

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3378

8 April 1970

Limited Distribution

## ARTICLE XIX - ACTION BY THE UNITED STATES

### Wilton and Velvet Carpets

The Mission of the United States has transmitted to the secretariat the following communication concerning partial termination of action under Article XIX with respect to Wilton and velvet carpets.<sup>1</sup>

On 2 January 1970 the President of the United States issued a Proclamation which will result in significantly lower tariff rates for most of the Wilton and velvet carpets and rugs imported into the United States. His action will continue present tariffs for carpets of non-oriental design, but will allow rates for carpets of oriental design to fall from 40 per cent to 21 per cent. Most of our carpet imports are of oriental design and will therefore benefit from the lower rate.

In taking this action, the President accepted in large part the recommendation of the Tariff Commission that the relief granted to the United States Wilton and velvet carpet industry since 1962 under the escape clause should be eliminated. President Kennedy raised the tariff rate for such carpets from 21 per cent level then in effect to 40 per cent in 1962. President Johnson extended that increased rate in 1967, through 31 December of this year.

After a careful review of this policy, President Nixon concluded that a continuation of the 40 per cent rate is not justified for oriental design carpet and that the rate can be allowed to revert to pre-escape clause levels without serious adverse effects on the economy. In his 18 November Trade Message to Congress, he indicated that it is imperative that protective duties be promptly removed when they are no longer justified.

As for non-oriental design carpets and rugs, he extended the escape clause rates at their current level. However, he will ask the Tariff Commission for additional information regarding this type of carpet to help determine whether any further action is necessary with regard to tariffs on such floor coverings.

When carpet duties were raised in 1962, certain retaliatory duties were imposed on United States exports by foreign countries.<sup>2</sup> It is hoped that this liberalization of our tariff structure for Wilton and velvet carpets will result in reciprocal actions by other governments.

<sup>1</sup>See documents L/1530 and Add.1-3, L/1951, L/1959 and L/2953.

<sup>2</sup>See documents L/1803 and L/2784.