

## TARIFF COMMISSION STUDY OF EFFECT OF IMPORTS OF TEXTILES AND TEXTILE PRODUCTS UPON DOMESTIC TEXTILE INDUSTRY

JULY 14, 1955.—Ordered to be printed

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

### R E P O R T

[To accompany S. Res. 121]

The Committee on Finance to whom was referred the resolution (S. Res. 121) to investigate the effect of imports of textile from Japan upon the domestic textile industry, having considered the same, report favorably thereon with amendments and recommend that the resolution, as amended, do pass.

#### AMENDMENTS

The Finance Committee, upon receipt of a report from the Tariff Commission on Senate Resolution 121, which indicated serious problems in connection with the carrying out of that resolution as written, amended it so as to require the Tariff Commission to keep currently informed on each of the textile products reduced in trade agreements and to move promptly on any escape-clause investigation requested by the proper parties.

The amended resolution is as follows:

**RESOLUTION** Directing the United States Tariff Commission to study the effect of imports of textiles and textile products upon the domestic textile industry

Whereas substantial reductions have been made in tariff rates on textile products in various trade agreements with foreign countries; and

Whereas more than one million persons are employed directly in the textile industry of the United States; and

Whereas in many sections of the Nation the entire economy of a community is tied directly to the healthy operation of the textile industry; and

Whereas the textile industry of the United States is a vital part of our national defense: Now, therefore, be it

*Resolved*, That the United States Tariff Commission is directed to keep currently informed regarding the impact of imports of textiles and textile products on the domestic industry producing like or directly competitive products and to be prepared to act promptly on such investigations as may be requested by the President, or directed by resolution of either House of Congress, the Committee on Finance

of the Senate, or the Committee on Ways and Means of the House of Representatives, or applied for by any interested party, under section 7 of the Trade Agreement Extension Act of 1951, as amended, to determine whether any product upon which a concession has been granted in a trade agreement is, as a result in whole or in part of the concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

STATEMENT

The Tariff Commission report included the following statement:

\* \* \* \* \*

The resolution provides for an "escape clause" investigation with respect to "any textile product" on which a tariff concession was granted in the agreement resulting from the recent negotiations at Geneva involving Japan. The term "textile" includes not only cotton, wool, silk, and linen, but also synthetic textiles such as rayon. Moreover, the term "textile products" is very inclusive, and would cover articles made from textile materials. Accordingly, there would be involved a considerable number of products for determination in the case of each product on which a separate concession was granted whether, as a result, in whole or in part of the duty applied pursuant to the agreement of June 8, 1955, the product is being imported into the United States in such increased quantities (either actual or relative) as to cause or threaten serious injury to the domestic textile industry producing like or directly competitive products.

As indicated above, the recitals of the proposed resolution refer to "tariff reductions \* \* \* agreed to at the recent negotiations in Geneva" which "possibly will damage or pose the threat of damage to the textile industry of the United States." It appears, therefore, that the proposed resolution is addressed to the possibility that reduced rates on textile products which are to be made effective September 10, 1955, may result in serious injury or threat of serious injury to the domestic textile industry. The Commission does not consider the institution of an investigation for the purposes of section 7 of the Trade Agreements Extension Act of 1951, as amended, as being timely until a sufficient time has elapsed after the effectuation of a trade-agreement concession to indicate a trend of increasing imports (either actual or relative to domestic production) under a concession rate accompanied by indications of such deterioration or threat of deterioration of the domestic industry so as to justify a belief that such increasing imports are causing or threatening serious injury to a domestic industry within the meaning of section 7. A "threat" in the popular sense of a possible future injury which may or may not take place is not the "threat of serious injury" contemplated by section 7. The latter contemplates the threat which grows out of a trade-agreement concession and the consequent increasing imports (either actual or relative to domestic production) which have run their course for a reasonable period of time following the effective date of such concession.

\* \* \* \* \*

To invoke the escape-clause procedure with respect to textile products on the date on which the duty rates negotiated in the agreement of June 8, 1955, become effective is tantamount to a requirement for a redetermination of what has already been recently determined [by peril point procedure]. Once negotiated trade-agreement rates are made effective and have been in force for a sufficient time, an industry which believes that increased imports (either actual or relative to domestic production) under such rates are causing or threatening serious injury to itself may apply for an escape-clause investigation. Any such application which would be filed on the date the trade-agreement rate becomes effective would, as above indicated, be considered by the Commission as premature.

\* \* \* \* \*

The committee recommends the adoption of the resolution as amended.

