

## FISHERY TARIFF CONCESSIONS IN THE 1960-61 GATT NEGOTIATIONS

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### SUMMARY

The United States has concluded, for the most part, the largest and most complex tariff negotiations in the 28-year history of the Trade Agreements Act. The negotiations were held under the auspices of the General Agreement on Tariffs and Trade (GATT). Concessions were exchanged by the United States with other countries on commodities with a total trade value of several billion dollars. Duty rates on a wide range of industrial, agricultural, mineral, and fishery products will be reduced as a result of the negotiations.

The tariff conference, which opened in Geneva in September 1960, was the fifth in a series of multilateral meetings held since 1947 for the purpose of exchanging reciprocal concessions on tariffs. It was convened at United States initiative and was open to all GATT members, 35 of which participated in the negotiations. Concessions obtained and granted by the United States in 18 months of tariff bargaining were officially announced on March 7, 1962, by the U. S. Department of State.

The United States received duty concessions from other countries on fishery commodities with a United States export trade value of \$11.7 million in 1959, or 27 percent of the \$44.2 million of fishery products exported that year. On the other hand, the United States gave duty concessions with an import trade value of \$18,500,000 in 1959, or 5 percent of the \$366.5 million of fishery products imported. Since negotiations with several countries have not as yet been formally concluded, a few additional concessions (not included in this report) may ultimately change the total trade figures slightly.

Among the fishery products on which the United States granted duty reductions were frozen swordfish; wolffish or ocean catfish fillets; canned sardines skinned or boned valued over 30 cents per pound; canned anchovies; canned smoked oysters; pearl essence; and a number of pickled, salted, and smoked items, including groundfish, herring, and mackerel. As for the concessions obtained by the United States from other countries, the European Economic Community (EEC or Common Market) gave a binding of the free rate on menhaden oil, and a reduction of the duty rate on frozen salmon from 16 to 10 percent, on canned salmon from 20 to 18 percent, and on canned pilchards from 25 to 20 percent. Rates of the member countries of the Common Market will gradually adjust to these levels; complete adjustment is expected by about 1970. Canada gave a reduction from 10 to 5 percent on the duty rate of both fresh or frozen and canned shrimp, and the United Kingdom from 10 to 8 percent on canned tuna.

A full listing of the fishery items on which the United States granted or received tariff concessions is shown in table 1 and table 2. In addition other countries will reduce a number of their duties on imports of fishery products. United States exports of fishery products should benefit from these lower rates which resulted from negotiations between other GATT members. Details on these reductions are expected to become available soon.

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Table 1 - Principal Tariff Concessions Granted by the United States on Fishery Commodities at 1960-61 GATT Tariff Conference

Tariff Paragraph	Schedule A Statistical Class (1959)	Brief Description	Rate of Duty			Negotiated With	Country's 1959 Imports Into U. S. US\$1,000
			July 1, 1958	Geneva 1961 Agreement			
				Intermediate	Final		
5	2260 260	Salts derived from vegetable oils, animal oils, fish oils, animal fats and greases, n.e.s. or from fatty acids thereof . . . . .	12½%	11%	10%	United Kingdom	
41	0941 700	Isinglass . . . . .	21%	19%	17%	United Kingdom	39
52	0803 000	Whale oil, sperm: crude . . . . .	1¢ gal.	0.75¢ gal	0.5¢ gal	Peru Norway	803 518
52	0803 500	Whale oil, n.s.p.f. . . . .	2.5¢ gal.+ 1.25¢ per lb. IRC.	2.25¢ gal.+ 1.125¢ per lb. IRC.	2¢ gal.+ 1¢ per lb. IRC.	Norway	-
60	8722 000	Ambergris . . . . .	10%	9%	8%	EEC	9
66	8420 270	Pearl essence . . . . .	11%	10%	9%	Norway Japan	119 268
717(a)		Fish, fresh or frozen; whole, or beheaded, or eviscerated, or both: Swordfish, frozen . . . . .	1.5¢ per lb.	1¢ per lb.	0.75¢ per lb.	Japan Peru	650 102
717(b)	0055 500	Fish, fresh or frozen; filleted, skinned, boned, sliced, or divided, n.s.p.f.: Wolfish (sea catfish) . . . . .	1.5¢ lb.	1.25¢ lb.	1¢ lb.	Norway	543
717(c)	0062 000	Fish, dried and unsalted: Cod, haddock, hake, pollock, and cusk . . . . .	5/8¢ lb.	0.4¢ lb.	0.2¢ lb.	Norway	420
718(a)		Fish, in oil or in oil and other substances: Sardines, skinned or boned, valued over 30¢ per pound <sup>1/</sup> . . . . .	30%	27%	24%	Portugal	1,814
	0063 800 (part)	Anchovies, valued over 9¢ per pound <sup>1/</sup> . . . . .	15%	13½%	12%	Portugal	1,863
	0064 300	Antipasto, valued over 9¢ per pound <sup>1/</sup> . . . . .	22%	20%	17½%	EEC	-
	0066 200	Antipasto, valued over 9¢ per pound <sup>1/</sup> . . . . .	12½%	11%	10%	EEC	180
718(b)		Fish, not in oil or in oil and other substances in airtight containers weighing, with contents, not over 15 pounds each: Fish cakes, balls, and pudding . . . . .	5%	4%	3%	Norway	9
	0067 300	Herring, smoked or kippered or in tomato sauce, packed in immediate containers weighing, with contents, more than 1 pound . . . . .	10%	9%	8%	United Kingdom	230
719		Fish, pickled or salted (except in oil, etc., and except in airtight containers, weighing, with contents, not over 15 pounds each): Cod, haddock, hake, pollock, and cusk, neither skinned nor boned, etc.: Not more than 43 percent moisture by weight . . . . .	0.5¢ lb.	0.35¢ lb.	0.2¢ lb.	Canada	2,636
(2)	0069 000	More than 43 percent moisture by weight . . . . .	0.25¢ lb.	0.225¢ lb.	0.2¢ lb.	Canada	1,494
(3)	0069 200	Cod, haddock, hake, pollock, and cusk, skinned or boned . . . . .	1.25¢ lb.	1¢ lb.	0.75¢ lb.	Canada	2,008
(4)		Herring (include sprats, pilchards, and anchovies); in bulk or in containers, weighing, with contents, more than 15 pounds each: In containers containing each not more than 10 pounds of herring, net weight . . . . .	3/8¢ per lb. net weight	0.25¢ per lb. net weight	0.1¢ per lb. net weight	EEC	219
	0070 100	In containers containing each more than 10 pounds of herring, net weight . . . . .	0.25¢ per lb. net weight	0.18¢ per lb. net weight	0.1¢ per lb. net weight	Norway	1,809
	0070 400	Mackerel: In bulk or in containers weighing, with contents, more than 15 pounds . . . . .	0.5¢ lb.	0.3¢ lb.	0.2¢ lb.	Norway	259
	0072 000	In containers (not airtight) weighing with contents not more than 15 pounds each . . . . .	12½%	11%	10%	EEC	77
720(a)		Fish, smoked or kippered, not in oil, etc., and not in airtight containers weighing, with contents, 15 pounds or less each: Herring: Whole or beheaded, hard dry-smoked . . . . .	5/16¢ lb.	0.2¢ lb.	0.1¢ lb.	Norway	130
(2)	0075 100	Eviscerated, split, skinned, or divided . . . . .	1.25¢	1¢ lb.	0.9¢ lb.	Canada	62
(3)	0075 400	Cod, haddock, hake, pollock, and cusk: Whole, or beheaded, or eviscerated, or both . . . . .	1¢ lb.	0.75¢ lb.	0.5¢ lb.	Canada	143
(4)	0075 500	Filletted, skinned, boned, sliced, or divided . . . . .	1.5¢ lb.	1.25¢ lb.	1¢ lb.	Canada	336
721(c)	0078 500	Fish paste and fish sauce . . . . .	10%	9%	8%	EEC	23
721(d)	0079 590	Other fish roe for food purposes, boiled and packed in airtight containers . . . . .	7½%	6½%	5½%	Norway	15
721(e)	0081 100 (part)	Smoked oysters in airtight containers . . . . .	6¢ per lb. 1/	5.4¢ per lb. 1/	4.5¢ lb. 1/	Japan	1,678
775	1250 210 1250 250	Soups, soup rolls, soup tablets, or cubes, etc. . . . . Pastes, balls, puddings, hash, and similar mixtures of vegetables, meats, or fish, n.s.p.f. . . . .	17½%	15½%	14%	EEC Switzerland EEC	2/ 2/ 2/
1519(a)		Fur seal skins, dressed: Whole skins, not dyed . . . . .	12½%	11%	10%	Norway	24
	0737 600	Tails, paws, pieces, etc., not dyed . . . . .	12½%	11%	10%	Norway	-
	0737 620	Whole skins, dyed . . . . .	15%	13½%	12%	Norway	12
	0737 625	Tails, paws, pieces, etc., dyed . . . . .	15%	13½%	12%	Norway	-
1537(a)	0990 240	Whale bone manufacturers . . . . .	12½%	11%	10%	EEC	-
1558	1190 800	Dog food unfit for human consumption: Other manufactured, n.s.p.f. etc. . . . .	10%	9%	8%	Canada	2/
1558	9850 550	Marine glue pitch . . . . .	20%	18%	16%	United Kingdom	1

<sup>1/</sup>Including weight of immediate container.

<sup>2/</sup>Fishery item not separately reported.

Abbreviations: "IRC" - Internal Revenue Code; "n.e.s." - not elsewhere specified; "n.s.p.f." - not specifically provided for; "EEC" - European Economic Community (Belgium, France, W. Germany, Italy, Luxembourg, and The Netherlands).

Table 2 - Principal Tariff Concessions Obtained by the United States on Fishery Commodities at 1960-61 GATT Tariff Conference

Country	Tariff Number	Brief Description	Rate of Duty		U. S. 1959 Exports to Negotiating Country US\$1,000
			Existing	Negotiated	
EEC	03.01 A ex I	Salmon, fresh or frozen . . . . .	16%	10%	268
EEC	03.01 C	Fish livers and roes, fresh or frozen . . . . .	14%	1/14%	2/
EEC	03.02 A1 ex c	Salmon, whole, headless, or in pieces, salted . . . . .	15%	12%	274
EEC	03.02 A11 ex b	Salmon fillets, salted . . . . .	18%	16%	3/
EEC	03.02 ex B	Smoked salmon . . . . .	16%	1/16%	3/
EEC	15.04 ex B	Menhaden oil . . . . .	free	1/free	7,006
EEC	16.04 B	Canned salmon . . . . .	20%	18%	466
EEC	16.04 ex E	Canned pilchards . . . . .	25%	20%	146
EEC	16.05 ex	Canned shrimp . . . . .	20%	1/20%	80
EEC	16.05 ex	Canned squid . . . . .	20%	1/20%	-
EEC	32.09 A1	Pearl essence . . . . .	16%	1/16%	71
Austria	32.09	Pearl essence . . . . .	28% but not less than 800 schillings per 100 kgs.	25% but not less than 700 schillings per 100 kgs.	15
Canada	130	Fresh or frozen shrimp . . . . .	10%	5%	1,396
Canada	130	Canned shrimp . . . . .	10%	5%	1,894
Portugal	16.05 ex	Canned squid . . . . .	18 escudos per kg.	8 escudos per kg.	-
United Kingdom	05.13	Natural sponges . . . . .	10%	8%	2/
United Kingdom	16.04 ex D	Canned tuna . . . . .	10%	8%	-
United Kingdom	32.09 B2	Pearl essence . . . . .	20%	16%	69
Switzerland	16.05.20	Canned shrimp . . . . .	50 francs per 100 kgs.	40 francs per 100 kgs.	125

1/Rates bound (guaranteed) against increase.  
2/Trade data not reported separately.  
3/U. S. export data included in \$224,000 shown for first salted salmon item.  
Note: Duty rates on items shown for EEC will not become fully effective until about 1970. In the meantime, individual duty rates of member countries of the EEC will gradually adjust to full rates. The EEC or "Common Market" includes the following countries: Belgium, France, W. Germany, Italy, Luxembourg, and the Netherlands.

## BACKGROUND

The Tariff Act of 1930 established the basic rates of duties and the general rules to be applied to the importation of products into the United States. In 1934, Congress passed the Trade Agreements Act, authorizing the President to conclude trade agreements with other countries. In return for reductions by other countries in their restrictions on United States goods, the President was given authority to modify United States tariffs.

The Department of the Interior has participated in the development of trade agreements only since 1951. The President, by executive order, provided for Interior membership in the interdepartmental Trade Agreements Committee. At that time, duties on fishery products in most cases had already been reduced by 50 percent from their 1930 levels, and in some cases by as much as 75 percent.

The role of the Department of the Interior in the field of international trade was strengthened by the Fish and Wildlife Act of 1956. Among other things, the Act provided for representation at negotiating conferences and for authority to participate in the solution of foreign fishery trade problems. Within that framework, the Department has played a constructive role in representing the interests of the fishery industries in the implementation of the Government's foreign trade policies.

The tenth renewal of the President's authority to negotiate changes in duties under the Tariff Act of 1930 was passed by the Congress in 1958. The authorization granted extends to June 30, 1962. The President was given authority to reduce United States duties either (1) by not more than 20 percent; or (2) by not more than 2 percentage points in ad valorem rates or its equivalent in the case of specific duties; or (3) to 50 percent ad valorem, or its equivalent in the case of specific duties. During the 1960-61 negotiations, the bulk of reductions were in the "not more than 20 percent" category, although the other alternatives were also used where appropriate.

Public notices concerning United States intention to participate in the 1960-61 negotiations were issued on May 27, 1960, and November 22, 1960. Attached to each notice was a list of the products under consideration for a possible concession. The notices provided for the submission of written briefs and the holding of public hearings. Interested parties were given the opportunity to present their views to the appropriate Government bodies concerning the desirability of granting concessions on listed products. In addition, each notice solic-

ited the views of interested parties on the desirability of seeking concessions in the tariffs of other countries.

The GATT negotiations in Geneva were conducted in two phases. In the first phase, the United States and other GATT members negotiated with the European Economic Community to achieve a set of concessions in the common external tariff of the EEC which would match, in trade coverage and duty level, previous concessions in the separate tariffs of the EEC countries (Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands).

The Treaty of Rome which established the European Common Market provides that the tariffs for the member states shall be gradually replaced by a common external tariff (CXT). Article XXIV:6 of the GATT states that the new external tariff of any customs union shall not be higher, on the whole, than the general incidence of the duties applied by constituent members before the union was formed.

The United States and other GATT members reviewed the individual CXT items with the European Economic Community to ascertain that their proposals were in conformity with GATT rules. For example, in the individual EEC countries, the original national duty rates on canned pilchards were 20 percent in the Benelux countries (Belgium, Netherlands, and Luxembourg), 25 percent in France and West Germany, and 30 percent in Italy. The original proposed rate for the common external tariff of the EEC was 25 percent ad valorem. The United States made a case for a lower rate and the EEC acquiesced with a new rate of 20 percent ad valorem.

In the second phase of the negotiations, the United States, EEC, and other participating GATT countries exchanged tariff concessions with one another. A member could meet in separate negotiations with any member which so agreed. The United States negotiated with the EEC, the United Kingdom, Japan, Norway, Portugal, and a number of other countries. The concessions exchanged by any two members in such separate negotiations also apply to imports from all GATT members.

The negotiation conducted between the United States and the United Kingdom illustrates this bilateral approach. Concessions were exchanged on a list of commodities with a total trade value of nearly \$200 million in 1959. On the lists of concessions which were exchanged were duty reductions on canned tuna by the United Kingdom and on canned herring by the United States. These lower rates of duty will apply equally to imports from any other GATT countries.

During the conference, negotiations were also conducted among GATT countries in cases where previous concessions granted by a member had been withdrawn. In such cases, the affected countries would renegotiate and try to agree on satisfactory compensatory concessions for the withdrawn item. Negotiations were also held with several countries, including Portugal, which desired to become members of the GATT.

The agreements reached during the negotiations are scheduled to be put into effect on the part of the United States by Presidential Proclamation. Under the terms of the agreements, however, the date on which the reductions come into force is left for subsequent determination. It is expected that members will mutually agree to apply the new duty rates on July 1, 1962.

The United States reductions are to be staged generally in the minimum period authorized. Where the reduction is to be not more than 20 percent or 2 percentage points, the duty will be cut in two stages, each by one-half of the amount, one year apart. The first cut in duty rates is expected to become effective around July this year.

The reductions in duties granted by the EEC are in terms of the common external tariff which will become fully applicable about 1970. During the interim period, the individual national external tariffs of each member country will move gradually toward the final rate. This means that the tariffs of the individual EEC countries will be either increasing or de-

creasing as those countries either bring their present tariffs up or down to the announced Common Market external tariff.

Reductions in duties granted by non-EEC countries to the United States are expected to be put into effect for the most part in one stage, that is, into full effect this year.

#### TARIFF CONCESSIONS GRANTED BY THE UNITED STATES

During the second phase of the negotiations, the United States granted tariff concessions on fishery products to a number of countries. A concession was usually made to the country or countries that had contributed the major share of the United States imports of a particular product. Many of the duty rates which will be reduced by the United States were already at a low level.

CANADA: The United States granted Canada concessions on fishery products which have a larger total dollar value than the total value in concessions given to any other country. Most of the duty reductions granted to Canada were on various types of pickled, salted, dried, or smoked groundfish (cod, haddock, hake, and cusk). The concessions will further reduce the present low United States duty rates on those products.

NORWAY: Concessions were granted Norway on a variety of fishery products. Reduced rates of duty were given on wolffish or ocean catfish fillets; fish cakes, balls, and pudding; and on certain pickled and salted herring and mackerel items.

PERU: Concessions were granted to Peru on crude sperm whale oil and on frozen swordfish. The whale oil concession was also granted to Norway and the swordfish concession to Japan. In 1959, Peru supplied United States whale oil imports valued at \$802,995, and Norway \$518,129 worth. Peru supplied United States frozen swordfish imports valued at \$101,576, and Japan \$649,595 worth.

EUROPEAN ECONOMIC COMMUNITY: The EEC received concessions on certain pickled and salted herring and mackerel, canned antipasto, and several other items.

JAPAN: In addition to several fishery concessions shared with other countries, Japan obtained a duty reduction on canned smoked oysters.

UNITED KINGDOM: The concession on certain canned herring granted to the United Kingdom includes the well-known British product "Marshall Herring."

PORTUGAL: The United States, in negotiations with Portugal, granted reductions in the duties on canned sardines, skinned or boned and valued over 30 cents per pound, and on canned anchovies.

#### TARIFF CONCESSIONS OBTAINED BY THE UNITED STATES

During the negotiations the United States obtained direct concessions from other countries on a number of fishery products. Exports of United States menhaden oil and shrimp should benefit most from the concessions received.

EUROPEAN ECONOMIC COMMUNITY: Concessions were obtained from the EEC in both phases of the conference. During the first phase, the United States obtained a free binding on menhaden oil. This binding specifically guarantees to the United States a free duty on menhaden oil. Since menhaden oil is currently the principal United States fishery product exported, and the EEC is the principal market, the concession has considerable importance. Reduced duty rates were obtained on canned salmon, frozen salmon, and canned pilchards. Rates were bound (guaranteed) on canned shrimp and canned squid. During the second phase, the EEC granted reductions on cured salmon products.

CANADA: The Canadian duty rate on both fresh or frozen and canned shrimp was reduced from 10 percent to 5 percent ad valorem. In 1959, United States exports of shrimp to Canada were valued at \$3,289,592.

UNITED KINGDOM: The United States obtained a reduction from 10 to 8 percent ad valorem in the United Kingdom duty on canned tuna. In addition the United Kingdom granted reductions on natural sponges and pearl essence.

OTHER COUNTRIES: Switzerland granted a duty reduction on canned shrimp, and Austria on pearl essence. Portugal granted a reduction in the duty on canned squid to less than one-third of the existing rate.



#### PACIFIC SALMON CAUGHT IN SCOTTISH WATERS

An unusual fish was caught in a bag-net at the Altens salmon fishing station on the Kincardineshire coast just south of Aberdeen, Scotland, on July 16, 1960. It was identified as *Oncorhynchus gorbuscha* (Walbaum), the pink or humpback salmon, of which the natural distribution is along the Pacific coast of North America and Asia from the Bering Straits to the Sacramento River and Peter the Great Bay.

The fish caught at Altens was 20.5 inches long over-all with a girth of  $13\frac{1}{4}$  inches, and it weighed 4 lbs. 2 oz. This species is at once distinguishable from either the Atlantic salmon or the sea trout by its deeper body, its more pointed snout, and the presence of coarse oval black spots on the tail. Its color is a bright blue and its scales are very small and even more delicate than those which commonly occur on the earliest grilse of the season. Dissection showed that the fish was a male with enlarged testes though the kype and hump that develop at the spawning period were not evident.

The pink or humpback is one of the six species of the genus *Oncorhynchus* which are commonly known as the "Pacific salmon." They spend part of their life in the sea and part in the streams where they spawn and die. Unlike Atlantic salmon, pink salmon all spawn as two-year-old fish and all die after spawning. The adult salmon migrate from the sea to the streams during the summer and early autumn and spawn in the lower reaches of the rivers. When the eggs hatch in the spring the tiny fish are already silvery without the spots and parr marks of the Atlantic salmon fry, and go straight to salt water so that nearly the whole two years' life-span is spent in salt-water feeding and growing rapidly. Most pinks weigh 4 or 5 pounds though a few weigh as much as 10 pounds. They are caught commercially by gill-netting, purse-seining, and trolling.

Since 1956 the Russians have transferred very large numbers of Pacific salmon eggs, chiefly pink salmon, from Sakhalin Island north of Japan to the rivers of the Kola peninsula. Up to the middle of September 1960, they have had records of the return of some 75,000 fish to the rivers of the Kola peninsula. There have also been reports of recaptures on the Norwegian coast, chiefly in the north but extending as far south as Bergen, and in Iceland. Several thousand Pacific salmon have been caught on the Norwegian coast but in Iceland the catches have been much smaller--probably less than 50 altogether. It is, therefore, reasonable to assume that the pink salmon caught at Altens originated from one of the rivers of the Kola peninsula. (Scottish Fisheries Bulletin--No. 14, March 1961.)