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GENERAL AGREEMENT ON TARIFFS AND TRADE  
Contracting Parties  
Second Session



Working Party 3 on Modifications to the General Agreement

Request of the United States for a Waiver Under  
Article XXV of the General Agreement on Tariffs and Trade  
in respect of Preferential Treatment for the Trust  
Territory of the Pacific

Delete paragraphs 4 to 5 on page 2: "of the foregoing  
commodities ..... more than 200,000 tons", and the  
footnote on page 2, and insert the following text instead  
of paragraphs 4 to 6:

"Of the foregoing commodities only copra and phosphate  
are produced by the native population. The sugar, alcohol  
and dried bonito industries employed practically all Japanese,  
the first two having been subsidized by Japan for strategic  
reasons. In view of the exodus of the 70,000 Japanese  
there would appear to be no basis for the maintenance of these  
industries in the future.

Phosphate exports, which are now going to Japan, are  
expected to terminate by 1951 because of the depletion of  
resources.

In addition to these main commodities there is a small  
native production and export of trochus shells and of handi-  
craft articles of wood, grass, leaves and porcelain. Handi-  
craft exports amounted to about \$26,000 in the first six  
months of 1948. There were also 53,000 pounds of charcoal  
exported during the latter period.

Copra. Copra exports from the islands during the 1930's  
ranged from 10 to 15 thousand tons, mostly to Japan. Exports  
to the United States during the first half of 1948 amounted  
to a little over 5,000 tons, together with about 800 gallons  
of coconut oil. Total United States imports of copra  
average more than 200,000 tons.

Wartime destruction of coconut plantations, together with  
the limited area suited for the raising of coconuts, makes  
unlikely annual production of more than 10,000 tons.

It may be noted that the quantities of copra exported to  
the United States from the N.E.I. in 1937 and 1939, amounting  
to 5,500 and 12,000 tons respectively, represented only 1%  
and 2%, respectively, of total exports of copra from the N.E.I.  
in those years. These exports took place in competition with  
Philippine copra. Since production of Philippine copra is  
more efficient than that of the Trust Territory, there would  
seem to be little reason to believe that the extension of the  
preference to the latter would significantly alter the compe-  
titive position of N.E.I. copra in the United States market."