

GENERAL AGREEMENT ON TARIFFS AND TRADE

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UNITED STATES TARIFF COMMISSION INVESTIGATIONS

Barbers' Chairs

The following two communications, dated 28 April 1970 and 26 June 1970 respectively, have been received from the mission of the United States.

The United States Tariff Commission on 21 April divided into two equal groups (three - three) in the findings made in each of two investigations to determine the effect of imports on (a) the barber chair industry and (b) a firm in that industry petitioning for a determination of eligibility to apply for adjustment assistance. In the industry investigation one group found imports were causing serious injury and that an increase in duty from the present rate of 8 per cent ad valorem to 27½ per cent ad valorem was necessary to remedy the injury, and, in so finding, concluded that the "continuation of United States production of barbers' chairs depended on the grant of adjustment assistance to the petitioning firm". The other group found imports are not causing or threatening serious injury.

In industry cases in which the Tariff Commission is divided into two equal groups in its findings, United States trade legislation provides that the President may consider the findings of either group as the findings of the Commission.

The President has sixty days to accept, modify or reject the findings of the group which determined that the domestic barber chair industry was being injured. The President may provide (1) tariff adjustment, (2) adjustment assistance to firms or groups of workers, or (3) a combination of both.

Imports of barber chairs are not separately reported in United States foreign trade statistics but in recent years are believed to have come almost exclusively from Japan.

In accordance with the procedure laid down in paragraph 2 of Article XIX of the GATT, the Department of State will formally notify the Japanese Embassy when the Tariff Commission report is made public and initiate consultations on the Commission's findings.

Special Representative for Trade Negotiations Carl J. Gilbert, with the participation of the other executive agencies, will analyze the Commission report, and formulate a recommendation to the President.

In the adjustment assistance investigation the Commission was called upon to determine whether imports were causing serious injury to the petitioning firm. The division in the findings of the individual commissioners corresponded to that in the industry investigation. In contrast to industry cases, the effect of an equally divided Commission is a negative determination.

The following is the text of the 23 June White House press release announcing Presidential action on the Tariff Commission report on barbers' chairs:

"The President today announced that he has authorized adjustment assistance for firms and workers in the barbers' chairs and parts industry.

"The President's action is designed to assist firms and workers to adjust to import competition. The Emil J. Paidar Company of Chicago and certain labour unions appealed to the Tariff Commission in December 1969 for relief from imports. After completing its investigation, the Tariff Commission split evenly in a 3-3 vote. Three commissioners found that the conditions required for a determination of serious injury or threat thereof were not satisfied, while three commissioners found serious injury. The commissioners finding serious injury further found that the tariff should be raised from 8 per cent to 27.5 per cent. The three commissioners finding injury stressed that the existence of one firm depended on receipt of adjustment assistance.

"In situations in which the Commission is evenly divided, the President can accept the finding of either group of commissioners as the finding of the Commission. In this case he accepted the finding of serious injury and authorized extension of adjustment assistance. Such assistance may take the form of technical, financial and tax assistance for firms. For workers in the industry, the assistance may include readjustment allowances, training assistance and relocation allowances.

"The President did not accept the recommendation for tariff relief since the competition confronting the most affected section of the industry arises from both domestic and foreign sources. A tariff increase might serve to curtail imports to some extent but would not be likely to solve the competitive problems of this segment. On the other hand, under adjustment assistance a specific firm can apply for assistance for current operations and to expand production of other types of professional equipment."