STATEMENT BY SENATOR STROM THURMOND (D-SC) UPON INTRODUCTION OF
CONCURRENT RESOLUTION ON THE MODIFICATION OR WITHDRAWAL OF
CONCESSIONS MADE BY THE UNITED STATES ON WILTON AND VELVET CARPETS
OVER THE PROVISIONS OF ARTICLE XXVIII OF GATT ON SENATE FLOOR,
JULY 2, 1960.

MR. PRESIDENT:

I send to the desk a concurrent resolution and ask unanimous
consent that it lie on the table for additional co-sponsors until
three days after Congress reconvenes after the recess.

Mr. President, the carpet industry of the United States is
being severely damaged by imports of wilton and velvet carpets.
These imports come primarily from Belgium and Japan. The alarming
increase of these imports demands that some immediate action be
taken by the United States Government to prevent the ruin of our
domestic carpet industry.

From 1948 to 1950 the duty on wilton and velvet imports was
30% ad valorem, and during this period imports were generally on
the rise but averaged only about 5% of domestic consumption. From
the beginning of 1951 through the middle of 1956, the duty on such
imports was 25%, and during this period imports increased to
approximately 12% of domestic consumption. In 1956, again in 1957,
and again in 1958, the duty on such imports was reduced, and it
stands today at 21% ad valorem. With each decrease in duty, imports
have increased substantially. They rose 52% in 1959, and in the
first quarter of 1960, they increased 60%. Imports of wilton and
velvet carpets are now approximately 23% of domestic consumption.

Mr. President, the mushrooming of imports of wilton and velvet
carpets does not reflect a recapture by foreign producers of the
domestic American market which was lost during the war. On the
contrary, there were very few imports of such carpets prior to the war, and very little foreign capacity for the production of them. In 1939 the United States imported 200,000 square yards. In 1959 these imports stood at 7,012,000 square yards. Based on the first quarter rate, 1960 imports will reach 10 million square yards.

Mr. President, the American Carpet Institute has attempted to utilize the provisions of the Reciprocal Trade Act to protect themselves from the impact of this tremendous surge of imports. In 1958 proceedings were instituted before the Tariff Commission under the "escape clause". In its decision, handed down in January 1959, the Tariff Commission, in a 3-2 decision, denied relief, and a majority of the Commission indicated that there was no imminent danger to the domestic industry from imports. Now, slightly over a year later, these imports have almost doubled, rising from 12% of domestic consumption to 23%.

Mr. President, there is another procedure whereby the American Carpet Industry can obtain relief under existing law. Article XXVIII of the General Agreement on Trade and Tariffs provides that "On the first day of each three-year period, the first period beginning on January 1958, a contracting party may modify or withdraw concessions included in the appropriate schedule annexed to this agreement". The American Carpet Institute has applied to the United States Government to modify or withdraw its concessions with regard to wilton and velvet imports, and in the future to apply the present rate of duty to imports during any calendar year up to an amount equal to 5% of domestic consumption for the 12-month period ending June 30 of the preceding year; and on imports in
excess of 5% of domestic consumption, all concessions should be withdrawn or a flat duty of 40% ad valorem should be imposed. The low duty quota should be allocated among exporting countries on the basis of their history of exports to this country.

Mr. President, refusal by the Administration to grant this relief to the domestic carpet industry would be completely unconscionable. In the relatively short period of 10 years, imports of wilton and velvet carpets have increased from less than 1/20th of domestic consumption to almost 1/4th of the domestic consumption. If the present trend is allowed to continue, the domestic industry will be completely destroyed. Article XXVIII of the General Agreement on Trade and Tariffs is a complete recognition by the contracting nations that such a situation should not be allowed to occur. In view of the calloused and irresponsible administration of the trade policy of the United States, as evidenced by the repeated refusals of the Administration to grant relief under appropriate procedures established by the Congress, it is imperative that the Congress now express itself emphatically to the Administration that the destruction of domestic industries must not, and will not, be permitted.

The concurrent resolution which I have sent to the desk expresses the sense of Congress that the relief under Article XXVIII of General Agreement on Trade and Tariffs, which has been requested by the American Carpet Institute, should be granted. I urge the Committee to give it immediate attention in order that it may be enacted prior to the final adjournment of Congress in August.