

SECRET

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AIRGRAM

TÉLÉGRAMME PAR AVION

GATT/AIR/21 (SECRET)

12 JUNE 1952

SUBJECT: SCHEDULE XX - UNITED STATES
CONSULTATION UNDER ARTICLE XIX CONCERNING ITEM 770

THE FOLLOWING COMMUNICATION WAS RECEIVED FROM THE UNITED STATES GOVERNMENT ON 12 JUNE FOR TRANSMISSION TO THE CONTRACTING PARTIES.

ATTENTION IS DRAWN TO THE REQUEST THAT THIS COMMUNICATION BE TREATED AS STRICTLY CONFIDENTIAL.

1. PURSUANT TO THE PROVISIONS OF PARAGRAPH 2, ARTICLE XIX, OF THE GENERAL AGREEMENT, THE UNITED STATES GOVERNMENT HERewith NOTIFIES THE CONTRACTING PARTIES THAT THE UNITED STATES MAY FIND IT NECESSARY TO MODIFY THE TARIFF CONCESSION ON GARLIC IN ITEM 770, SCHEDULE XX, NOW DUTIABLE AT 3/4TH CENT PER POUND (INITIALLY NEGOTIATED WITH CHILE).

2. THE UNITED STATES TARIFF COMMISSION ON JUNE 6, 1952 SUBMITTED THE FOLLOWING FINDINGS AND RECOMMENDATIONS TO THE PRESIDENT AS A RESULT OF THE COMMISSION'S INVESTIGATION UNDER SECTION 7 OF THE TRADE AGREEMENTS EXTENSION ACT OF 1951:

"A. AS A RESULT IN PART OF THE CUSTOMS TREATMENT REFLECTING THE CONCESSION GRANTED ON GARLIC (DESCRIBED IN ITEM 770 OF PART I OF SCHEDULE XX), SUCH GARLIC IS BEING IMPORTED INTO THE UNITED STATES IN SUCH INCREASED QUANTITIES, BOTH ACTUAL AND RELATIVE, AS TO CAUSE SERIOUS INJURY TO THE DOMESTIC INDUSTRY PRODUCING THE LIKE PRODUCT.

"B. TO REMEDY SUCH SERIOUS INJURY IT IS NECESSARY, FOR AN INDEFINITE PERIOD, TO LIMIT THE QUANTITY OF GARLIC WHICH MAY BE ENTERED, OR WITHDRAWN FROM WAREHOUSE, FOR CONSUMPTION DURING EACH 12 MONTH PERIOD, BEGINNING WITH JULY 1, 1952, AND IN EACH SUBSEQUENT YEAR, TO 12,869,150 POUNDS, WHICH IS EQUAL TO 90 PER CENT OF THE AVERAGE ANNUAL QUANTITY OF GARLIC ENTERED, OR WITHDRAWN FROM WAREHOUSE, FOR CONSUMPTION DURING FIVE CALENDAR YEARS 1947-1951, INCLUSIVE.

"C. TO PREVENT SERIOUS INJURY TO THE DOMESTIC INDUSTRY CONCERNED AND TO INSURE EQUITABLE DISTRIBUTION OF THE PERMISSIBLE QUOTA QUANTITY AMONG THE SUPPLYING COUNTRIES, IT IS NECESSARY THAT THE QUOTA FOR EACH 12 MONTH PERIOD SHOULD BE ALLOCATED AMONG MEXICO, ITALY, CHILE, ARGENTINA, AND 'ALL OTHER COUNTRIES' ON THE BASIS OF THE SHARES WHICH EACH FURNISHED OF GARLIC WHICH WAS ENTERED, OR WITHDRAWN FROM WAREHOUSE, FOR CONSUMPTION DURING THE FIVE YEAR PERIOD 1947-1951, INCLUSIVE. THE CORRESPONDING ANNUAL QUOTA ALLOTMENTS ARE AS FOLLOWS: (IN POUNDS) MEXICO 6,297,569; ITALY 4,796,988; CHILE 926,799; ARGENTINA 401,533; ALL OTHER 446,261." (EACH REPRESENTS 90 PER CENT OF THE AVERAGE ANNUAL IMPORTS IN THE FIVE YEAR PERIOD).

3. NO DECISION HAS YET BEEN REACHED AS TO WHETHER THE ACTION RECOMMENDED ON GARLIC WILL BE TAKEN.

4. IN ACCORDANCE WITH PARAGRAPH 2, ARTICLE XIX, THE UNITED STATES GOVERNMENT IS PREPARED TO CONSULT WITH CONTRACTING PARTIES JOINTLY AND WITH INDIVIDUAL CONTRACTING PARTIES HAVING SUBSTANTIAL INTEREST IN EXPORTING GARLIC TO THE UNITED STATES. THE UNITED STATES WOULD LIKE TO BEGIN ANY SUCH CONSULTATION AS SOON AS POSSIBLE IN VIEW OF THE FACT THAT THE UNITED STATES MAY CONSIDER THAT SUCH ACTION SHOULD BE TAKEN BY JULY 1. IT IS POSSIBLE, HOWEVER, THAT THE PRESIDENT MAY TAKE ADVANTAGE OF THE FULL 60 DAY PERIOD ALLOWED UNDER THE TRADE AGREEMENTS EXTENSION ACT. IN ANY CASE, THE UNITED STATES IS PREPARED TO COMPLETE ANY CONSULTATION EVEN IF THE ACTION HAS BEEN TAKEN IN THE MEANTIME.

5. THE FOREGOING INFORMATION IS STRICTLY CONFIDENTIAL. ANY PUBLIC DISCLOSURE MAY NECESSITATE THE IMMEDIATE IMPLEMENTATION OF THE RECOMMENDATION CONTAINED IN PARAGRAPH 2 ABOVE.

E. WYNDHAM WHITE.