

TO LIBERALIZE ADJUSTMENT ASSISTANCE CRITERIA FOR FIRMS AND WORKERS WITHOUT
LIBERALIZING THE ESCAPE CLAUSE PROCEDURES FOR DOMESTIC INDUSTRIES WOULD
BE LESS THAN A NULLITY

A. History of the escape clause

From the beginning of the Trade Agreements Program there has been concern that as a result of a decrease in import restrictions there would be such an increase in imports as to seriously injure or to threaten serious injury to domestic manufacturers. When the President was given authority in 1934 to reduce import restrictions he committed himself to use the authority in such manner as not to injure sound and important American industries. However, in administering the Trade Agreements Act it soon became apparent that some domestic industries would be seriously injured. An "escape clause" was, therefore, included in trade agreements which permitted the United States to withdraw a concession under certain conditions.

The Trade Agreements Extension Act of 1951 for the first time had an "escape clause" procedure provided for by statute (Sec. 7). This provision in substance held that the Tariff Commission should investigate all escape clause applications; imposed a time limit for the investigation; and allowed an actual as well as a relative increase in imports to satisfy the procedural criteria. The Tariff Commission pursuant to the investigation then had to determine if as a result in whole or in part of concessions granted, imports of the article under investigation were being imported into the United States in such increased quantities, either actual or relative, as to cause, or threaten, serious injury to the domestic industry producing like or directly competitive products. Section 7 of the Trade Extension Act of 1951 was re-enacted in 1955 and 1958. It lasted until 1962.

B. Application of the escape clause

Under Section 7 of the Trade Extension Act of 1951 (and its re-enactment) 113 investigations were completed by the Tariff Commission. Of that number of investigations the Tariff Commission found that in 33 investigations the criteria for injury was met by the domestic industry and recommended to the President that relief be granted; in 8 investigations the Tariff Commissioners were divided as to their findings and therefore, the cases had to be referred to the President for disposition; and 72 cases were dismissed by the Tariff Commission on the grounds that the domestic industries did not meet the criteria set up by Congress for relief.

C. Changes made in the present act (Trade Expansion Act of 1962) from section 7 of the Trade Agreement Extension Act of 1951

In the Trade Expansion Act of 1962 Congress enacted a sweeping reorganization of safeguard procedure which among other things made a form of relief available to groups not covered by earlier acts, such as individual firms and employees of injured industries. Under the 1962 Act the President could provide relief in cases of injury to an industry, firm or workers by withdrawing or modifying the concession or he may grant trade adjustment assistance such as loans, tax relief and technical assistance. During the debates in Congress on the 1962 legislation it was held out to labor as an inducement for the passage of the Act that individual groups of workers, not provided for under previous legislation could obtain trade adjustment assistance.

However, in addition to the attempted beneficial changes made by the 1962 Act, the criteria for "injury" was changed which change made it impossible for domestic industries, firms or individuals to get any trade adjustment assistance.

Before the Commission can make an affirmative finding under section 301(b) (1) of the Trade Expansion Act of 1962, it must determine (1) that the imports in question are entering the United States in increased quantities; (2) that the increased imports are a result in *major* part of trade agreement concessions; and (3) that such increased imports have been the *major* factor in causing or threatening to cause, serious injury to the domestic industry concerned. If the Commission finds in the negative with respect to any one of these three requisites, it is foreclosed from making an affirmative finding for the industry.

D. Impossibility of qualifying for relief under present criteria

Since the drastic change made by Congress in the Act of 1962 in determining the criteria for injury to be found by the Tariff Commission before relief can be secured by an industry, firm or individual, *not one petition was found to have met*