

which covers footwear with leather soles and fiber uppers dutiable at 20% on the usual valuation basis. A glance through the entire footwear schedule of the TSUS shows that before January 1, 1968, the rates of duty on footwear ranged from 5 to 25% ad valorem with the great bulk of the imports at rates of 10 and 20%, on the usual valuation basis, and they were reduced in the Kennedy Round.

Importers were extremely disappointed that the negotiations in Geneva in May, 1967, did not lead to any agreement relating to ASP footwear although agreements were reached relating to all other products subject to ASP valuation. They do not know all of the circumstances, but they believe the main reason that no agreement was reached was an unduly rigid position on the part of the United States negotiators, who were in effect demanding a rate that would have meant a significant increase in actual duties paid. This is in strange contrast to all else that was done in the Kennedy Round, the object of which was the reciprocal reduction of duties. A negotiated conversion and duty reduction, as in the case of chemicals, is still possible.

Notwithstanding the views expressed above, importers would make some sacrifice to get rid of this system and would be willing to see ASP removed on the basis of a rate which fairly reflected the actual experience during a period as near as is reasonable possible to the effective date of the converted rate. Unfortunately, that is not possible under the terms of the proposed legislation now before the Congress.

THE ADMINISTRATION PROPOSAL

Section 401(b) of H.R. 17551 would provide:

(b) With respect to certain footwear presently provided for in Item 700.60 of the Tariff Schedules of the United States, the President is authorized—

(1) to enter into an agreement providing for the replacement of Item 700.60 by the new items which are designated 700.60A and 700.60B in the report of the Tariff Commission to the Special Representative for Trade Negotiations on investigation number 332-47 under Section 332 of the Tariff Act of 1930 and whose rates of duty shall be applied to values determined in accordance with the methods of valuation, other than American selling price, provided for in Section 402 of the Tariff Act of 1930 (19 U.S.C., sec. 1401a); and

(2) to proclaim such modifications of the Tariff Schedules of the United States as are required or appropriate to carry out such agreement, so long as such modifications do not become effective earlier than January 1, 1971, and the rates of duty for column numbered 1 proclaimed thereby are not lower than "20% ad val." for the item designated 700.60A nor lower than "25¢ per pair + 20% ad val. but not less than 58% ad val." for the item designated 700.60B.

IMPORTERS' POSITION

Authorization to enter into a new negotiation should provide for the possibility of reducing the extraordinary ASP protection, at least if reciprocal concessions are offered by the principal suppliers.

At the very minimum, the law should authorize conversion at a rate of duty that is found to reflect the actual experience, to the extent reasonably possible, during a period close to the effective date.

THE TARIFF COMMISSION REPORT

The Tariff Commission was asked in 1966 to conduct an investigation to determine

"those rates of duty for the aforementioned products which, in the absence of headnote provisions cited above, would in the judgment of the Commission have provided an amount of collected duty on imports of such products during a recent period substantially equivalent to that amount provided under such headnote provisions (or predecessor provisions) in such period. The Commission is asked to determine these rates of duty in accordance with sound standards of tariff nomenclature and to indicate its assessment of the degree of equivalency of protection achieved."