

TRADE AGREEMENTS EXTENSION ACT OF 1949

MARCH 11 (legislative day, FEBRUARY 21), 1949.—Ordered to be printed

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

R E P O R T

[To accompany H. R. 1211]

The Committee on Finance, to whom was referred the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

With three minor modifications the bill would extend the authority of the President under section 350 of the Tariff Act, to enter into trade agreements with other countries until June 12, 1951, under the procedures which were in effect up to June 1948. The purpose and effect of the bill are described in detail in the report of the Ways and Means Committee (H. Rept. No. 19, 81st Cong., 1st sess.) which is available to Members of the Senate. For an explanation of the provisions of the bill, attention is called particularly to part I of that report.

The Committee on Finance has held extensive hearings on the bill. The testimony received demonstrates amply that the trade-agreements program is a necessary element in United States foreign policy to promote domestic and international trade and commerce. The substantial controversy has been as to what procedures will permit most effective development of the program.

The procedures which H. R. 1211 would place in effect are the procedures under which the President, with the advice of the interdepartmental trade-agreements organization, has entered into agreements with more than 40 nations. The Tariff Commission will be restored to its former position in the trade-agreements program. It will again be represented on the Interdepartmental Committee on Trade Agreements, along with seven other executive agencies. Duplication caused by the 1948 act will be eliminated, with resulting saving of time and effort for interested persons appearing at the hearings held in connection with the negotiation of agreements and for the Government agencies involved. Finally, the bill abolishes the procedure of requiring the Tariff Commission to report a so-called peril point for every item under consideration in negotiations.

The elimination of these restrictions will greatly strengthen the program. The peril point reports of the 1948 act are necessarily unduly restrictive. The program cannot operate at maximum efficiency without having the Tariff Commission a full member of the team. In the opinion of the committee, the old procedures were better. They have proved their worth in experience. The agreements entered into under them have been negotiated with care to avoid any serious injury to domestic industry. No such injury occurred. Broad and comprehensive safeguards will continue to be included in the agreements so that if subsequent events indicate that a change should be made, that may be accomplished.

The committee concur in the judgment of the Ways and Means Committee that no good reasons have been adduced against restoration of the old procedures and that, on the contrary, there are sound and urgent reasons for restoring them.

When the President requested renewal of the Trade Agreements Act in his special message to Congress in March 1948, he said:

The Reciprocal Trade Agreements Act is a tested and practical means for achieving the benefits of expanding world commerce for the United States and for other countries. It is a continuing evidence of the determination of the United States to contribute its full share to the reconstruction of a sound and growing world economy as the basis for enduring peace.

In reporting this bill your committee would emphasize that its enactment is not intended to commit the Congress on questions raised by incorporation of general regulatory provisions in the multilateral trade agreement recently concluded at Geneva or on any other aspect of our foreign-trade program. No doubt full consideration will be given these matters when the Habana Charter for an International Trade Organization is presented to the Congress.

In conclusion the committee believe that the Trade Agreements Act has proved its worth and should be continued in the form in which it can be most effective. Enactment of H. R. 1211 will accomplish this result.



TRADE AGREEMENTS EXTENSION ACT OF 1949

SEPTEMBER 7 (legislative day, SEPTEMBER 3), 1949.—Ordered to be printed

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

MINORITY VIEWS

[To accompany H. R. 1211]

MINORITY VIEWS ON H. R. 1211

The Republican minority of the Senate Finance Committee cannot join in the action of the members of the majority favorably reporting H. R. 1211.

This bill as reported to the Senate would retroactively repeal the Trade Agreements Extension Act of 1948.

The purpose of this retroactive repeal is to relieve the President of the obligation imposed upon him by the Trade Agreements Extension Act of 1948 of advising the Congress of tariff concessions which may be made at the trade agreements conference now in progress at Ancey, France, with 11 nations (initially 13, Peru and El Salvador having withdrawn), and in other future or renegotiated trade agreements, which may exceed the peril points beyond which domestic producers would be subjected to serious injury or the threat of it.

Under the Extension Act of 1948, these peril points are furnished to the President by the Tariff Commission. The President may disregard them but if he does so, he must state his reasons to the Congress after the agreements have been concluded.

President Roosevelt, on a number of occasions, made strong statements that in negotiating trade agreements he would use every precaution to prevent serious injury or the threat of it to domestic industries. President Truman has also promised that action will not be taken which might endanger or trade away segments of American industry. Early in 1948 the President stated that "domestic producers would be safeguarded in the process of expanding trade."

State Department officials have said they are fulfilling these promises but the evidence shows that in practice, calculated risks are substituted

for the promised calculated safeguarding. This is the reason for the peril point provisions of the Trade Agreements Extension Act of 1948 and is the reason why we believe these provisions should be continued, and why we shall offer amendments intended to assure their continuance.

The Trade Agreements Extension Act of 1948, is as follows:

[PUBLIC LAW 792—80TH CONGRESS]

[CHAPTER 678—2D SESSION]

H. R. 6556

AN ACT

To extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Trade Agreements Extension Act of 1948".

SEC. 2. The period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended (U. S. C., 1946 edition, title 19, sec. 1351), is hereby extended from June 12, 1948, until the close of June 30, 1949.

SEC. 3. (a) Before entering into negotiations concerning any proposed foreign trade agreement under section 350 of the Tariff Act of 1930, as amended, the President shall furnish the United States Tariff Commission (hereinafter in this Act referred to as the "Commission") with a list of all articles imported into the United States to be considered for possible modification of duties and other import restrictions, imposition of additional import restrictions, or continuance of existing customs or excise treatment. Upon receipt of such list the Commission shall make an investigation and report to the President the findings of the Commission with respect to each such article as to (1) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of such section 350 without causing or threatening serious injury to the domestic industry producing like or similar articles; and (2) if increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or similar articles the minimum increases in duties or additional import restrictions required. Such report shall be made by the Commission to the President not later than 120 days after the receipt of such list by the Commission. No such foreign trade agreement shall be entered into until the Commission has made its report to the President or until the expiration of the 120-day period.

(b) In the course of any investigation pursuant to this section the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings.

(c) Section 4 of the Act entitled "An Act to amend the Tariff Act of 1930", approved June 12, 1934, as amended (U. S. C., 1946 edition, title 19, sec. 1354), is hereby amended by striking out the matter following the semicolon and inserting in lieu thereof the following: "and before concluding such agreement the President shall request the Tariff Commission to make the investigation and report provided for by section 3 of the Trade Agreements Extension Act of 1948, and shall seek information and advice with respect to such agreement from the Departments of State, Agriculture, and Commerce, from the National Military Establishment, and from such other sources as he may deem appropriate."

SEC. 4. The Commission shall furnish facts, statistics, and other information at its command to officers and employees of the United States preparing for or participating in the negotiation of any foreign trade agreement; but neither the Commission nor any member officer, or employee of the Commission shall participate in any manner (except to report findings, as provided in section 3 of this Act and to furnish facts, statistics, and other information as required by this section) in the making of decisions with respect to the proposed terms of any foreign trade agreement or in the negotiation of any such agreement.

SEC. 5. (a) Within thirty days after any trade agreement under section 350 of the Tariff Act of 1930, as amended, has been entered into which, when effective, will (1) require or make appropriate any modification of duties or other import

restrictions, the imposition of additional import restrictions, or the continuance of existing customs or excise treatment, which modification, imposition, or continuance will exceed the limit to which such modification, imposition, or continuance may be extended without causing or threatening serious injury to the domestic industry producing like or similar articles as found and reported by the Tariff Commission under section 3, or (2) fail to require or make appropriate the minimum increase in duty or additional import restrictions required to avoid such injury, the President shall transmit to Congress a copy of such agreement together with a message accurately identifying the article with respect to which such limits or minimum requirements are not complied with, and stating his reasons for the action taken with respect to such article. If either the Senate or the House of Representatives, or both, are not in session at the time of such transmission, such agreement and message shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

(b) Promptly after the President has transmitted such foreign trade agreement to Congress the Commission shall deposit with the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a copy of its report to the President with respect to such agreement.

Approved June 26, 1948.

It will be observed that the Trade Agreements Extension Act of 1948—

1. Continued the authority to make trade agreements;
2. Required the Tariff Commission to supply the President with the limits of concessions on articles which would be subject to negotiation which could not be exceeded without serious injury or the threat of it to domestic producers;
3. Required the Tariff Commission to hold public hearings for obtaining full and complete information on each such item;
4. Required that the Tariff Commission shall furnish facts, statistics, and other information to the President, the negotiating teams, country committees, the interdepartmental committee, and others preparing for, or participating in, the negotiations for agreements, and further required that the Commission maintain its proper status as a fact-finding institution by refraining from participation in the making of Executive policy decisions;
5. Left the President with complete freedom to make tariff cuts without regard for the peril point findings of the Tariff Commission, but required that if the concessions exceeded those peril points, he should give Congress his reasons for the action taken.

All of the complaints against the peril point procedure of the Trade Agreements Extension Act of 1948 have proven unfounded in practice. Since the adoption of the act, plans have been made for the negotiation of trade agreements among 13 nations (initially 13, Peru and El Salvador having withdrawn), now in progress at Annecy, France. The adoption of the act in no way hindered or hampered this enterprise which is the second largest of its kind since the original Trade Agreements Act of 1934.

Following receipt from the President of the list of commodities which might be the subject of concessions at Annecy, the Tariff Commission, within the time specified by the act, returned to the President the peril points with respect to these items—more than 400 of them of direct interest to us.

Ninety percent of the decisions of the Tariff Commission on these peril points were unanimous.

The proposed charter for the International Trade Organization, if approved, will absorb the general provisions of the Geneva multi-lateral trade agreement. These general provisions duplicate a sub-

stantial part of the proposed ITO Charter. The acceptance of the proposed ITO Charter or the ultimate constitutional approval of the duplicating general provisions of the Geneva agreement would necessitate such broad changes in our laws, customs, and manner of conducting our economic affairs as to dwarf the impacts on our domestic sovereignty resulting from our acceptance of the United Nations Charter as a treaty.

The proposed ITO Charter, after having been available to the President for submission since March of 1948, was not presented to the Congress until April 28, 1949. Prior to this date of submission, H. R. 1211 had passed the House of Representatives, had been processed by the Senate Committee on Finance and had been calendared and scheduled for early attention in the Senate.

Due to this delay in submitting the proposed ITO Charter for action by the Congress, the Senate will not be in position to take action on ITO prior to the time that action will be taken for the extension of the reciprocal trade agreements legislation which expired on June 30, 1949.

The strategies of the executive department compelling this piecemeal consideration of these two related and profoundly significant matters is disrespectful to Congress which has jurisdiction over the subject matters and should have the opportunity to give them intelligent, coordinated consideration.

The minority members of the Senate Committee on Finance approve of the caveat placed upon the general provisions of the Geneva multilateral trade agreement as contained in the majority report and reendorse the caveat on the same subject expressed in the majority report of that committee last year in favorably reporting the Trade Agreements Extension Act of 1948, and in the debate on the bill for that act.

The sizable volume of testimony by labor, agriculture, and industry that imports are subjecting producers to serious injury or the threat of it cannot be ignored. The watch industry, independent petroleum producers, fisheries on both coasts, clothespin makers, fur farmers, tomato growers, sponge gatherers, tree nut producers, and many handicraft industries are among the groups making appeals for some adequate measure of safeguarding against unfair import competition. The great majority of those making such appeals to the Senate Committee on Finance have requested a continuation of the peril point safeguarding procedures provided by the Trade Agreements Extension Act of 1948.

The minority members of the committee unanimously urge the retention of these procedures and they will present for consideration of the Senate certain amendments to serve that purpose and to adopt the noncontroversial new features of H. R. 1211 eliminating the emergency language of the Reciprocal Trade Agreements Act of 1934 and authorizing certain changes in our tariffs with Cuba.

Section 5 (b) of the Extension Act of 1948 requires that—

Promptly after the President has transmitted such foreign trade agreement to Congress the Commission shall deposit with the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a copy of its report to the President with respect to such agreement.

It has been claimed that the required report under the terms of this provision would include peril points which had not been exceeded and that this is inconsistent with the reporting obligation of the President which covers only those points which have been exceeded.

It has been claimed that making public the peril points which had not been exceeded, would embarrass nations which had made concessions falling short of the limits to which we might have been willing to go.

The amendments which will be offered accommodate themselves to this complaint and, therefore, limit the report of the Tariff Commission to those items on which peril points have been exceeded.

Respectfully submitted.

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HUGH BUTLER.
OWEN BREWSTER.
EDWARD MARTIN.
JOHN J. WILLIAMS.

