

GENERAL AGREEMENT ON TARIFFS AND TRADE

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STATE-TRADING ENTERPRISES

Notifications pursuant to Article XVII:4(a) in reply to
the new questionnaire contained in document L/1014 of 3 July 1959

UNITED STATES¹

I. Enumeration of State-Trading Enterprises

This notification provides information on the following enterprises and products which appear to come within the provisions of Article XVII:

<u>Enterprises</u>	<u>Products</u>
(a) Bureau of Mines	Helium
(b) Atomic Energy Commission	Fissionable material, by-product materials as defined in 42 USC 1805c (radioactive isotopes, heavy water)

The activities of the General Services Administration (GSA) which were reported in the previous Article XVII notification do not appear to fall within the line of inquiry on State trading contained in the new questionnaire. However, a statement summarizing the activities of the GSA is attached as Annex 1.

This notification does not include information on agricultural programmes conducted by the Commodity Credit Corporation. The activities of the CCC do not appear to come within the meaning of State-trading enterprises of the type to which Article XVII is properly applicable, since the CCC is not formally or in effect granted special or exclusive privileges and is required to operate primarily through private commercial channels.²

¹ This notification supplements information provided in the previous notification dated 3 October 1958 (GATT document L/784/Add.3).

² Information on the reason, purpose and functions of the Commodity Credit Corporation have been provided in detail in notifications under Article XVI and in supplementary material previously furnished to the Panel on Subsidies and State Trading.

II. Reason and Purpose for Introducing and Maintaining State-Trading Enterprises

(a) Helium Activity

The Bureau of Mines of the Department of the Interior is authorized to produce, store, and distribute helium in order to ensure an adequate supply of this unique gas to military and other agencies of the Government, and to non-Federal users requiring helium for commercial, medical and scientific uses. Legislative provisions have been previously furnished and are published in L/784/Add.3.

(b) Atomic Energy Commission

In order to safeguard the public health, welfare and security, the Atomic Energy Act provides for full Government control of the possession, use and production of atomic energy and special nuclear material. The Atomic Energy Commission was established by the Act to administer the programs and policies set forth in the Act. Relevant extracts from the basic legislation have been provided in earlier notifications.

III. Description of the Functioning of the State-Trading Enterprises

(a) Helium Activity

The Helium Activity, Bureau of Mines, is the sole producer of helium in the United States. It also stores helium and conducts exploration, experimentation and research for purposes of improving helium supplies. Supplies in excess of Government requirements are sold to private distributors for resale for consumption or export. The Helium Activity itself does not engage in export or import.

(b) Atomic Energy Commission

The Atomic Energy Commission engages in the production and storage of fissionable materials, and is authorized to distribute by-product materials "to applicants seeking such materials for research and development activity, medical therapy, industrial uses, or such other useful applications as may be developed" (42 USC 1805c).

Fissionable materials such as enriched uranium and plutonium are exported on a government-to-government basis pursuant to bilateral agreements.

By-product materials ¹ for research, therapeutic and industrial purposes are sold for export directly by private contractors who operate the AEC-owned facilities, as well as to private domestic firms, who may further process the materials or export them through normal commercial channels. Export licensing is under the control of the AEC.

Export prices for material such as radioactive isotopes exported by the AEC-owned facilities are governed by the full cost recovery principle.

Regarding imports, materials such as ores are imported by the AEC, but only for its own operations and not for resale or for commercial purposes.

IV. Statistical Information

(a) Helium Activity

Production of Helium in the last three years:

1957	291.5 million cubic feet
1958	334.2 million cubic feet
1959	476.9 million cubic feet

Exports all by private traders, are estimated at about 2 million cubic feet annually.

The Helium Activity does not engage in importation.

(b) Atomic Energy Commission

<u>Product</u>	<u>Year</u> ²	<u>Unit</u>	<u>Production</u> ³ (by AEC)	<u>Exports</u> ⁴		<u>Total</u> ³
				<u>by AEC</u> <u>Quantity</u>	<u>US Exports</u> <u>Quantity</u>	<u>Value</u>
Radioactive isotopes,	1957	Curie	166,880			\$1,367
inc. Cobalt	1958	Curie	176,235		156,191	1,534
	1959	Curie	315,150	72,000	112,204	1,283

¹ By-product material, as defined in the Atomic Energy Act, means any radioactive material (except fissionable material) yielded in or made radioactive by exposure to the radiation incident to the processes of producing or utilizing fissionable material.

² AEC production and exports are on a fiscal year basis (i.e., 1957 is July 1, 1956 - June 30, 1957, etc.) Total US exports ^{are} on a calendar year basis.

³ Production figures shown are actually total sales or disposals, which approximate production.

⁴ Exports by private contract operators of AEC-owned facilities. Figures are approximations.

STATEMENT ON GENERAL SERVICES ADMINISTRATION

The U.S. notification of October 3, 1958 in response to the Decision of November 22, 1957 dealt with the activities of the General Services Administration (GSA), the Government's procurement and supply agency, insofar as they involve purchases of items which might be resold through commercial channels. Specifically, the notification cited GSA's authority to procure materials for the national stockpile, to purchase or make commitments to purchase materials for Government use or resale under the Defense Production Act (DPA), and to sell such materials produced under the Central American Abaca Act as are not needed for stockpiling. The notification also gave figures regarding the quantity and value of any transactions under these authorities insofar as they could be made a matter of public record.

Some doubt was felt at the time as to the real usefulness of the information in the context of GATT's review of state-trading operations. These procurement activities of GSA were tapering off sharply at the time. The amounts involved generally represented only a small fraction of total United States imports of the products in question. This would be true even if one looked at total acquisitions for the stockpile, figures not ^{being} reported in the notification for security reasons. Secondly, the bulk of materials acquired remain in the Government's hands. Diversion or sales to industry have not occurred in any significant volume. When materials contracted for by GSA are diverted to industry, any special privileges accorded GSA, e.g. the exemptions from import duty which apply in some but not all cases, no longer have a practical effect. Sales of material acquired by GSA have generally been made at the prevailing market price, a price reflecting duty.

By now, the scope of GSA procurement of foreign materials for the stockpile and under DPA expansion programs is even more drastically reduced. Stockpile procurement is proceeding for only a limited number of products. While deliveries under past DPA contracts are continuing, no new contracts are being let. The operations under the Central American Abaca Act are being wound up and will be terminated entirely by the end of March 1960. Plans for disposal of some excess stocks of perishable materials have been prepared or, in some cases, put into effect. As has been the practice in past sales of materials acquired by GSA, such sales will be made at market prices, subject to such safeguards as may be devised to avoid disruption of the market.

The line of inquiry reflected in the new questionnaire on state-trading is not particularly relevant to this situation. Accordingly, no attempt is being made to answer the various questions set forth in the questionnaire with respect to GSA. Recent reports regarding the stockpile and DPA programs are being forwarded, as of possible interest to the panel. If any additional information is needed, it will be supplied upon request.

