

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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SCHEDULE XX - UNITED STATES

Lighter Flints - Presidential Decision on
Tariff Commission Recommendation

Contracting parties were given, in GATT/AIR/84 of 5 January 1956, the text of a communication from the United States Government indicating that the United States Tariff Commission had recommended to the President an increase in the duty on item 302(Q) (Lighter flints), bound in Schedule XX, Part I (Geneva 1947). The United States Government has now informed the secretariat, by letter dated 4 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:

"As you know, in its report to me on its escape clause investigation relating to imports of ferrocerium (lighter flints) and all other cerium alloys, the United States Tariff Commission found (1) that such imports were causing serious injury to the domestic industry producing like or directly competitive products and (2) that this injury resulted in part from a tariff concession, effective 1 January 1948, which reduced the duty on such imports by 50 per cent. The Tariff Commission in its report recommended that the mentioned concession be withdrawn in full.

"During intensive study of this matter within the Executive Branch a question relating to the legal aspects of the competitive situation in the domestic industry emerged. Accordingly, I asked the Attorney General to undertake a thorough exploration of this legal question and to advise me definitively with respect thereto.

"I have now heard from the Attorney General and he has advised me that the facts developed in his inquiry do not warrant the filing of any proceeding by the Department of Justice.

"After consulting with interested departments and agencies of the Executive Branch, and after reviewing this case again in the light of latest available information, I have decided, on the facts and the law, that this case does not present sufficient grounds for escape clause relief.

"When an industry is apparently in straitened circumstances due to a variety of causes it is almost always difficult to assess the degree to which imports may have contributed, if at all, to the industry's problems. Mindful of this consideration and of the Commission's findings in this case, it nevertheless does not appear to me that imports of lighter flints have, as the law provides, 'contributed substantially towards causing or threatening serious injury' to the domestic industry. Such difficulties as the United States industry has encountered appear to me to be due rather to an approximately 40 per cent decline in United States consumption of lighter flints, from 138,000 pounds in 1951 to 83,400 pounds in 1954, and to a sharp decline of about 90 per cent in United States exports, from 86,100 pounds in 1951 to 8,000 pounds in 1954. Imports on the other hand in 1954 were only slightly more than 5,000 pounds and represented only 6.8 per cent of the domestic consumption of lighter flints. Imports have increased since the Commission filed its report but they still represent a relatively small proportion of domestic consumption.

"It is the firm policy of the United States to seek continuously expanding levels of world trade and investment. Any departure from this established policy must of course, therefore, be taken only if predicated upon sound evidence and reason. In my judgment such sound evidence and reason are lacking in this case for there is a very serious question that increased imports are contributing substantially towards causing or threatening serious injury."