

19 JUN 1958

GATT/AIR/132

SUBJECT: MEETING OF PANEL FOR CONCILIATION ON 1 JULY
MEETING OF INTERSESSIONAL COMMITTEE ON 9 JULY

1. THE PANEL FOR CONCILIATION, APPOINTED BY THE INTERSESSIONAL COMMITTEE (IC/SR/38) TO CONSIDER THE COMPLAINT BY THE GOVERNMENT OF THE UNITED KINGDOM CONCERNING THE DISCRIMINATORY TREATMENT OF AGRICULTURAL MACHINERY IMPORTED INTO ITALY, WILL MEET AT THE PALAIS DES NATIONS AT 4 P.M. ON 1 JULY. IT WOULD BE APPRECIATED IF GOVERNMENTS WISHING TO SEND OBSERVERS TO THIS MEETING WOULD INFORM ME OF THE NAMES OF THEIR REPRESENTATIVES.

2. THE GOVERNMENT OF THE UNITED STATES HAS ADDRESSED TO THE CONTRACTING PARTIES A REQUEST FOR AUTHORITY, UNDER ARTICLE XXVIII:4 TO RENEGOTIATE AN ITEM IN SCHEDULE XK. THE STATEMENT SUBMITTED BY THE UNITED STATES IN SUPPORT OF THIS REQUEST, TOGETHER WITH RELEVANT STATISTICAL DATA, IS ATTACHED. I PROPOSE THAT THE INTERSESSIONAL COMMITTEE, WHICH HAS AUTHORITY TO DEAL WITH SUCH REQUESTS, SHOULD MEET AT THE PALAIS DES NATIONS AT 10 A.M. ON 9 JULY TO CONSIDER THIS MATTER.

3. THE INTERSESSIONAL COMMITTEE WILL ALSO DEAL WITH ANY OTHER BUSINESS THAT MAY REQUIRE ATTENTION AT THE TIME OF THE MEETING. ONE SUCH MATTER IS THE FOLLOWING COMMUNICATION FROM THE GOVERNMENT OF THE FEDERATION OF RHODESIA AND NYASALAND.

TELEGRAM RECEIVED ON 18 JUNE 1958

"I HAVE TO INFORM YOU THAT THE GOVERNMENT OF THE FEDERATION OF RHODESIA AND NYASALAND IS CONSULTING WITH THE GOVERNMENT OF AUSTRALIA ON THE COMPLETION OF THE PROCESSES OF ADJUSTMENT IN PREFERENCES ACCORDED TO THE LATTER COUNTRY UNDER THE TRADE AGREEMENT OF 30 JUNE 1955. THE FEDERAL GOVERNMENT HOWEVER HAS BEEN AND STILL IS FACED WITH AN EXTREMELY HEAVY PROGRAMME OF WORK ARISING OUT OF DELIBERATIONS IN BOTH THE GATT AND COMMONWEALTH FIELDS. IT NOW BECOMES UNLIKELY THAT THE CONSULTATION WITH THE AUSTRALIAN GOVERNMENT WILL BE COMPLETED IN TIME FOR THE RESULTS TO BE COMMUNICATED TO CONTRACTING PARTIES WITHIN THE PERIOD PROVIDED IN THE DECISION OF 3RD DECEMBER 1955. THE FEDERAL GOVERNMENT WILL HOWEVER CONTINUE THE NEGOTIATIONS WITH A VIEW TO THEIR EARLIEST PRACTICABLE CONCLUSION AND WILL REPORT THEREON TO CONTRACTING PARTIES DURING THE 13TH SESSION."

E. WYNDHAM WHITE

UNITED STATES REQUEST FOR RENEGOTIATION UNDER ARTICLE XXVIII:4

Communication to the Executive Secretary dated 12 June 1958

"I have the honour to inform you that, in accordance with the provisions of paragraph 4 of Article XXVIII of the General Agreement on Tariffs and Trade, the United States Government wishes to request the authority of the CONTRACTING PARTIES to enter into negotiations for the withdrawal of the following concessions contained in Schedule XX:

<u>U.S. Tariff</u> <u>Para.</u>	<u>Description</u>	<u>Rate of Duty</u>	<u>Country of</u> <u>Initial</u> <u>Negotiation</u>
1530(E)	Boots, Shoes, or other footwear (including athletic or sporting boots and shoes) made wholly or in chief value of leather, N.S.P.F. Boots, Shoes or other Footwear, N.E.S.; Other than Welt, McKay, and Turned: Men's, Youths' and Boys' Women's, Misses', Infants' and Children's	10 percent 20 percent	Canada Czechoslovakia
1537(B)	Rubber Footwear Rubber Shoes and Overshoes	12½ percent	Japan

"The withdrawal of these concessions is sought in view of new legislation which is now being enacted for the purposes of tariff treatment of the above-mentioned types of footwear dutiable on the basis of American Selling Price (ASP) pursuant to the Presidential proclamation of February 1, 1933, issued under Section 336 of the Tariff Act of 1930. The proposed legislation originated with HR 9291, which was passed by the House and by the Senate, and which is now awaiting Presidential action. The proposed legislation includes a new definition intended to prevent circumvention of the 1933 proclamation which made "rubber-soled footwear with fabric uppers" dutiable on the basis of ASP. Footwear which would be brought under the Proclamation by the pending bill would become dutiable at 20 percent ASP.

"The exceptional circumstances at the basis of the present request are related to the fact that the intent of the 1933 Proclamation mentioned above is being circumvented by the importation of rubber-soled footwear in which sufficient leather has been substituted in, or added to, a fabric upper to make the shoe as a whole in chief value of leather or to make the uppers in chief

value of leather. This permits classification for customs purposes at a rate of duty more favourable than 20 percent ad valorem ASP.

The proposed legislation would make the so-called "subterfuge" shoes dutiable as "rubber-soled footwear with fabric uppers" at 20 percent ad valorem ASP. The change in the tariff treatment on the affected rubber-soled footwear is to enter into force as soon as practicable but in no event later than September 1, 1958.

The footwear affected by the proposed legislation is reported to be entering under several tariff classifications as outlined above. United States imports of footwear under these classifications in 1955-57 are shown in Tables A, B and C. However, since these classifications include footwear other than the types dealt with in the proposed legislation under discussion, the amount of trade which will be affected by enactment of the bill will be only a minor part of the amounts shown in the attached tables.

On the basis of information now available, it is believed that most of the trade in United States imports of "subterfuge" shoes comes from the Netherlands, Japan and Hong Kong. However, there is a possibility that imports from other countries will be affected by the terms of the proposed legislation.

Finally, I wish to call attention to the fact that a close relationship exists between the types of shoes affected by the proposed legislation and those affected by PL 479 of the 83rd Congress for which, on July 29, 1954, the CONTRACTING PARTIES found exceptional circumstances and authorized renegotiations under "sympathetic consideration" procedure (IC/SR.15).

In view of the provision mentioned above requiring that the increased duty be enacted not later than September 1, 1958, it will be appreciated if the Intersessional Committee could be convened as soon as possible."

Table A

United States Imports of Certain Footwear
by Country of Origin

Tariff paragraph: 1530(a)

Statistical Class: 0350990

Description: Boots, shoes, or other footwear (including athletic or sporting boots and shoes) made wholly or in chief value of leather, n.s.p.f.:
Other than Welt, McKay, and Turned:
Men's, Youths' and Boys'

<u>Country</u>	<u>1955</u>		<u>1956</u>		<u>1957</u>	
	<u>Pairs</u>	<u>Value \$</u>	<u>Pairs</u>	<u>Value \$</u>	<u>Pairs</u>	<u>Value \$</u>
Italy	57,571	370,285	221,496	1,410,727	361,863	2,228,130
United Kingdom	68,648	280,582	319,021	546,885	498,023	785,070
West Germany	16,670	77,978	12,432	66,260	26,711	99,516
Switzerland	2,545	21,615	3,456	30,824	10,345	98,400
Japan	1,756	10,947	10,812	4,339	119,674	60,163
Canada	8,528	61,145	83,563	282,144	46,036	164,496
Mexico	34,982	69,927	37,605	64,018	35,246	56,662
Netherlands	1,214	2,185	142,926	97,570	77,563	54,734
India	---	---	19,635	14,658	34,679	27,974
France	404	4,268	805	5,610	4,844	23,545
Hong Kong	500	263	1,922	1,695	12,600	6,713
Haiti	864	1,722	2,211	4,788	20,736	654
Benelux	---	---	342	1,112	173	928
Others	<u>1,525</u>	<u>7,732</u>	<u>2,539</u>	<u>5,850</u>	<u>3,411</u>	<u>11,229</u>
	<u>194,207</u>	<u>908,649</u>	<u>858,765</u>	<u>2,536,490</u>	<u>1,251,904</u>	<u>3,618,314</u>

Table B

United States Imports of Certain Footwear
by Country of Origin

Tariff Paragraph: 1530(a)

Statistical Class: 0352990

Description: Boots, Shoes, or other footwear (including athletic or sporting boots and shoes) made wholly or in chief value of leather, n.s.p.f.:

Other than Welt, McKay, and Turned:

Women's, Misses', Infants' and Children's

1957

<u>Country</u>	<u>1955</u>		<u>1956</u>		<u>1957</u>	
	<u>Pairs</u>	<u>Value \$</u>	<u>Pairs</u>	<u>Value \$</u>	<u>Pairs</u>	<u>Value \$</u>
Italy	95,661	250,560	152,778	412,785	332,793	1,079,146
Mexico	55,346	44,575	108,864	96,471	442,340	372,637
Haiti	200,645	426,092	22,737	44,553	133,421	280,469
United Kingdom	13,271	78,463	113,441	139,211	127,738	181,210
Japan	8,200	4,067	16,586	7,544	293,554	146,555
Hong Kong	52,308	33,694	100,323	45,442	230,439	110,207
France	3,288	45,021	4,074	53,670	8,060	76,197
West Germany	1,538	7,831	661	2,742	9,195	45,863
Cuba	8,521	40,094	3,691	17,751	10,601	52,629
Netherlands	---	---	94,034	55,707	53,785	44,653
Canada	6,283	17,800	23,503	76,557	7,499	30,832
Benelux	485	6,339	1,933	23,488	2,194	31,485
India	11,420	21,809	7,475	9,526	43,544	35,353
Trieste	---	---	3,310	5,289	11,269	19,216
Switzerland	3,138	19,809	3,362	17,548	4,028	18,813
Others	<u>1,492</u>	<u>9,279</u>	<u>1,839</u>	<u>5,248</u>	<u>25,216</u>	<u>25,921</u>
	<u>461,596</u>	<u>1,005,432</u>	<u>658,613</u>	<u>1,013,532</u>	<u>1,735,676</u>	<u>2,531,184</u>

