

AIRGRAM

GATT/AIR/85

30 January 1956

SUBJECT: SCHEDULE XX - UNITED STATES
 CONSULTATIONS UNDER ARTICLE XIX:
 ACID GRADE FLUORSPAR

THE FOLLOWING COMMUNICATION WAS RECEIVED ON 27 JANUARY 1956:

"THE UNITED STATES TARIFF COMMISSION IN A REPORT TO THE PRESIDENT ON 13 JANUARY DIVIDED 3 TO 3, IN THE ESCAPE-CLAUSE CASE COVERING ACID GRADE FLUORSPAR, AS TO WHETHER IMPORTS ARE THREATENING SERIOUS INJURY TO DOMESTIC INDUSTRY.

"THREE COMMISSIONERS FOUND THREAT OF SERIOUS INJURY AND RECOMMENDED THE WITHDRAWAL FOR AN INDEFINITE PERIOD OF THE GATT TARIFF CONCESSION RATE OF \$2.10 PER LONG TON. THEY FURTHER RECOMMENDED RESTORATION OF THE ORIGINAL STATUTORY RATE OF DUTY, PRESCRIBED BY PARAGRAPH 207 OF THE TARIFF ACT OF 1930, OF \$5.60 PER LONG TON. THE RECOMMENDATION CITES AMONG OTHER POINTS THE COMPETITIVE NATURE OF FOREIGN IMPORTS; THE TREMENDOUS INCREASE, RELATIVE TO CONSUMPTION AND DOMESTIC PRODUCTION, OF IMPORTS UNDER CONCESSION RATES; THE EXPANSION OF FOREIGN PRODUCTION, PARTIALLY AS THE RESULT OF U.S. GOVERNMENT PROCUREMENT, THREATENING FURTHER INCREASE IN IMPORTS; THE DECLINE IN DOMESTIC PRODUCTION FOR COMMERCIAL USE; AND A DECLINE IN PROFITS AND EMPLOYMENT AND CESSATION OF PRODUCTION BY SOME MILLS.

"THREE COMMISSIONERS, FINDING NO THREAT OF SERIOUS INJURY, CITE AMONG OTHER POINTS THE NEED TO COMPARE THE PRESENT STATE OF THE DOMESTIC INDUSTRY WITH A NORMAL PERIOD, NOT 1950-1953, THE KOREAN WAR BOOM YEARS; FUTURE INCREASE IN DEMAND FOR ACID GRADE FLUORSPAR IN ALUMINUM PRODUCTION; THEIR OPINION THAT A LARGE PART OF THE IMPORTS WAS FOR THE U.S. STOCK-PILE AND NOT FOR COMMERCIAL USE; MOST PLANTS CEASING OPERATIONS WERE ESTABLISHED IN 1950 ONLY TO TAKE ADVANTAGE OF THE FAVORABLE KOREAN WAR MARKET CONDITIONS.

./.

Sent by: Executive Secretary GATT, Tel.address: ICITO Geneva.

"THE FOREIGN VALUE OF IMPORTS FROM MAJOR SUPPLIERS IN 1954 WAS: ITALY, \$1,920,000; MEXICO, \$1,766,000; SPAIN, \$973,000; GERMANY, \$1,453,000; CANADA, \$1,456,000.

"THE DATA WAS SUBMITTED TO THE PRESIDENT FOR A DECISION WITHIN SIXTY DAYS. THE COMMISSION'S REPORT WAS MADE PUBLIC IN ACCORDANCE WITH AN AMENDMENT OF THE TRADE AGREEMENTS ACT. THE UNITED STATES IS DISCUSSING THE FINDINGS WITH THE CANADIAN, ITALIAN AND GERMAN EMBASSIES, INFORMING THEM THAT THE DISCUSSIONS ARE CONSIDERED AS INSTITUTION OF CONSULTATIONS IN ACCORDANCE WITH GATT ARTICLE XIX."

ANY OTHER CONTRACTING PARTY WISHING TO ENTER INTO CONSULTATION ON THE GROUND THAT IT HAS A SUBSTANTIAL INTEREST IN THIS CONCESSION, SHOULD CONTACT THE UNITED STATES GOVERNMENT AND NOTIFY ME.

E. WYNDHAM WHITE