TRADE AGREEMENTS AND THE FISHERY INDUSTRIES

By A. M. Sandberg*

ABSTRACT

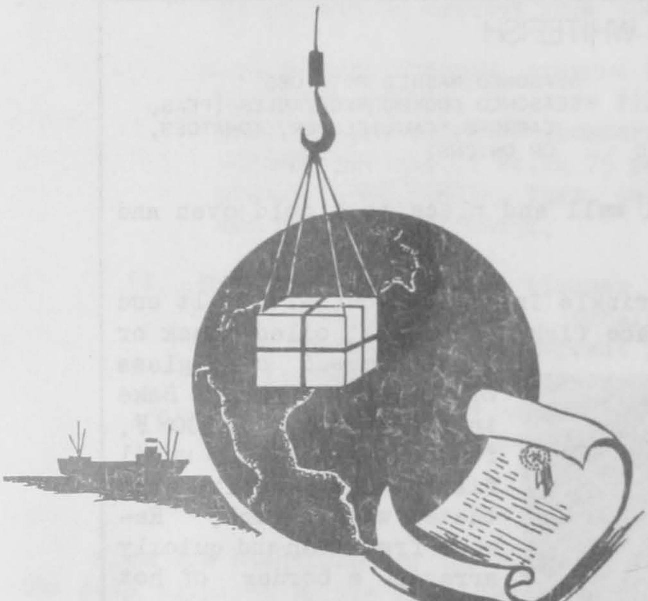
PART I OF THIS ARTICLE DISCUSSES THE RESULTS OF THE TORQUAY CONFERENCE FROM THE VIEWPOINT OF THE FISHERY AND ALLIED INDUSTRIES. AT THIS CONFERENCE PARTIES PARTICIPATING IN AND PARTIES SIGNIFYING THEIR DESIRE TO ACCEDE TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE MET TO NEGOTIATE TARIFF CONCESSIONS. THE SPECIFIC UNITED STATES CONCESSIONS AS WELL AS CONCESSIONS BY FOREIGN COUNTRIES ON FISHERY PRODUCTS TARIFF ITEMS ARE LISTED.

PART II OF THIS ARTICLE PRESENTS A FEW OF THE MAIN CONCEPTS OF THE RECIPROCAL TRADE AGREEMENTS PROGRAM SO THAT FISHERY OPERATORS AND DEALERS MAY KNOW THE OBJECTIVES OF THE PROGRAM AND, IN THE LIGHT OF THESE, BE BETTER ABLE TO JUDGE THE RESULTS WHICH SO FREQUENTLY ARE OF CONSEQUENTIAL CONCERN TO THEM.

Part I - Fishery Products Tariff Changes at Torquay

INTRODUCTION

Among the wide variety of products on which tariff concessions were exchanged at the Torquay Conference (Third Set of Tariff Negotiations by Contracting Parties to the General Agreement in Tariffs and Trade) are many items of interest to the fishery trade. The pertinent details of the results of the negotiations pertaining to the fishery and allied industries are set forth in this report. Since the material for this report was necessarily obtained from preliminary documents, it should be noted that the final authoritative schedules are to be printed by the United Nations, under the auspices of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT).



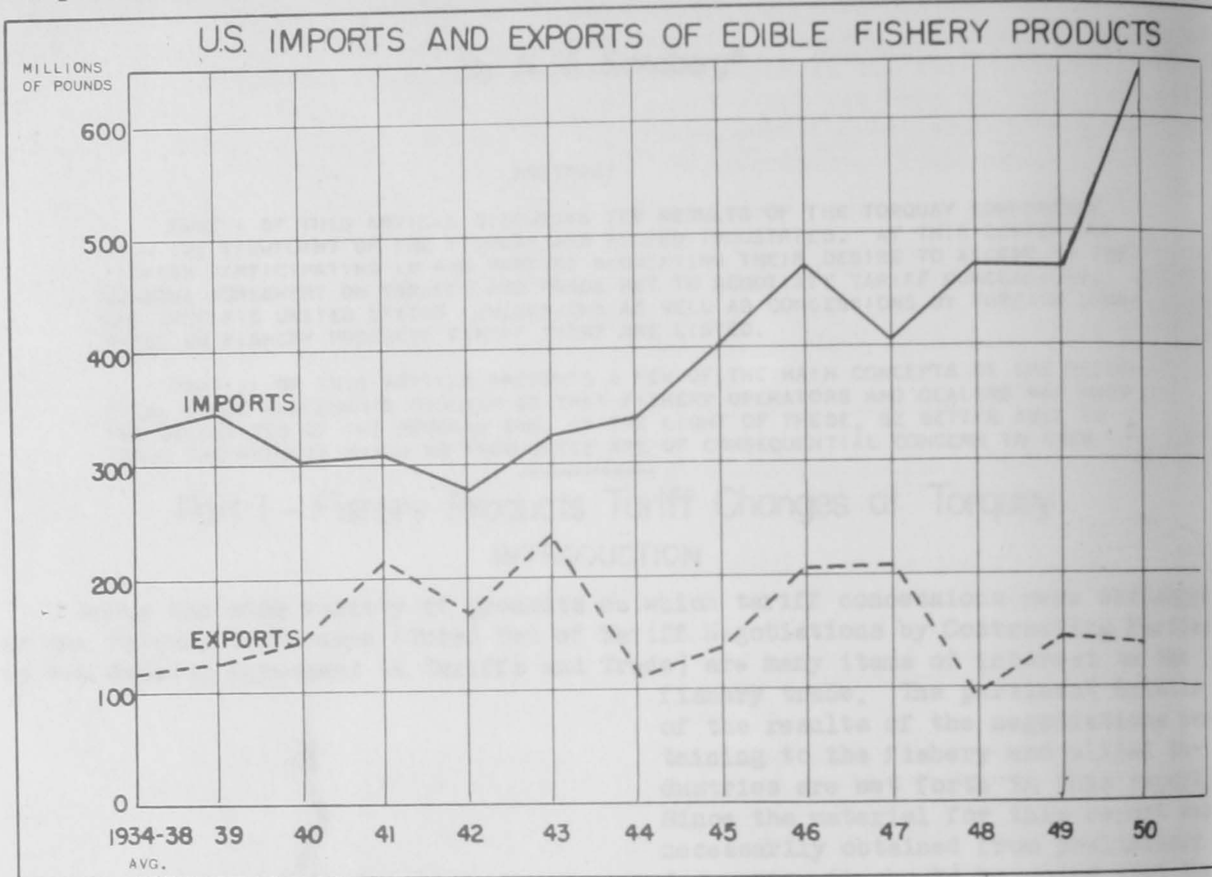
EXTENT OF GENERAL TARIFF NEGOTIATIONS

The Torquay Conference (held from September 28, 1950, to April 21, 1951) resulted in 34 countries completing almost 150 pairs of negotiations with each other. In addition, the modifications in tariffs agreed to at Geneva and Annecy were continued until January 1, 1954. This renewal ensures a set of tariff schedules for some 38 countries all of which will be bound against increase for three years.

The United States obtained new concessions, either in the form of lower tariff or the continuation of present tariff treatment, on export products valued at over a billion dollars in terms of 1949 trade. In exchange, United States import duties were bound or reduced on products valued at about a half billion dollars in terms of 1949 trade.

* COMMODITY-INDUSTRY ANALYST (FISHERIES), ECONOMICS AND COOPERATIVE MARKETING SECTION, BRANCH OF COMMERCIAL FISHERIES, U. S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR, WASHINGTON, D. C.

details of these will not be available until the schedules of the foreign agreements are published by the Secretariat of the United Nations at Geneva.



IMPORTS OF EDIBLE FISHERY PRODUCTS IN 1950 REACHED A TOTAL OF 643 MILLION POUNDS, ALMOST DOUBLE THE 1934-38 AVERAGE OF 330 MILLION. EXPORTS OF 121 MILLION POUNDS IN 1950 WERE ABOUT THE SAME AS FOR THE PREWAR PERIOD.

Among the fishery items on which the United States granted varying concessions are the following: Sodium alginate; certain fish oils; halibut-liver oil; agar-agar; seal oil; fresh mackerel; canned bonito and yellowtail; certain canned sardines and herring; canned salmon; pickled or salted herring, sprats, pilchards, and anchovies; smoked or kippered fish; canned razor clams; canned clam chowder and clam juice; caviar and other fish roe (except sturgeon); and fish hooks.

Numerous items which were originally listed for negotiation by the United States were dropped from consideration or no concessions were offered because of unsatisfactory return offers by the other negotiating party. Among the fishery items listed on which no modification of rate was made are groundfish fillets (including rosefish) canned herring in containers weighing with contents more than one pound, pickled or salted salmon, and smoked or kippered salmon. On many items the tariff reduction was held to less than the maximum permissible. Under United States law, the maximum reduction permissible is 50 percent of the rate in effect on January 1, 1945.

Concessions were obtained from Canada on canned salmon, fresh herring, fresh and frozen shrimp, menhaden oil, and certain unclassified products of the fisheries. Included in these concessions was the elimination of the British preferential rate on salmon and shrimp imports into Canada.

The results of the negotiations may be brought into force by the contracting parties and the acceding governments (as and when they become contracting parties) at various dates between May and November 1951, depending on the dates of their signatures or notifications regarding Article XXVIII negotiations. October 20 will be the last day for signature of the Torquay Protocol. The United States signed on April 21. The United States will give effect June 6 to any agreements signed by the other contracting parties May 7 or earlier--and to others 30 days after signing.

CONCESSIONS OBTAINED BY U. S. FROM DIRECT NEGOTIATIONS

CANADA: The duty on fresh and frozen shrimp was lowered to 12½ percent, a reduction of 38 percent. Shrimp are not shown separately in Canadian foreign trade statistics but the United States statistics show exports to Canada of 390,000 pounds, valued at US$253,000, in 1949; and 519,000 pounds, valued at US$326,000, in 1950.

Canned salmon was made dutiable at 15 percent--a 45 percent reduction from 27½ percent. United States statistics show 89,288 pounds, valued at US$37,378, were exported to Canada in 1949; and 7,670 pounds, valued at US$2,348, in 1950.

The British Preferential rates on canned salmon and shrimp were also eliminated. Canada lowered the duty on menhaden oil and on "All other articles, the produce of the fisheries" from 20 percent to 17½ percent. The latter is a general classification covering many fish products not enumerated in the tariff and applied to C$446,000 of Canadian imports (including shrimp previously mentioned) from the United States in 1949.

Free entry of fresh herring into Canada was guaranteed for the future. The following tabulation shows each fishery item, identified by tariff paragraph, on which Canada granted a concession to the United States as a result of direct negotiations at Torquay; the Canadian rates of duty before the concession was made (both to the United States and under the British Preferential Agreements) and the rates afterward; and the value of Canadian imports from the United States in 1949 of each concession item.

Principal Fishery Items On Which Canada Granted Concessions to the United States at Torquay

Tariff Item No.	Commodity Description (abbreviated)	Canadian Import Duty				Imports From U.S. in 1949 (1,000 Can.$)
		Before Torquay		After Torquay		
		To U. S.	B. P.1/	To U. S.	B. P.1/	
115a	Herring, fresh	Free	Free	Free	Free	14
123(d)	Canned salmon	27½%	15¾%	15%	15%	13
133	All other products of the fisheries	20%	15%	17½%	12½%	446
Ex 133	Shrimp, fresh or frozen	20%	15%	12½%	12½%	2/
Ex 265a	Menhaden oil	20%	12½%	17½%	12½%	n.a.

1/THE B.P. (BRITISH PREFERENTIAL) RATE APPLIES TO IMPORTS FROM ALL COUNTRIES OF THE BRITISH COMMONWEALTH. THE B.P. SHOWN IS THE LOWEST RATE UNDER CANADA'S PREFERENTIAL TARIFF.
2/INCLUDED IN 133--U. S. STATISTICS SHOW EXPORTS VALUED AT U.S.$253,000 IN 1949, U.S.$326,000 IN 1950.

NETHERLANDS: The Netherlands in an agreement with the United States bound the 20-percent duty on yarns for fish nets imported into Surinam. Imports from the U. S. in 1948 totaled about $12,604.

TARIFF CHANGES ON FISHERY ITEMS RESULTING FROM NEGOTIATIONS BETWEEN OTHER COUNTRIES

Many of the benefits derived from bindings or reductions of rates of duty which were negotiated between other countries will accrue to United States products exported to the country agreeing to the rate change. As a result of the "most-favored-nation" provision of the agreements, concessions granted by a contracting party to any one of the others automatically is extended to all countries participating in GATT.

Products of interest to the United States on which duties were lowered by Canada in negotiations with other countries include crabs in sealed containers; fish preserved in oil, n.o.p.; bonito, preserved in oil; and fish hooks. Sweden will reduce its duty on canned salmon from 75 to 50 kronas per 100 kilograms, and France reduces its ad-valorem rate on canned salmon from 25 to 20 percent. Western Germany agreed to reduce its tariff on canned salmon from 30 to 25 percent. Denmark bound free its tariff on fish oils. The Dominican Republic is to reduce the duty on canned sardines whether or not in oil, from 0.15 pesos per net kilogram to 0.12 pesos. Haiti will continue its present rate of duty on fish in brine but will assess it on a different weight basis. Cuba will reduce its duty on codfish and stockfish from 4.125 pesos per 100 kilograms to 4.00 pesos.

Selected fishery items included in the negotiations between other countries of interest to the United States fishery industries are listed in the table that follows. These items are listed under each country whose tariff rate is affected (that is, the new rate on imports into that country) by tariff item number, commodity description, and the rate of duty to go into effect upon signature of the agreement by the contracting parties concerned.

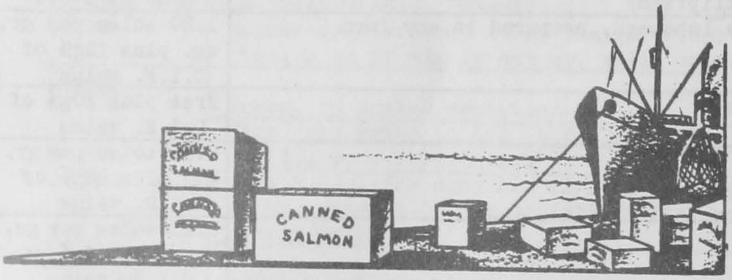
Country and Tariff Item Number	Commodity Description (abbreviated)	Rate of Duty After Torquay
Benelux (Belgium, Netherlands, Luxembourg)		
ex 36	Mother-of-pearl and other shells (other than tortoise shell) raw, also if simply cut up, split or stretched, but not worked.	Free
Canada		
ex 118b	Crabs, in sealed containers	30 percent
121	Fish, preserved in oil, n.o.p.	20 "
ex 121	Bonito, preserved in oil	17½ "
ex 682	Fish hooks, for deep sea or lake fishing, not smaller in size than number 2.0, not to include fish hooks used for sportsmen's purposes.	Free
Cuba		
247-a	Codfish and stockfish	4.00 pesos per 100 kilograms
Czechoslovakia		
ex 131b	Edibles in tins, bottles and similar containers, hermetically sealed, Preserved fish: Herrings, mackerels, sprats, and tunny fish, in tomato sauce	400 Kcs. per 100 kgs.
France		
ex 164	Fish, prepared or preserved, put up: In tins, glasses, jars, and hermetically sealed in containers: Salmonidae	20 percent
741 E	Seal skins and skins of other sea mammals, further processed than tanned.	8 "
ex 25A (Effective Guadeloupe and dependencies, Martinique, Reunion, French Guiana)		
	Fish simply salted, dried or smoked: Herrings, put up: Otherwise (salted, dried, smoked kippers)	20 "

Country and Tariff Item Number	Commodity Description (abbreviated)	Rate of Duty After Torquay
France (Cont.)		
ex 25B (Effective Martinique)		
	Codfish, including klipfish and halibut, put up: In fillets	10 percent
India		
15 (5)	Fish oil and whale oil, hardened and hydrogenated	8 Rs. per cwt.
United Kingdom		
3 (exemptions)	Shells (including fresh water shells) not in any way prepared or worked--mother-of-pearl, trochus, and green snail	Free
Sweden		
ex 142.3	Boiled salmon in tins	50 kr. per 100 kilograms
Austria		
107 ex b	Fish, preserved, in airtight containers, n.e.s. (except marinated fish and fish in jelly)	15 percent
ex e	Shrimps, preserved in airtight containers	300 Gold Crowns per 100 kilograms
Federal Republic of Germany		
03 01	Fish, live or dead, fresh, chilled or frozen:	
	A. Fresh water fish (1) Salmon	12 percent
03 03	Oysters, whether in shell or not, fresh, chilled or frozen, salted, dried or simply cooked:	
	1. Spat	Free
	2. Other	30 percent
16 04	Prepared or preserved fish and fish products:	
	(c) "Other," in hermetically sealed containers:	
	Fish of salmon family, sardelles, sprats, and other	25 "
	Herring, length of live fish not over 16 centimeters in oil or tomato or both	20 "
23 01 (A)	Flour or meal of fish	Free
ex 23 07	Condensed stickwater	5 percent
Peru		
66	Smoked herrings	0.50 soles per gross kilogram plus 12½% of C.I.F. value
68	Fish, dried and salted (klipfish)	same as above
80	Shrimps, crabs, and spiny lobsters, prepared in any form	1.20 soles per gr. kg. plus 12½% of C.I.F. value
367	Cod-liver oil, even refined	Free plus 10½% of C.I.F. value
365	Whale oil, refined	0.40 soles per gr. kg. plus 12½% of C.I.F. value
366	Whale oil, unrefined	0.25 soles per gr. kg. plus 12½% of C.I.F. value
2608	Fish hooks	2.40 soles per legal kg. plus 12½% of C.I.F. value
Philippines	(The United States did not negotiate with the Philippines since the Philippine Trade Act, which governs United States commercial relations with the Republic, prohibits the United States from entering into an agreement pursuant to the Trade Agreements Act of 1934, as amended. Under provisions of that trade agreement, canned fishery products of U. S. origin are free of duty. The rates which follow therefore apply only to other countries.)	
212 ex (a)	Fish in cans, glass or jars: Herring (including kippered herring), salmon and mackerel, plainly prepared and simply preserved, sardines (including brisling and sild sardines) in oil or tomato sauce	10 percent

Country and Tariff Item Number	Commodity Description (abbreviated)	Rate of Duty After Torquay
Denmark		
ex 54	Fish oils used in the manufacture of animal feeds and for human foods, whale oil, veterinary oil, cod, herring and seal oil	Free
Dominican Republic		
ex 908	Smoked herring and alewifes	0.02 RD$ (peso) per net kilogram
ex 909	Codfish, pollock, hake, cusk, and haddock, dry or salted	same as above
ex 910	Herring, mackerel, and alewives in brine	0.01 RD$ per gross kilogram
1035	Sardines, in glass, tin or earthenware receptacles, whether or not in oil	0.12 RD$ per net kilogram
ex 1038	Other preserved fish	0.20 RD$ per net kilogram
Haiti		
2207	Cod-liver oil	0.10 Gourdes per net kilogram
ex 12014	Fish in brine *Applied on weight of fish plus weight of the outside container, but excluding the brine provided the exporting country furnishes a certificate of weight as defined in this note satisfactory to customs authority of Haiti.	0.17 Gourdes per net kilogram* or 20 percent
Italy		
156	Prepared and preserved fish: a. In airtight containers ex 4. Kippered herrings, canned in oil of the same fish or in tomato sauce	20 percent

MODIFICATION OR WITHDRAWALS UNDER ARTICLE XXVIII

In accordance with the provisions of Article XXVIII of the General Agreement and procedures developed by the Contracting Parties at their Fourth Session, 16 countries notified of their intention of withdrawning or modifying concessions granted at Geneva or at Annecy. All but two of the notifications involved concessions initially negotiated with the United States.



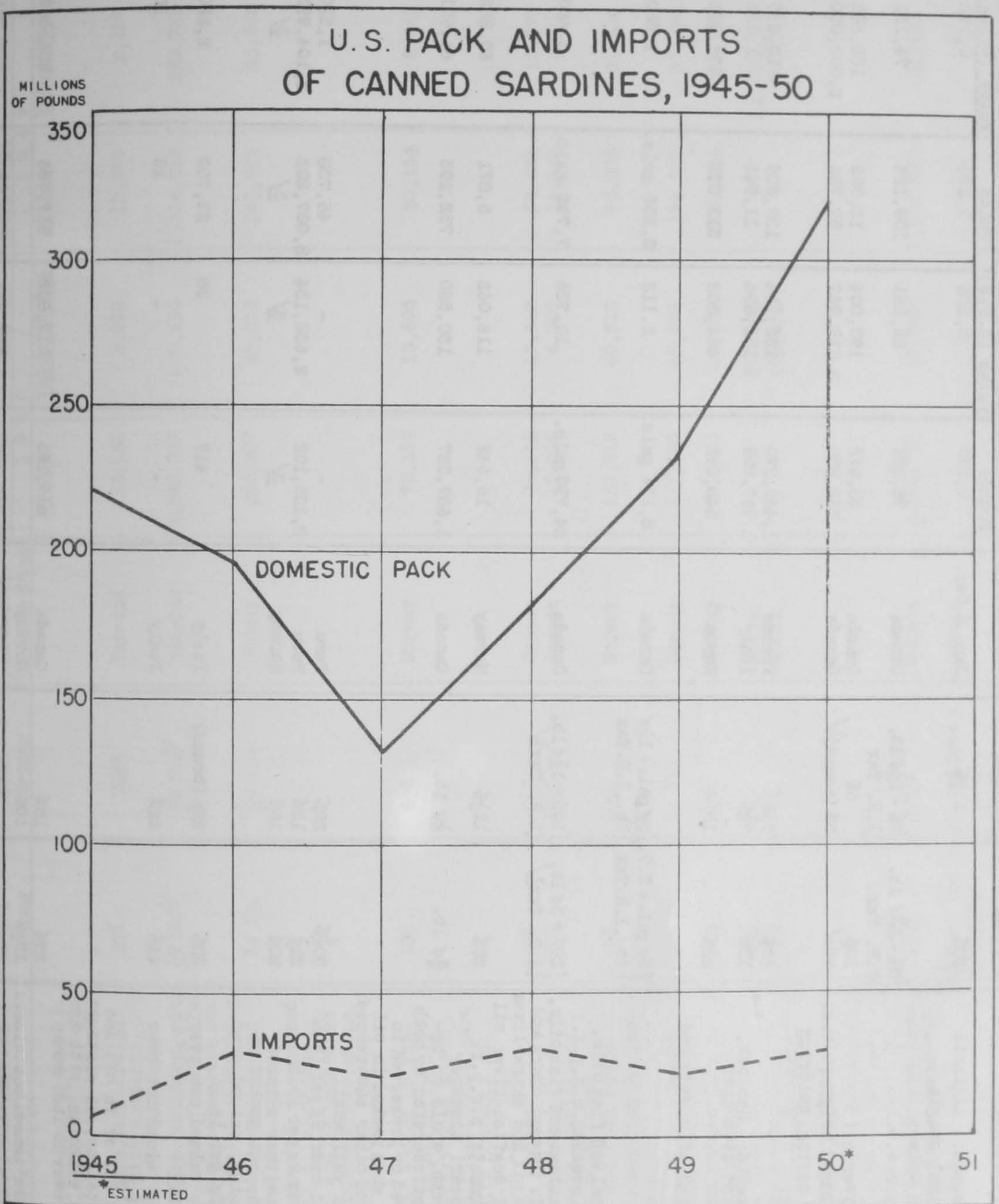
Compensatory concessions were granted by the notifying countries as envisaged in the Article and were accepted by the United States after prescribed negotiation. The compensation was designed to offset the loss benefit through modification or withdrawal of concessions whether negotiated initially with the United States or with third countries.

Modifications of duties affecting fishery products under Article XXVIII negotiations at Torquay were made only by Brazil. That country modified its previous concession on fish glue by an upward revision of duty. Reductions in import duties as compensation included raw fish-liver oils.

Brazil: Modification of Fishery Tariff Items Under Article XXVIII Procedure

Tariff Item	Commodity Description	Unit of Weight	Former Rate		New Rate		Imports from U. S. 1948	
			Cruzeiros	Approx. Val. in U.S.$ 2/	Cruzeiros	Approx. Val. in U.S.$ 2/	Cruzeiros	Approx. Val. in U.S.$ 2/
89	Fish glue	L.K. 1/	4.20	.23	7.28	.39½	Not avail.	-
103	Raw fish-liver oils	L.K. 1/	5.88	.32	5.30	.29	908,000	49,400

1/ LEGAL KILO.
2/ CONVERTED ON THE BASIS OF ONE BRAZILIAN CRUZEIRO IS EQUAL TO 5.4406 U. S.-CENTS.



FISHERY ITEMS ON WHICH THE UNITED STATES GRANTED TARIFF CONCESSIONS AT TORQUAY

The following tabulation shows each fishery item, identified by tariff paragraph and statistical class, on which the United States granted a concession at Torquay; the rate of duty before the concession was made and the rate afterward; the country or countries with which each concession was initially negotiated; the quantity and value of United States imports for consumption in 1949 and 1950 of each of the concession items.

Principal Fishery Items On Which United States Granted Concessions at Torquay

Tariff Par.No.	Stat. Class. (1949)	Commodity Description (abbreviated)	U. S. Import Duty Before Torquay	U. S. Import Duty After Torquay	Country Negotiating	Imports (For Consumption) Into U. S. From All Countries 1950 Pounds	1950 Value (U.S.$)	1949 Pounds	1949 Value (U.S.$)
5	8350.110	Sodium compounds: Alginate	20%	12½%	Can. & Ger.	9,700	5,226	9,270	8,092
34		Drugs of animal origin, advanced in value:							
	2220.270	Fish oils, n.e.s.	5% + $1\frac{4}{5}$¢ lb. I.R. Tax	5% + 1½¢ lb. I.R. Tax	Canada	76,256	26,281	108,124	74,131
	2220.290	Halibut-liver oil	10%	5%	Canada	38,673	190,004	15,309	105,885
	2220.470	Drugs of animal origin, n.e.s.	5% 1/	5% (bound) 1/	Canada	368,258	3,019,967	92,752	2,003,000
38		Extracts for dyeing, coloring or staining:							
	2330.150	Logwood	10%	7½%	France	1,466,270	132,154	137,606	10,887
	2345.000	Tanning extracts: Hemlock, chestnut, and divi-divi	15%	7½%	Italy	1,957,859	151,694	11,045	1,135
41	2800.000	Agar-agar	25%	18%	Korea	648,671	464,308	313,098	471,036
52		Animal and fish oils, fats and greases:							
	0816.000	Seal oil	3¢ gal. + 2.7¢ lb., I.R. Tax	3¢ gal. + 1½¢ lb., I.R. Tax	Canada	8,134 gals.	2,112	3,136 gals.	1,883
		Other animal and fish oils, fats, and greases, n.s.p.f.:							
	0808.800	Marine-animal and fish oils, n.s.p.f. (except shark and dogfish oil and shark-liver oil and dogfish-liver oil	20% + 3¢ lb. I.R. Tax 1/	10% + 1½¢ lb. I.R. Tax 1/	Canada	24,798 gals.	10,736	7,792 gals.	3,488
66	8420.290	Chemical pigments, n.s.p.f. (includes pearl essence)	25%	12½%	Norway	16,642	116,062	5,871	60,862
717(a)	0054.100	Mackerel, fresh, whole or beheaded, or eviscerated or both	¾¢ lb.	½¢ lb.	Canada	1,687,327	130,520	752,293	64,601
718(a)		Fish, prepared or preserved in any manner, when packed in oil or in oil and other substances:							
		Bonito and yellowtail:							
	0066.000	Valued not over 9¢ per lb. 2/	$30\frac{4}{5}$%	22%	Peru	-	-	46,738	1,530
	0066.100	Valued over 9¢ per lb. 2/	21%	15%	Peru	8,135,102	2,632,154	8,007,202	3,104,993
	0063.350 (part)	Sardines neither skinned nor boned, but smoked before canning, valued over 18 not 23¢ per lb. 2/	20%	15%	Norway	3/	3/	3/	3/
	0064.200	Anchovies, valued not over 9¢ per lb. 2/	22%	22% (bound)	Italy	417	38	29,700	2,220
	0066.200	Antipasto, valued not over 9¢ per lb. 2/	44%	22%	Italy	-	-	18	10
718(b)		Fish not in oil or in oil and other substances, in airtight containers weighing, with contents, not over 15 lbs. each:							
	0067.100	Salmon	25%	15%	Canada	419,125	112,802	917,786	254,868
	0067.700 (part)	Sardines in immed. containers weighing, with contents, less than 8 oz. each	12½%	10%	Norway (Est.)	8,245,497	1,397,531	5,580,940 3/	1,225,081 3/
	0067.700 (part)	"Other" sardines and "other" herring (include snacks, tidbits, rollmops, sprats)	12½%	6¼%	Norway (Est.)				
	0067.300	Fish cakes, balls, and pudding	12½%	6¼%	Norway	1,021,806	157,902	965,506	183,577

Principal Fishery Items On Which United States Granted Concessions at Torquay (Cont.)

Tariff Par. No.	Stat. Class. (1949)	Commodity Description (abbreviated)	U. S. Import Duty Before Torquay	U. S. Import Duty After Torquay	Country Negotiating	Imports (For Consumption) Into U. S. From All Countries 1950 Pounds	1950 Value (U.S.$)	1949 Pounds	1949 Value (U.S.$)
719(4)		Herring, pickled or salted (include sprats, pilchards, and anchovies:							
	0070.000	In containers, not airtight, weighing with contents, not more than 15 lbs. each	15%	12½%	Benelux	13,668	3,860	13,279	2,159
	0070.100	In containers, weighing, with contents, more than 15 lbs. each and containing each not more than 10 lbs. of herring	⅛¢ lb.4/	⅜¢ lb.4/	Benelux	1,540,867	200,596	1,224,363	180,725
720(a) (2)	0075.200	Herring, smoked or kippered (except hard dry-smoked), whole or beheaded, not packed in oil or in oil and other substances and not packed in airtight containers weighing with contents, 15 lbs. or less each	1¢ lb.	⅝¢ lb.	Norway	285,907	40,010	181,901	23,362
720(a) (6)	0075.900	"Other" fish, smoked or kippered, not in oil or in oil and other substances and not packed in airtight containers weighing with contents not more than 15 lbs. each	10%	6¼%	Norway	78,164	18,695	30,154	8,349
721(b)	0081.400	Razor clams, canned	10%	7½%	Canada	39,112	17,212	28,081	13,375
	0081.600	Clam chowder, clam juice, and clam juice in combination with other substances	35%	17½%	Canada	17,026	4,307	16,510	3,540
721(c)	0078.500	Fish paste and fish sauce	15%	10%	Norway	131,715	60,512	75,079	51,259
721(d)		Caviar and other fish roe (except sturgeon):							
	0079.200	Not boiled or not packed in airtight containers	10¢ lb.	5¢ lb.	Canada	111,100	46,301	144,527	67,458
	0079.590	Boiled and packed in airtight containers	15%	7½%	Norway	111,290	19,185	160,944	29,101
1535	9420.550	Fish hooks, n.s.p.f.	35%	30%	Norway	-	998,462	-	1,093,151
1540	2950.080	Moss and sea grass, eelgrass, and seaweed, mfg. or dyed	5%	5%	Korea	-	176,026	-	195,370
1558		Fatty acids, derived from vegetable oils, animal or fish oils or animal fats and greases, n.e.s:							
	2260.240	"Other" than linseed, cottonseed, and soybean oil	15%1/	10%1/	Canada	1,150,733	49,940	1,552,600	41,920
1669	2210.930	Fish oils, n.e.s.	Free + 1⅘¢ lb. I.R.Tax	Bound free + 1½¢ lb. I.R.Tax	Canada	-	-	3,141	118
	2921.900 (part)	"Other" seaweeds and vegetable substances, crude or unmanufactured (except lycopodium plants)	Free	Bound free	Korea	-	377,170	-	369,840

1/SUBJECT TO INTERNAL REVENUE TAX IF DERIVED FROM TAXABLE OILS.
2/INCLUDING WEIGHT OF IMMEDIATE CONTAINER.
3/NOT SEPARATELY CLASSIFIED IN U. S. IMPORT STATISTICS.
4/NET WEIGHT.

NOTE: COMPLETE DATA ON ALL TARIFF ITEMS NEGOTIATED BY THE U.S. IN THE TORQUAY AGREEMENT AND ON RESPECTIVE DUTY CHANGES IS CONTAINED IN THE STATE DEPARTMENT PUBLICATION NO. 4209, COMMERCIAL POLICY SERIES 135, ENTITLED ANALYSIS OF THE TORQUAY PROTOCOL OF ACCESSION, SCHEDULES, AND RELATED DOCUMENTS. COPIES CAN BE PURCHASED FROM THE SUPERINTENDENT OF DOCUMENTS, U.S. GOVERNMENT PRINTING OFFICE, WASHINGTON 25, D.C., FOR $1.00 EACH.

ON MAY 12, THE SCHEDULES OF TARIFF CONCESSIONS AS A WHOLE, BOTH UNITED STATES AND FOREIGN AND THE TEXT OF THE TORQUAY PROTOCOL WILL BE PUBLISHED UNDER THE AUSPICES OF GATT BY THE SECRETARIAT OF THE UNITED NATIONS AT GENEVA AND WILL BE PLACED ON SALE THROUGH UNITED NATIONS SALES AGENTS. THE TITLE OF THIS DOCUMENT WILL BE TORQUAY PROTOCOL OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE (INCLUDING SCHEDULES ANNEXED TO IT). THE DEPARTMENT OF STATE WILL REPRODUCE AN ANALYSIS OF CERTAIN SECTIONS SHORTLY THEREAFTER.

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Part II - Background on Reciprocal Trade Agreements Program

INTRODUCTION

Trade agreements are not very exciting documents. Their provisions are usually written in technical and precise language. They deal with a vast assortment of products all the way from shoes to cabbages and include many fishery items. While they may make for dull reading, they are of considerable importance to the fishery and allied industries.

The trade agreements program furnishes the means whereby nations can cooperate in removing, to some extent, the countless irritations which make the job of carrying on international trade so difficult. In so doing, friendly commercial relations are promoted. A few of the main concepts of the Reciprocal Trade Agreements Program drawn largely from State Department publications No. 4032 and 4086, Commercial Policy Series, January 1951, are set forth in this part so that fishery operators and dealers may know the objectives of the program and, in the light of these, be better able to judge the results which so frequently are of consequential concern to them.

THE POLICY

The foreign trade policy of the United States is aimed at expansion of world trade on a mutually advantageous basis. In the early 1930's it was recognized that the first step toward stimulating foreign trade and its benefits to our economy was to break down the barriers which kept goods from moving in international trade and the discriminatory practices which forced reduced amounts of trade into uneconmic channels. To break down excessive governmental barriers to international commerce and to remove discrimination could most effectively be done on a reciprocal basis as trade must be a "two-way" street. It was also recognized that the American economy needed imports as well as exports for maximum prosperity and an improved standard of living.

In furthering this policy, the United States has since been cooperating with other countries in a reciprocal program to eliminate trade barriers and restrictions such as high tariffs, quotas, and foreign-exchange controls. This calls for a discreet policy of consultation with other governments in order to reach settlements on trade difficulties rather than a policy of unilateral action without regard to effects on other countries.

For over 16 years the Reciprocal Trade Agreements Program has been the backbone of the United States foreign economic policy. Through its operation, the Government has led the other free nations in a consistent effort to expand world trade. Made possible by the Trade Agreements Act of 1934, the United States in January 1951 had

ciprocal trade agreements with 45 countries. Together the parties to these agree-
nts accounted for more than four-fifths of the world's international trade.

THE ACT

The Trade Agreements Act gives the President authority to conclude trade agree-
nts with other countries. In return for reductions in their barriers against American goods, he may modify United States tariff treatment or other import restrictions on goods from abroad.

Tariff concessions may consist of (a) a reduction in the United States Tariff rate, (b) binding of that rate, that is, an agreement not to increase the rate, or (c) a binding of duty-free status, that is, agreement not to impose a duty on an article which is admitted free of duty when the agreement is concluded. Tariff modification is limited to the extent that no proclamation shall be made increasing or decreasing by more than 50 percent, as required or appropriate, any rate of duty existing on January 1, 1945, or transferring any article between the dutiable and free lists. Authority also exists to institute import quotas in connection with the negotiation of trade agreements, subject to concurrence by the nation or
tions contracting with the United States and in conformance with any other inter-
tional commitment the United States might have.

The Act requires that the President shall obtain the advice and assistance of
number of United States government agencies in drawing up the provisions of the
reements. It also requires that interested persons shall have the opportunity,
th before and after the trade-agreements negotiations, to present information and
ews regarding such negotiations and their effects.

By Executive Order, the President has established an interdepartmental organi-
tion to advise him in the making of trade agreements and to receive and analyze
e views and information presented by interested persons. This organization is
le up of representatives designated by the Secretaries of Agriculture, Commerce,
'ense, Interior[2], Labor, State, and the Treasury, the Administrator of the Econ-
ic Cooperation Administration, and a member of the Tariff Commission. This organ-
ation consists of two bodies, containing the same membership but with different
irmen. The Committee for Reciprocity Information, chaired by the Tariff Commis-
n, conducts public hearings and receives views of interested persons. The Trade
eements Committee, chaired by a representative of the Department of State, ana-
es the material presented and makes recommendations to the President.

The Committee for Reciprocity Information is the agency designated by the
sident to receive the views of interested persons on any proposed or existing
de agreement or on any aspect thereof. This committee has the responsibility

ITH THE ISSUANCE OF EXECUTIVE ORDER NO. 10170 OF OCTOBER 12, 1950, THE PRESIDENT CONFERRED ON THE DEPARTMENT OF THE INTERIOR A RESPONSIBILITY FOR FULL PARTICIPATION IN THE INTERAGENCY COMMITTEE ON TRADE AGREEMENTS AND THE COMMITTEE FOR RECIPROCITY INFORMATION. THIS MEMBERSHIP, HOWEVER, CAME LATE IN THE PREPARATORY WORK FOR THE TORQUAY NEGOTIATIONS, WHEN A VAST MAJORITY OF THE PRELIMINARY WORK WAS WELL UNDER WAY OR HAD BEEN COMPLETED.

for seeing that the views and information thus received are made available promptly and in convenient form to the Trade Agreements Committee. Interested persons are also requested to give the committee their opinions as to concessions which should be asked by the United States from foreign countries as well as invited to make known their views about whether a concession should be granted by the United States. Written views may be submitted to the Committee by interested persons at any time. The offices are in the Tariff Commission Building, 8th and E Streets NW, Washington 25, D. C.

The authority under the Act, originally given to the President in 1934 for a period of three years, has been renewed six times. Under present legislation, it will expire June 12, 1951. However, bills now under active consideration in the Eighty-Second Congress would extend the authority another two or three years.

THE DECISIONS

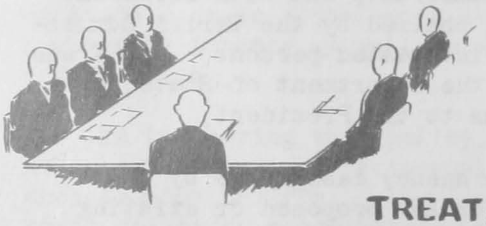
Before a concession is offered to a foreign country in negotiations such as those recently concluded at Torquay, England, many factors in the production and trade in a product or its industry are considered by the Trade Agreements Committee. Decisions are based in each case on such factors as:

(A) THE RELATION OF IMPORTS TO DOMESTIC PRODUCTION.
(B) ARE IMPORTS A LARGE PART OF THE AMOUNT CONSUMED IN THE UNITED STATES, OR A SMALL PART?
(C) WHAT HAS BEEN THE TREND?
(D) HAVE IMPORTS BEEN TAKING AN INCREASING PART OF THE DOMESTIC MARKET? A SMALLER PART?
(E) OR HAS THE RELATION BETWEEN IMPORTS AND DOMESTIC PRODUCTION REMAINED SUBSTANTIALLY STABLE?
(F) IS THE TYPE OF PRODUCT BEING IMPORTED A TYPE WHICH IS DIRECTLY COMPETITIVE WITH THE DOMESTIC PRODUCT?
(G) IS THE DOMESTIC INDUSTRY ON AN EXPORT BASIS?
(H) IS IT LARGE AND DIVERSIFIED, PRODUCING A WIDE VARIETY OF PRODUCTS?

These and many other considerations are explored before a decision is made to offer a concession. Even if a concession is offered, it is not necessarily granted unless an equivalent concession is received in return from the other negotiating party. A concession need not, however, be in the same or similar product, but may be in any of the many products entering into our international trade.

THE AGREEMENTS

Trade agreements as we in the United States know them accomplish two things. (1) they provide for definite tariff reductions or other concessions on specific articles entering into the trade between the parties to the agreement and (2) through their "general provisions" they set forth the fair treatment, aside from tariff rates, which each nation will give to its trade with the participating country or countries.



TREATIES

These general provisions are designed to prevent nontariff restrictive measures from offsetting the advantages gained through tariff negotiations. They contain, for instance, limitations on the use of quantitative restrictions (quotas). In the so-called "most-favored-nation" clause, each party also agrees to give to the products of the other party as favorable treatment as it gives to the products of any third party. In another provision each party agrees not to discriminate against imported goods in matters of internal taxation, exchange restrictions, and other regulations of trade.

There is also the so-called "escape clause" which is a part of all agreements which the United States negotiated since 1943. Under this clause a party to the agreement may modify or withdraw a specific concession if it finds as a result of unforseen circumstances imports of a particular article concerned have caused or threaten to cause serious injury to one of its industries. Although the United States has made concessions on several thousand items in trade agreements that contain the escape clause, only 20 applications for relief, covering 17 products, have been made to the U. S. Tariff Commission.

Thirteen applications were dismissed on the grounds that the facts set forth in the complaint did not show justification for a formal investigation. One has been postponed. Three applications are pending and three investigations have been ordered. One of the investigations resulted in a finding that there was no need for modification of the concession. Another, regarding women's fur-felt hats, resulted in a finding that the concession should be withdrawn. This was done. A third investigation is in progress.

A finding of injury may result in the concession being either partly or wholly withdrawn, a quota imposed on imports, or a rate of duty even higher than that in effect before the concession may be imposed. If the escape clause is used, the other party or parties to the agreement may modify the concessions they have given to a corresponding extent.

The escape clause action is administered by the U. S. Tariff Commission, a bipartisan, independent agency created by and responsible to Congress. It makes its recommendations to the President, directly and without the participation of any other government agency.

Other provisions in the agreements permit any country to take steps necessary to protect its national security, health, and similar matters.

The General Agreement on Tariffs and Trade (GATT) is the most important and most comprehensive agreement entered into by the United States under the Trade Agreements Act. It is a multilateral agreement in which the United States and 31 other countries participated prior to Torquay.

Under the General Agreement, initial tariff negotiations are conducted bilaterally, on a product-by-product basis. Ordinarily, each participating country negotiates on the basis of the principal supplier rule, granting concessions on each import commodity to the country that has been the principal supplier of that commodity or gives promise of becoming the principal supplier. The understandings reached in these bilateral negotiations are combined to form the respective schedules of tariff concession which are set forth in the agreement.

THE GOAL

Authority is granted the President to enter into trade agreements so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets. This is largely accomplished by affording corresponding market opportunities for foreign products in the United States market.

After World War II, nearly every country in the world was forced to maintain and even to intensify the drastic wartime controls which it had imposed upon its economy--including foreign trade. Embargoes, quotas, licensing, and exchange-control regulations became more important than tariffs as a means of restricting imports. High prices both here and abroad and the extreme unstable and inconvertible currencies of many countries added to the difficulties of international trade. Many nations resorted to bilateral clearing and barter arrangements. Government purchasing arrangements and like devices were established. This maze of trade restrictions and limitations blocked normal channels of trade and ignored sound economic factors.

The large deficit which developed between the value of United States exports and the value of foreign goods and services received in return could be modified in two practical ways:

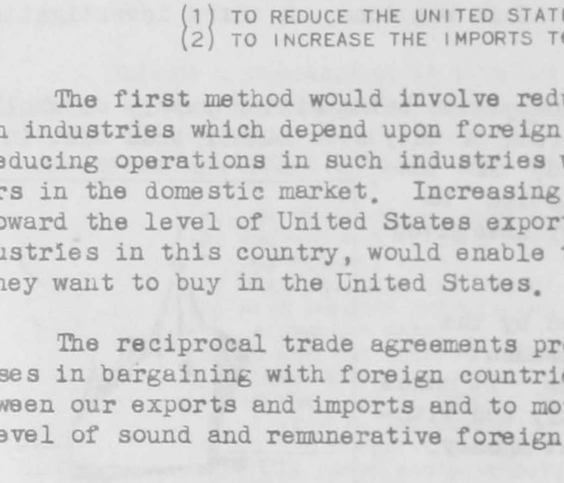
(1) TO REDUCE THE UNITED STATES EXPORTS TO THE LEVEL OF IMPORTS, AND
(2) TO INCREASE THE IMPORTS TO THE LEVEL OF EXPORTS.

The first method would involve reducing United States production and employment in industries which depend upon foreign markets to maintain maximum operations. Reducing operations in such industries would reduce the buying power of their workers in the domestic market. Increasing United States imports of goods and services toward the level of United States exports, at the minimum expense of competing industries in this country, would enable the foreign countries to pay for the goods they want to buy in the United States.

The reciprocal trade agreements program is the mechanism which the United States uses in bargaining with foreign countries as a means of remedying the unbalance between our exports and imports and to move in the direction of the highest possible level of sound and remunerative foreign trade in both directions.

THE TORQUAY NEGOTIATIONS

During the latter part of 1949 a number of countries not now parties to the General Agreement on Tariffs and Trade signified their desire to accede to the Agreement. Accordingly, plans were made for these countries to meet with those now parties to the Agreement at Torquay, England, for the purpose of negotiating tariff concessions. This conference also allowed negotiations between parties which participated in the 1947 Geneva and 1949 Annecy Conferences.



Of the countries which have indicated a desire to accede to the General Agreement at the Torquay Conference, the United States announced that it would consider the negotiation of tariff concessions with Austria, the Federal Republic of Germany, Guatemala, Korea, Peru, and Turkey. It also announced that it would consider the possibility of negotiating new or additional concessions with Australia, Belgium, Brazil, Canada, Denmark, the Dominican Republic, France, India, Indonesia, Italy, Luxemburg, the Netherlands, New Zealand, Norway, Sweden, the Union of South Africa, and the United Kingdom. The list of commodities considered for possible concession by the United States included items (including many fishery products) in approximately 450 paragraphs and subparagraphs of the Tariff Act of 1930.

The results of the Torquay negotiations are presented in Part I of this article.

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