

RESTRICTED

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GENERAL AGREEMENT ON TARIFFS AND TRADE

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SCHEDULE XX - UNITED STATES

Groundfish fillets - Presidential Decision on Tariff Commission Recommendation

Contracting parties were notified on 3 November 1956 (L/577) that the United States Tariff Commission had recommended to the President an increase in the duty on item 717(b) (groundfish fillets), bound in Schedule XX, Part I (Geneva 1947). The United States Government has now informed the secretariat, by letter dated 11 December 1956, that the President has declined to accept the Recommendation of the Tariff Commission. The grounds for the President's decision are stated in a letter, addressed to the Chairmen of the Senate and House Committees, which is reproduced hereunder:

"On October twelfth the United States Tariff Commission, pursuant to Section 7 of the Trade Agreements Extension Act of 1951, as amended, submitted to me a report of its findings and recommendations in the groundfish fillets 'escape clause' case. The Commission found, as a result in part of the customs treatment reflecting the trade agreement concession applying to these products, that they are being imported into the United States in such increased quantities as to cause serious injury to the domestic industry. The Commission accordingly recommended that these imports of groundfish fillets presently dutiable at 1-7/8 cents per pound should be dutiable at 2.8125 cents per pound, and that those dutiable at 2-1/2 cents per pound should be dutiable at 3.75 cents per pound.

"It is the Tariff Commission's responsibility in these matters to investigate and report to the President any finding of serious injury or threat of serious injury within the meaning of the law. It is the President's responsibility, on the other hand, to consider not only the question of injury and measures recommended for its relief, but also all other pertinent factors bearing on the security and well-being of the nation.

"As an aspect of national policy dedicated to fostering the security and economic growth of the United States, this nation seeks to encourage in all feasible ways the continued expansion of beneficial trade

among the free nations of the world. In view of this policy I am, as I have said before, reluctant to impose a barrier to our trade with friendly nations unless such action is essential and clearly promising of positive, productive results to the benefit of the domestic industry in question. My reluctance to impose such a barrier is heightened in this case because the other nations concerned are not only our close friends, but their economic strength is of strategic importance to us in the continuing struggle against the menace of world communism.

"I have analyzed this case with great care. I am fully aware that the domestic groundfish fishing industry is faced with serious problems, but I am not persuaded that, on balance, the proposed duty increase would constitute a sound step in resolving those difficulties. Because of that conviction, I have decided in view of all of the factors bearing on this case that I cannot accept the Tariff Commission's recommendations. It might well be, in fact, that the proposed duty increase would only further complicate the industry's basic problems.

"Over the years, the consumption of groundfish fillets has shown a persistent upward trend, consumption rising to a record level in 1955. This trend is expected to continue; the United States, by all indications is heading toward a further increased population and a greater expansion of its economy. If, as this growth takes place, there is a proportionate increase in requirements for fish and fish products in the United States, the domestic demand for these products will more than exceed the present combined total of domestically caught fish plus imports. This is an encouraging prospect which the domestic industry should prepare to exploit.

"At the same time, I recognize that beset as it is with problems ranging from the age of its vessels to competition with other food products, the fishing industry of the United States will experience difficulties in the years ahead, despite the bright prospects for increased consumption of fish and fish products, unless bold and vigorous steps are taken now to provide root solutions for the industry's problems. To this end, the Administration last year proposed and I signed into law several bills designed to assist the industry in improving its competitive position. These laws include provisions for increased funds for research and market development programs, educational grants, and a \$ 10 million revolving loan fund for vessel and equipment improvement purposes.

"The Administration's examination into the industry's problems has continued beyond the enactment of these laws. These studies, in which we are benefitting from consultations with State and local

officials and private groups, look toward the development of additional opportunities for promoting the well-being and sound management of all of our fish and wildlife resources, including our commercial fisheries resources. These further efforts should be of assistance to the domestic groundfish fishing industry in its search for solutions to the fundamental problems it faces. They should also help the industry to improve its position without the imposition of further trade restrictions which might actually discourage needed improvements.

"This approach is consistent with our objective of achieving a dynamic, expanding, free enterprise economy and also accords with our national policy of seeking the highest attainable levels of mutually profitable and beneficial trade and investment among the countries of the free world."