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Proposed amendments to Reciprocal Trade Agreements Bill

Strom Thurmond

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This is a copy of three proposed amendments to H.R. 1, the Reciprocal Trade Agreements Bill, as presented to the Senate Finance Committee on March 23, 1955.

H.R. 1

COMMITTEE ON FINANCE
UNITED STATES SENATE

Senators Thurmond, Ervin, Sparkman, Hill, Furtell, Aiken, Pastore, Stennis, Scott, Green, Bridges, Cotton, Payne, Johnston (S.C.), Daniel, Smith (Me.), Flanders

AMENDMENT

1. On page 4, line 13; page 5, line 20; page 6, line 22; page 7, line 10; and page 10, line 9.
   Strike out the word "July" and insert in lieu thereof the word "January".

2. On page 4, line 14.
   Strike out line 14 through line 25 on page 4 and line 1 through line 2 on page 5 and renumber clause "(iii)" on page 5, line 3, as "(ii)"

3. On page 5, line 24
   Strike out the subparagraph lettered "(E)" in its entirety.

MEMORANDUM ON SUGGESTED AMENDMENTS TO H. R. 1

On March 16 several Senators representing leading textile-producing states in New England and the Southeast met to discuss problems of the textile industry as related to certain provisions of H. R. 1 as passed by the House. Three Amendments were tentatively agreed upon for sponsorship by a number of Senators.

Attached on a separate sheet is specific proposed language for the three amendments, identified as Nos. 1, 2 and 3. A brief discussion of each amendment, and the justification for it, follows.
Basically, all three amendments are aimed at the same objective: to make the bill what its proponents advertise it to be—a three-year extension of the President's authority to enter into trade agreements, with new power to cut existing tariff rates by up to 5 percent during each of the next three years. Actually, as passed by the House, H. R. 1 makes it possible to cut existing tariff rates on cotton textiles by as much as 57 1/2 percent.

**AMENDMENT NO. 1**

The House bill sets July 1, 1955, as the base date for figuring tariff reductions under its 15 percent duty cutting authority. But between now and that date, rates subject to change in the current tariff negotiations at Geneva may be cut by amounts ranging up to 50 percent. Some 90 percent of the cotton textile industry's production is subject to possible tariff reductions at Geneva of 50 percent. No one knows what cotton textile tariff rates will be on next July 1. Other major industries are not involved in the Geneva negotiations to a comparable extent and so know what their tariffs will be on July 1 and hence can calculate the effect of H. R. 1 on them. Amendment No. 1 is designed to correct this inequity by changing the base date from July 1, 1955, to January 1, 1955.

**AMENDMENT NO. 2**

The provision in H.R. 1 authorizing the President, through trade agreements, to cut by as much as 50 percent the tariff rates of January 1, 1945, on these items being imported not at all or in "negligible" quantities is vast in its scope, although little publicity has been given this section of the bill. Under such provision, for example, practically all textile tariff rates might well fall.

Who is to determine what is a "negligible" quantity? And even if this provision is strictly interpreted by the administrators of H.R. 1, is it not quite possible, nevertheless, that a cut of 50 percent in such rates will lead to a tenfold expansion in imports of the items involved?

Amendment No. 2 is designed to correct this inequity by eliminating this provision from the bill.
The general rule in H. R. 1 grants authority to reduce existing duties by 15 percent (5 percent per year) but an exception is made in sub-paragraph (E) of Section 3 (a). It authorizes the President on and after June 12, 1955, to reduce duties by 50 percent of those existing on January 1, 1945, on those articles which are on the list of items being negotiated with Japan at Geneva.

The principal industry now being negotiated at Geneva is the textile industry and, by and large, the whole 50 per cent reduction is available. It is unfair to segregate an industry which is unfortunate enough to be currently on the bargaining table and authorize a much greater cut in its duties than is allowed for the rest of the American industry.

The exception goes even further, however, than merely discriminating in the amount of reductions. Sub-paragraph (E) contains a different test to guide the President. It grants authority to reduce rates by 50 per cent "if the President determines that such decrease is necessary in order to provide expanding export markets for products of Japan (including such markets in third countries)."

It is apparent that the test of Sub-paragraph (E) is designed exclusively to aid Japan without reference to the welfare of our domestic industry and hence is contrary to the general principles of this legislation. As a matter of statutory construction, the specific controls the general. It is patently obvious that decreases in our duties would "provide expanding export markets for the products of Japan." It can also be argued that this special test in Sub-paragraph (E) nullifies both the "escape" and " peril-point" provisions of the current Act and leaves the textile industry exposed to great damage and unemployment.

Amendment no. 3 is designed to correct this inequity by striking the provision from the bill.