

GENERAL AGREEMENT ON
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UNITED STATES

Temporary Export Control Measures

The following communication, dated 19 July 1973, has been submitted by the United States mission in Geneva.

Enclosed are the texts of recent announcements by the United States regarding temporary export control measures affecting various agricultural products as well as ferrous scrap.

Attachments:

1. Announcement concerning soybeans and soybean oil, cakes and meal, cottonseed and cottonseed oil, cakes and meal
2. Announcement regarding the extension of export controls to forty-one categories of agricultural commodities
3. Announcement concerning export limitations on ferrous scrap
4. Announcement concerning procedures for special hardship cases.

ATTACHMENT 1

Announcement concerning soybeans and soybean oil, cakes and meal,
cottonseed and cottonseed oil, cakes and meal (2 July 1973)

Effective at 3:30 p.m. EDT today (2 July), the United States Department of Commerce replaced its 27 June embargo on exports of soybeans, cottonseed and related products with a system of validated licences.

Validated licences will be required for soybeans and soybean oilcakes and meal, and for cottonseed and cottonseed oilcakes and meal.

The embargo has been terminated for soybean and cottonseed oils. No validated licence is required for these products.

The need for validated licensing controls was determined on the basis of the Department of Commerce's Export Reporting System, announced on 13 June, which required exporters to report anticipated exports of specified agricultural commodities as of that date. These and other Government reports revealed extremely tight supplies of soybeans and certain related products, until this fall's crops are harvested. Whether controls will be necessary after that time will depend on the size of the fall harvest, the level of export demand, and the level of prices in the United States.

Had the Government not acted to regulate movement in these commodities, there was concern in some quarters that available world-wide stocks would not have been adequate to cover August requirements internationally.

In the case of soybeans, and soybean oilcakes and meal, the Commerce Department has established allocation percentages for export licensing consistent with available export supplies and domestic requirements. Licences for these commodities will be issued on a contract-by-contract basis. Each contract for soybean export will be reduced to 50 per cent of the quantity originally scheduled for delivery. Each contract for soybean oilcake and meal will be reduced to 40 per cent of the original quantity. Licences for soybeans will expire on 15 September and for oilcake and meal on 15 October. Licences for cottonseed and cottonseed oilcake and meal will be issued for the full quantity of the unshipped balances of the contracts in force as of 13 June 1973. Licences for cottonseed will be valid through 15 August. Licences for cottonseed oilcake and meal will be valid through 15 October.

Exporters who reported their anticipated exports in compliance with the export reporting system are eligible for licensing by the Commerce Department's Office of Export Control (OEC). The application for licence must be supported by photostats or certified copies of contract from exporters, plus summaries of all unshipped contracts entered into on or before 13 June, calling for delivery to foreign buyers. Licence applications together with documentation will be accepted after 3:30 p.m. EDT 2 July.

An Interagency Working Group consisting of representatives from the Council on Economic Policy, the Council on International Economic Policy, the National Security Council, the Cost of Living Council, the Council of Economic Advisors, and the Departments of State, Commerce, and Agriculture developed the licensing system. After considering domestic requirements, it was determined that approximately 33 million bushels of soybeans were available for export, representing 50 per cent of the volume of outstanding contracts for the remainder of the crop year. For soybean oilcake and meal, the quantity available for export was determined to be 750,000 short tons. This was 40 per cent of the reported unshipped contracts.

While the embargo has been lifted on soybean and cottonseed oils, the export reporting system remains in full force and effect for these and all other commodity groups covered in OEC Export Control Bulletins No. 84(A), published 13 June and No. 87, published 28 June.

The authority to license exports as a consequence of domestic shortage, serious inflation, and abnormal foreign demand is set forth in the Export Administration Act of 1969. Even though the President's authority is severely limited by this legislation, the present situation in soybeans and cottonseed is such that the tests of the Act are met.

ATTACHMENT 2

Announcement regarding the extension of export controls to forty-one categories of agricultural commodities (5 July 1973)

Secretary of Commerce Frederick B. Dent announced today (5 July) that forty-one categories of agricultural commodities including edible oils, animal fats, and livestock protein feed are subject to export controls, effective immediately. The action was taken under the authority of the Export Administration Act of 1969 and was approved by Secretary of Agriculture Earl L. Butz. The list of commodities subject to export control is released with this announcement.

None of the commodities listed may be exported without a validated licence from the Department of Commerce's Office of Export Control. Licences will be granted on the following basis:

- (1) Orders accepted on or before 13 June 1973, prior to 1 October 1973, will be licensed to the extent of the unfilled balance of the order.
- (2) Orders accepted after 13 June 1973, for export to 1 October 1973, will not be licensed until further notice. A method of licensing such orders will be announced subsequently.
- (3) Orders accepted for export on or after 1 October 1973 will not be licensed until further notice.

The licensing requirement is not applicable to single shipments of \$250 or less for certain of the commodities listed which are marked with an asterisk (X).

Shipments which prior to 10:30 a.m. 5 July 1973 were in the process of being loaded or in transit to a port of export pursuant to actual export orders may be exported without a validated licence if loaded on the exporting carrier on or before 19 July 1973.

The United States Bureau of Customs is simultaneously notifying all its offices of these requirements. Export Control Bulletin No. 90 setting forth complete regulations controlling this validated licensing requirement is being printed and will be available at the United States Department of Commerce by close of business 5 July. A copy of the Export Control Bulletin will be printed in the Federal Register of 6 July 1973.

It should be noted that the action today modifies the decision announced 2 July 1973, in Export Control Bulletin No. 88, that various soybean and cottonseed oils would no longer be subject to validated licence requirements. In that bulletin exporters were given notice that in the event the level of exports of these commodities reached unacceptable levels, restrictions would be imposed.

The action to control the export of these commodities has been necessitated by the controls previously imposed on the export of soybeans, soybean oilcake and meal, cottonseed and cottonseed oilcake and meal. Soybeans, cottonseed and oilcake and meal are used for high protein feed for livestock and the unsatisfied foreign demand for them has caused a substantial increase in demand for various other sources of high protein feed. Soybeans and cottonseed are also a major source of edible food oils and unsatisfied foreign demand has caused a substantial increase in demand for soybean oil, cottonseed oil, the various substitutes for them and the raw materials for those substitutes. Because of this transferability of demand, Secretary Butz has determined that the supply of the commodities on the attached list will not be adequate to meet domestic requirements until soybeans become available from the new crop. Whether controls will be necessary after that time will depend on the amount of the harvest, the level of export demand and the level of prices in the United States.

ATTACHMENT

Schedule B No.

Commodity

081.2015	Corn gluten feed
081.3040	Linseed oilcake and meal
081.3050	Sunflower and safflower oilcake and meal, peanut meal, peanut oilcake
081.4020	Meat meal and tankage
081.4040	Fish meal
081.9910	Feather meal
081.9920	X Poultry feeds, prepared
081.9930	X Dairy cattle feeds, prepared
081.9940	X Livestock feeds (except dairy cattle) including supplements, prepared
081.9960	X Alfalfa meal, dehydrated
081.9970	X Alfalfa meal, sun-cured
091.3010	X Lard and other rendered pig fat, except grease
091.3020	X Choice white grease
221.0510	Safflowerseed
221.0520	Sunflowerseed
221.1010	Peanuts (groundnuts), shelled, green
221.1020	Peanuts (groundnuts), unshelled, green
221.5000	Flaxseed (linseed)
291.0075	Bone meal
291.0090	Blood flour and blood meal
411.3210	Tallow, edible
411.3220	Tallow, inedible
421.2010	X Soybean oil, crude, including degummed
421.2020	X Soybean oil, once-refined
421.2040	X Soybean salad oil, refined and further processed by bleaching, deodorizing, or winterizing (except hydrogenated), not donated for relief or charity by indivi- duals or private agencies
421.3010	X Cottonseed oil, crude
421.3020	X Cottonseed oil, once-refined
421.3040	X Cottonseed salad oil, refined and further processed by bleaching, deodorizing, or winterizing (except hydrogenated), not donated for relief or charity by indivi- duals or private agencies
421.4010	X Peanut oil, crude
421.4020	X Peanut oil, except crude or hydrogenated
421.8010	X Sunflowerseed oil, crude
421.8020	X Sunflowerseed oil, once-refined, (after alkali or caustic wash, but before bleaching, deodorization, or winterization)

Schedule B No.

Commodity

421.8040

X Sunflowerseed oil, including all mixed or blended soft salad oils, bleached, deodorized, or winterized (except hydrogenated), not donated for relief or charity by individuals or private agencies

422.1000

X Linseed oil, raw

431.1010

X Linseed oil, boiled, oxidized, dehydrated, sulphurized, blown, or polymerized

422.9020

X Corn oil

422.9030

X Safflowerseed oil, fixed

431.2010

Soybean oil, hydrogenated

431.2020

Cottonseed oil, hydrogenated

431.2030

X Cottonseed and soybean oil mixture, hydrogenated; corn oil, hydrogenated; fish oil, hydrogenated; maize oil, hydrogenated; peanut oil, hydrogenated

512.0965

Soybean lecithin

ATTACHMENT 3

Announcement concerning export limitations on ferrous scrap

Statement by Secretary of Commerce Frederick Dent
2 July 1973

In recent months, the Department of Commerce has been closely following developments on the price, supply, and demand for ferrous scrap. Our preliminary data led to a decision on 22 May to impose reporting requirements on all exporters of ferrous scrap so that we could monitor new developments and future order levels on a timely basis.

This reporting system has given us an accurate estimate of the demand levels for exports of ferrous scrap for the remainder of 1973.

The data shows that exports to date, combined with orders already on hand, now total 12.4 million tons for calendar year 1973. Any new orders for export this year would, of course, add to this total. This compares with a 7.4 million ton export total for 1972. The information we have made available in the press kit indicate the facts which underlie these totals.

This development has resulted in very serious pressures on domestic supplies and prices of ferrous scrap and I have determined that the criteria set forth in the Export Administration Act have been met for this commodity. The details of the licensing and control procedures are spelled out in the information which we have supplied to you. In brief, a licence requirement is being imposed for all exports of ferrous scrap. Licences for exports against orders for 500 short tons or more will not be granted for orders accepted after 1 July 1973. Orders accepted prior to that time for delivery in July will be granted licences. Licensing policy for orders accepted 1 July or earlier for export after 31 July will be announced at a later date. Until further notice, licences valid for a period of twenty-one days will be issued against orders for less than 500 short tons, regardless of when these orders were accepted.

In addition, I would like to announce that the Japanese Government has notified us that it will license imports of ferrous scrap. The effect of this will be to defer to 1974 1 million tons imports previously ordered from the United States. Shipments to Japan, plus orders already on the books for shipment to it, now total 6.5 million tons for calendar year 1973. This decision by the Japanese Government will reduce that total to 5.5 million tons. In addition, the Japanese have assured us that, for the remaining six months of the year, they will spread shipments to them of United States ferrous scrap to minimize disruption of United States domestic supply.

I would like to express the appreciation of the United States Government to Japan for its willingness to come forth with this voluntary solution to a very difficult market problem. Ferrous scrap is an important commodity for both the

United States and Japanese steel and foundry industries and we are pleased that the Japanese Government has acted quickly and voluntarily to help alleviate the current United States supply problem.

The action we have announced today is designed to assure that domestic supplies of ferrous scrap will be adequate to meet the needs of United States industry. However, we will be monitoring this situation closely and decisions on export levels to be allowed after 31 July will be made based on our findings.

This action has been taken most reluctantly and only after it has become clear that our other efforts to alleviate the problem, including a substantial increase in offerings of United States Government-owned scrappable ships, could not provide a full answer.

2 July 1973

ATTACHMENT 4

Announcement concerning procedures for special hardship
cases (11 July 1973)

The United States Department of Commerce Office of Export Control has announced a procedure for granting licences in cases of special hardship for exports of commodities that would not otherwise be eligible for licensing under short supply controls.

An exporter who believes the short supply provisions of the export control regulations impose a unique hardship on him beyond that imposed on the trade in general, may submit a written request to the Office of Export Control, explaining the circumstances fully. The request may either accompany a licence application or be submitted to support an application previously filed. In emergency situations, the exporter is encouraged to call or visit the Office of Export Control in advance of submitting the written request, to obtain guidance on how to proceed in the most expeditious manner.

In announcing the procedure, the Office of Export Control gave two illustrations of situations considered to warrant hardship licensing:

Cottonseed, soybeans, and peanuts are subject to licensing, even when chemically treated for use as seed. Licences may be granted for 100 per cent of accepted orders, regardless of date, if applications are accompanied by an affidavit by a crop improvement association, a State Department of Agriculture, or the Agricultural Marketing Service, certifying that the seed was treated with an approved chemical substance.

Special food soybeans for human consumption may also be licensed 100 per cent if an affidavit is furnished stating that the beans were grown under contract for special food use, along with supporting evidence that the beans moved from farm to port on an identity preserved basis.

In a related move to remove a burden from exporters of ferrous scrap, the shipping tolerance on scrap exports was raised from 2½ per cent to 5 per cent. The lower tolerance had proved particularly difficult to adhere to in making ocean shipments, because exact weight is not established until the vessel is loaded.

The revised regulations implementing these changes are published in Export Control Bulletin No. 92 of 10 July 1973.

11 July 1973