

valuation provisions applicable to all products prior to 1958. Imports subject to the list comprised about 7 percent of U.S. dutiable imports in 1966.

B. Government Procurement Policy

- (1) All Federal Government procurement for use within the United States is subject to the provisions of the Buy American Act of 1933, which provide that only domestic materials can be purchased unless (a) the required supplies are not available domestically, (b) their purchase would be inconsistent with the public interest, or (c) the cost would be unreasonable. Under Executive Order 10582 of December 17, 1954, unreasonable price is defined as a price "more than 6 percent higher than the foreign bid". An additional 6 percent differential is applied in favor of the domestic bid if the materials will be produced in an area of substantial labor surplus or the low domestic bidder falls within the category of "small business". The Department of Defense is temporarily applying a 50 percent differential because of our balance-of-payments difficulties.
- (2) The Defense Department appropriation acts since 1954 have included a prohibition on funds for the procurement of any article of food, clothing, cotton, wool, silk and spun silk yarn for cartridge cloth which has not been grown or produced in the United States. This prohibition was broadened in the Appropriation Act of 1968 to include synthetic and coated synthetic fabrics.

C. Countervailing Duty practices

The countervailing duty provision of the Tariff Act of 1930 provides for the imposition of countervailing duties when the Treasury Department finds that a dutiable import is benefitting from a bounty or grant. There is no injury requirement (as GATT requires) and no room for administrative discretion if a bounty or grant is found to exist.