

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED
LIMITED C
GATT/CP/85
19 October 1950
ORIGINAL: ENGLISH

CONTRACTING PARTIES

SCHEDULE XX - UNITED STATES

Withdrawal of Item 1526(a) under
the Provisions of Article XIX

The following communication, dated 19 October 1950, has been received from the Acting Chairman of the United States Delegation in Torquay:

"I am instructed by my Government to inform the CONTRACTING PARTIES that an investigation by the United States Tariff Commission has resulted in the following findings:

1. That as a result of unforeseen developments and of the effect of the tariff concessions granted thereon by the United States in the General Agreement on Tariffs and Trade, hats, caps, bonnets, and hoods, for women's wear, trimmed or untrimmed, including bodies, hoods, plateaux, forms, or shapes, for women's hats or bonnets, composed wholly or in chief value of fur felt, and valued at more than \$9 and not more than \$24 per dozen, which products are described in item 1526(a) of Part I of Schedule XX (original) of the said General Agreement, are being imported into the United States in such relatively increased quantities and under such conditions as to cause serious injury to the domestic industry producing like or directly competitive products, and as to threaten continuance of such serious injury;
2. That the withdrawal in whole of the tariff concessions granted in said General Agreement on the foregoing products, without specified time limit as to its duration, is necessary to prevent continuance of such injury; and that such withdrawal would afford much greater relief to the domestic producers if the effective date of such action were prior to December 1, 1950, than if it were later.

"Among the circumstances which have led the Tariff Commission to make these findings are the following:

1. Imports of women's fur felt hat bodies since the reduction in duties in 1948 have supplied a progressively larger share of the domestic consumption of such articles; the domestic production has been materially smaller than before the war. Whereas imports throughout the 1930's and in the immediate postwar years were equivalent to less than 5 per cent of production, they were equivalent to 7.2 per cent of production in 1948 (the first year following the reduction in duty); 21.4 per cent in 1949; and 30.5 per cent in the first 6 months of 1950. The reduction in the domestic output of women's fur felt hat bodies since the prewar years has been due in large part to the decline in the total domestic consumption of such hats, resulting from the increasing practice of going without hats. Increased competition from imported hat bodies has, however, also contributed substantially to the decline in domestic output.

2. Before the war nearly all of the domestic production of women's fur felt hat bodies, and the larger part of the imports in most years, consisted of hat bodies of plain felt. About the time the duties were reduced there was a style change greatly favoring hats with napped or pile finishes (such as velours and suedes). Increase in the supply of hat bodies having these special finishes began in the import trade and later extended, in much smaller proportion, to domestic production. It is estimated that in 1949 and the first 6 months of 1950 more than 95 per cent of the imports consisted of these special finishes, whereas hat bodies of that type represented 6 or 7 per cent of the domestic production. Much the greater part of the consumption of hat bodies of these special finishes has been supplied by imports. Imports of hat bodies of these special finishes have to some extent affected domestic production of hat bodies of plain felt, particularly those in the higher-priced ranges. More especially, however, these imports have severely limited the establishment and expansion of domestic production of these special finishes. Domestic producers are not confronted with any technical obstacles in shifting their production from plain felt hat bodies to velours and other special finishes; the latter finishes, however, require much larger amounts of hand labor than the plain bodies.
3. With respect to women's fur felt hat bodies corresponding to an import value of more than \$9 and not more than \$24 per dozen, there is direct and sharp competition between the imported and domestic products, particularly those with special finishes. This price range comprises the great bulk of the imports. It is the marked recent increase in imports within this middle range of values which has caused serious injury to the domestic industry. This injury has been steadily increasing since the concessions went into effect, and, unless the concessions are withdrawn, the injury will continue and perhaps become still more serious.
4. Women's fur felt hats are mostly for fall and winter wear, and imports and domestic production of women's fur felt hat bodies are highly seasonal. The peak period of production and sales of the domestic hat bodies occurs in June, July, and August, and that of the foreign hat bodies for the United States market somewhat earlier. Considerably in advance of the season, however, samples are made up and price lines are established. Usually as early as December or January preceding a season, price lines and samples are initiated by importers and early contracts are made. Under these circumstances, withdrawal of the concessions by December 1, 1950, is necessary to afford the most effective relief.

"In accordance with these findings and pursuant to the provisions of Article XIX of the General Agreement, the Government of the United States finds it necessary to withdraw the concessions on the above-mentioned products. In view of the critical circumstances set forth above, which indicate that delay would cause further damage difficult to repair, it is necessary that a proclamation of the withdrawal be issued on or about November 1, 1950, to be effective December 1, 1950.

"This action is being taken in accordance with the provisions of the last sentence of paragraph 2 of Article XIX, and my Government is prepared to

afford the CONTRACTING PARTIES and those contracting parties having a substantial interest as exporters of the products concerned an opportunity to consult with it immediately in respect of the proposed action. There is attached a table showing the principal foreign suppliers of United States imports of these products.

"It will be appreciated if you will inform the contracting parties immediately of this proposed action, and of my Government's willingness to enter into the required consultation at Torquay as soon as possible. A public announcement of the proposed action is being made today in Washington.

"ENCLOSURE: Table showing the principal foreign suppliers of United States imports of women's fur felt hats and hat bodies."

NOTE: Item 1526(a) in Part I of Schedule XX reads as follows:

Tariff Act of 1930, paragraph	Description of Products	Rate of Duty
1526(a)	Hats, caps, bonnets, and hoods, for men's, women's, boys', or children's wear, trimmed or untrimmed, including bodies, hoods, plateaux, forms, or shapes, for hats or bonnets, composed wholly or in chief value of fur of the rabbit, beaver, or other animals:	
	Valued at not more than \$12 per dozen.....	55% ad val., but not less than \$1.25 per doz.
	Valued at more than \$12 and not more than \$18 per dozen...	47½% ad val.
	Valued at more than \$18 and not more than \$30 per dozen...	40% ad val.
	Valued at more than \$30 per dozen.....	\$8 per doz. and 12½% ad val.
	<u>Provided</u> , that none of the foregoing shall be subject to any additional duty under the last clause in paragraph 1526(a), Tariff Act of 1930.	

Hats, caps, and bonnets of fur or fur felt,* for women and girls, valued over \$9, and not over \$24 per dozen: United States imports for consumption, by principal sources, 1937, 1938, 1939, 1947, 1948 and 1949

Country of Origin	1937	1938	1939	1947 ^{a)}	1948	1949
	Quantity (dozen)					
Czechoslovakia	20,168	24,270	2,683	396	20,601	48,395
France	308	1,532	1,374	-	1,713	3,771
Italy	64	26	90	8,646	13,539	53,537
United Kingdom	424	313	277	12	-	646
Germany	151	221	1	-	-	-
Austria	649	122	-	-	-	-
Belgium	150	95	25	-	-	-
Hungary	56	3	-	-	-	-
Canada	-	122	-	-	-	29
Japan	-	30	-	-	-	-
Netherlands	-	-	-	-	192	48
Other	8	14	-	-	-	-
Total	21,978	26,748	4,450	9,054	36,045	106,426

* Includes finished hats, bodies, hoods, plateaux and shapes.

a) General imports; imports for consumption not readily available.