Commission."
"The group of Commissioners recommending action stated that the domestic industry concerned is the domestic producers of woodscrews of iron and steel and that no other products or producers are involved. The absolute and relative increase in imports beginning June 1950 reached a record peak in the third quarter of 1953. Recent substantial imports have displaced an equivalent quantity of domestic production. The price of imported screws is considerably lower than the price of domestic screws. Imported screws are firmly established in the domestic market. Foreign producers have an advantage in lower labour costs. An increasing proportion of all imports have been coming from countries with the lowest wage rates and prices. The domestic manufacturers have been forced to import substantial quantities of screws. Manufacturers' inventories are high at the present time and continue to grow. Domestic production capacity can supply the domestic requirements. The employment and total wages in the domestic industry have been reduced - the employees of companies manufacturing screws declined by 29 per cent in the first quarter of 1954 compared with the average in 1950 and total wages declined by 14 per cent in the first quarter of 1954 compared with the average in 1953. Domestic prices have declined and the profits of the domestic industry have been curtailed.

"The group of Commissioners opposing action stated that there has been no demonstration of injury resulting from imports. The increase in consumption exceeds the increase in imports in recent years. The recent level of imports is lower than in 1951, and imports, like domestic production, have fluctuated with the domestic demand. Domestic shipments and production in recent years have been higher than in the immediate prewar period and the fluctuations cannot be attributed to imports. The recent domestic price decline cannot be attributed in a major degree to imports. The price of imported screws must be lower than that of the domestic product in order to be imported. The effect on domestic producers of substitution of other screws for woodscrews of iron and steel have been offset by increased manufacture of other screws by the same producers. The domestic producers have earned large profits in recent years.

"In accordance with Article XIX of the GATT, the United States is prepared to consult with the CONTRACTING PARTIES and with individual contracting parties having a substantial interest in the trade in this product. The President may or may not take advantage of the full sixty-day period allowed under the Trade Agreements Act. In any event, the United States is prepared to complete the consultations even if action is taken in the meantime.

"The foregoing information is strictly confidential. Any public disclosure may necessitate immediate implementation of the recommendation.

"The United States has separately notified Belgium, Sweden, the United Kingdom, the Netherlands, Austria, Italy, Germany, and Japan."