

GENERAL AGREEMENT ON  
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UNITED STATES INTERNATIONAL TRADE  
COMMISSION INVESTIGATIONS

Stainless Steel Flatware

Addendum

Adjustment Assistance

The following communication has been received from the United States mission.

President Ford, taking into consideration the national economic interest, has decided on expedited adjustment assistance as the most appropriate means for helping the stainless steel flatware industry to deal with problems it faces from foreign competition. This decision was announced 30 April by Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations.

The President's decision follows a report from the United States International Trade Commission (USITC) on 1 March 1976 that the industry is being injured by increased imports. There was no majority recommendation for an appropriate and effective remedy. While the law provides that import relief may be given when the Commission finds that injury exists, such relief is authorized only for a limited period, during which the industry is expected to adjust to import competition. Except for the period October 1967 to October 1971, special tariff measures to protect manufacturers of stainless steel table flatware have been in effect since 1959.

The most recent special action, taken in 1971<sup>1</sup>, established a five-year tariff-rate quota for flatware valued under 25 cents apiece, with duties for over-quota shipments ranging from 40 per cent to more than 70 per cent of the value of the imported articles. This tariff-rate quota is scheduled to terminate on 30 September 1976.

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<sup>1</sup>L/3582

Domestic production of stainless steel flatware remained fairly stable from 1971 through 1974 but dropped in 1975 as a result of the recession. Employment followed a similar trend. Imports meanwhile increased although there was a sharp drop in entries of quota-type flatware in 1975. Over half of the domestic producers are also importers, and in 1975 these producers accounted for about one quarter of total United States shipments of imported stainless steel flatware.

Japan, which has been voluntarily restraining its exports of quota-type articles to the United States, is the largest foreign supplier. Increased protection would entitle Japan to claim compensatory tariff concessions of equal trade value on products exported to it by the United States. Other major suppliers, particularly in lower value brackets, are Korea and Taiwan. Imports covered by the injury finding of the USITC amounted to \$52 million in 1975 and, by quantity, took 68 per cent of the United States market.

Under the existing special protection, some firms have made adjustments enabling them to compete with foreign suppliers, and one of the largest producers opposes continuation of special protection for the industry. Although some of the companies which requested relief have shown low profits or losses, they generally account for a much smaller share of the industry's total output and employment. Additional import restrictions would thus give unnecessary protection to firms that account for a large part of domestic output. Adjustment assistance, on the other hand, would focus on the specific problems of individual firms and groups of workers that need help without increasing the burden on restaurants, hospitals, households and other users.