

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/507

10 December 1956

Limited Distribution

SCHEDULE XX - UNITED STATES

Invocation of the Reservation in the Note to Item 1108

In document SECRET/72 contracting parties were given the text of a communication, received from the Government of the United States, whereby that Government invoked, with effect from 1 October 1956, the reservation set forth in the Note to item 1108 in Part I of Schedule XX. This Note reserved the right of the United States to increase the duty on certain woollen textiles described in items 1108 and 1109 in Part I of Schedule XX. Details of the action taken to give effect to the invocation of the reservation have been received by the secretariat from the United States Government and are set out hereunder.

The action taken means that the ad valorem rate of duty applying to the products described in the above items will be increased when imports thereof in any year exceed an amount determined by the President of the United States to be not less than 5 per cent of the average annual United States production of similar fabrics for the preceding three calendar years.

In any year the higher ad valorem duty, which will be 45 per cent as authorized by the reservation, will apply only for the remainder of that year to imports in excess of the "breakpoint" determined by the President. At the beginning of the next calendar year, the ad valorem duty will revert to present rates and will remain there until imports in that year reach the "breakpoint" determined by the President for that year.

As indicated in document SECRET/72 this action took effect on 1 October 1956. For the last three months of 1956 the higher ad valorem duty would apply only after, and in, 3.5 million lbs. of imports have entered the country - and only until the new calendar year begins on 1 January 1957. The "breakpoint" of 3.5 million lbs. for the rest of 1956 is equal to 3/12ths of a quantity (14 million lbs) determined by the President to be not less than 5 per cent of the average annual United States production of similar fabrics for the calendar years 1953/55.

In 1957 and subsequent years the President will notify the Secretary of the Treasury of the amount of imports above which the higher duty will apply in that year.

Present rates of duty are 30 cents or 37½ cents per lb (depending upon the nature of the fabric) plus 20 per cent or 25 per cent ad valorem (depending upon the nature of the fabric). When the "breakpoint" determined by the President is reached in any year, imports in excess of that amount will be subject to an ad valorem duty increase to the full 45 per cent authorized by the reservation to item 1108 in Schedule XX, but the specific duty will remain the same.