

## IMPORT PROVISIONS OF AGRICULTURAL ADJUSTMENT ACT

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AUGUST 1, 1939.—Ordered to be printed

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Mr. CONNALLY, from the Committee on Finance, submitted the following

### REPORT

[To accompany H. R. 7171]

The Committee on Finance, to whom was referred the bill (H. R. 7171) to amend section 22 of the Agricultural Adjustment Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The bill, as reported, makes certain technical amendments to section 22 of the Agricultural Adjustment Act of 1933. The purpose of section 22 of that act is to provide for the establishment of quotas against the importation of foreign agricultural products whenever such importations are interfering with programs being carried out for the benefit of farmers under the Agricultural Adjustment Act of 1933 and the Soil Conservation and Domestic Allotment Act.

Originally the protection afforded by section 22 was applicable only to programs carried out under the Agricultural Adjustment Act (of 1933). Later the protection afforded by section 22 was extended to farm programs carried out under the provisions of the Soil Conservation and Domestic Allotment Act. Programs for the benefit of our farmers are also being carried out under section 32 of Public, No. 320, approved August 24, 1935, as well as under the Agricultural Adjustment Act (of 1933) and the Soil Conservation and Domestic Allotment Act. Under the provisions of the bill, the protection afforded by section 22 of the Agricultural Adjustment Act (of 1933) would be extended to programs carried out under section 32 of Public, No. 320. As in the case of certain other farm programs, some of those carried out under the provisions of section 32 involve the support of domestic prices at levels higher than the prices that would make the export portion of a crop fully competitive in the low-priced world market. It is clearly necessary for the successful operation of such programs that some means, such as is provided in section 22, be avail-

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able to prevent a backwash of low-priced exports into a higher-priced domestic market.

One important technical shortcoming of the present provisions of section 22 is that a domestic farm program cannot be protected against foreign importations until such importations have actually arisen and have adversely affected the program. In other words, at least one of the chickens must be stolen before the coop may be locked. This is a wholly anomalous situation because in some instances it is known to a point of overwhelming certainty that a particular farm program will be ineffective in the absence of some protection against increased foreign importations. Consequently, the bill provides that restrictions against foreign importations may be imposed under the provisions of section 22 whenever it appears to be practically certain that such importations would increase and affect a farm program adversely.

Another shortcoming of section 22 is that it provides only for quotas on imports, whereas all those who have dealt with the problems of foreign importations recognize that under certain circumstances import quotas are not administratively practical and are not well adapted to the circumstances. In some cases the establishment of a quota would either cause exporters from a particular country to rush shipments to come within the quota, thus creating chaotic trade conditions, or, in the alternative, impose on the exporting country the burden of allocating the applicable quota to exporters. Under such circumstances an importation fee may meet the requirements fully and practically. To meet this problem the bill amends section 22 so as to permit the President, upon the recommendation of the United States Tariff Commission, to impose either an importation fee or an importation quota, whichever under the circumstances is determined to be better adapted for the protection of any particular farm program.

At the present time section 22 fixes the minimum quotas which may be imposed on the basis of the average quantity of imports during the 5-year fiscal-year period 1928-33. It so happens that the official records of our imports are kept on a calendar-year basis. For this reason, the bill changes the basis for minimum quotas from a fiscal-year basis to a calendar-year basis.

Section 22 now provides that a Presidential order imposing a quota shall become effective 15 days after its issuance. Under certain circumstances it may be important that such a Presidential order become effective at an earlier date. Consequently, the bill permits the President to determine the effective date for the imposition of any importation quota or fee.

Although the bill is of a technical nature, it is of great importance to the welfare of agriculture, and the committee believes that its early enactment will be highly beneficial.

### CHANGES IN EXISTING LAW

Changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

(Sec. 22 of the Agricultural Adjustment Act of 1933, as amended)

### IMPORTS

**SEC. 22. (a)** Whenever the President has reason to believe that any one or more articles are being or are practically certain to be imported into the United States under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with any program or operation undertaken, or to reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which any program is in operation, under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties and shall be conducted subject to such regulations as the President shall specify.

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such [limitations on the total quantities of any article or articles which may be imported] fees on, or such limitations on the total quantities of, any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary to prescribe in order that the entry of such article or articles will not render or tend to render ineffective or materially interfere with any program or operation undertaken, or will not reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which any program is in operation, under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended: *Provided*, That no limitation shall be imposed on the total quantity of any article which may be imported from any country which reduces such permissible total quantity to less than 50 per centum of the average annual quantity of such article which was imported from such country during the period from [July 1, 1928, to June 30, 1933] January 1, 1929, to December 31, 1933, both dates inclusive.

(c) [No import restriction proclaimed by the President under this section nor any revocation, suspension, or modification thereof shall become effective until fifteen days after the date of such proclamation, revocation, suspension, or modification.] *The fees and import restrictions proclaimed by the President under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be specified in such proclamation, revocation, suspension, or modification, and such fees, which shall not be in excess of 50 per centum ad valorem, shall be treated for the purposes of all provisions of law relating to customs revenue as duties imposed by the Tariff Act of 1930.*

(d) Any decision of the President as to facts under this section shall be final.

(e) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended by the President, whenever he finds that the circumstances requiring the proclamation or provision thereof no longer exist, or may be modified by the President whenever he finds that changed circumstances require such modification to carry out the purpose of this section.

