

United States Tariff Commission.

TRADE AGREEMENT BETWEEN
THE UNITED STATES & ARGENTINA.

1058

United States Tariff Commission



**Trade Agreement
Between the United States
and
Argentina**

Digests of Trade Data with Respect to Products
On which Concessions Were Granted
By the United States,

**Washington
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AND ARGENTINA

DIGESTS OF TRADE DATA WITH RESPECT TO PRODUCTS
ON WHICH CONCESSIONS IN TARIFF TREATMENT
WERE GRANTED BY THE UNITED STATES

This volume consists of digests of information concerning products on which concessions were granted by the United States in the trade agreement with the Argentine Republic, signed October 14, 1941. The material presented has been drawn from the detailed data made available by the Tariff Commission, prior to, and during, the negotiations with Argentina, to the Trade Agreements Committee, which is the interdepartmental body charged with carrying out the trade agreements program. Practically all of this information was gathered by the Tariff Commission in compliance with that part of Senate Resolution 334, 72d Congress, 2d Session, which called for a revision of summaries of tariff information previously compiled by the Commission. No information obtained from individual concerns has been used in these digests in such form as to reveal the extent of the operations of such concerns.

The introduction consists of an analysis of the agreement, a statement of Argentina's economy, and data relating to trade between the United States and Argentina.

Washington
1942

UNITED STATES TARIFF COMMISSION

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INTRODUCTION

ANALYSIS OF THE AGREEMENT

General statement.

The trade agreement between the United States and the Argentine Republic, signed at Buenos Aires on October 14, 1941, was concluded under the authority of the Trade Agreements Act of June 12, 1934, as extended by Joint Resolutions of Congress of March 1, 1937, and April 12, 1940. It constitutes the twenty-third agreement (not including supplementary agreements) to be concluded under the Trade Agreements Act, and the twelfth with a Latin American nation. Although the agreement follows the general pattern of earlier ones, it contains a number of special provisions new in trade-agreement negotiation.

The agreement was proclaimed by the President of the United States on October 31, 1941, and entered provisionally into force, in accordance with the terms of the agreement, on November 15, 1941. It comes definitively into force 30 days after the exchange at Washington of the instrument of Argentine ratification and the proclamation of the President of the United States. Unless previously terminated under special provisions of the agreement, it will remain in force until November 15, 1944, and if neither country has given at least 6 months' prior notice of intention to terminate the agreement on that date, it will continue in force thereafter until the expiration of 6 months from the date on which notice to terminate is given by either country.

General provisions.

Most-favored-nation treatment. - The United States and Argentina agree to grant each other unconditional most-favored-nation treatment with respect to customs duties and subsidiary charges of every kind, the method of levying duties, rules and formalities in connection with customs clearance, and all laws or regulations affecting the sale or use of imported goods within the country. These provisions do not apply with respect to (1) present or future advantages accorded by the United States to its territories or possessions, the Panama Canal Zone, or Cuba; (2) benefits by either country to neighboring nations to facilitate frontier traffic; and (3) advantages accorded in connection with a customs union to which either country may become a party. Another exception is contained in an exchange of notes accompanying the agreement in which the United States agrees not to invoke the most-favored-nation principle with respect to certain tariff preferences. Argentina may extend to contiguous countries.

Quotas. - The agreement provides that no prohibitions or restrictions are to be imposed by either Government with respect to imports from or exports to the other country unless similar prohibitions or restrictions apply to all third countries. No quantitative import restrictions of any kind are to be imposed by either Government on imports of any article from the other, unless the total quantity or value of permissible imports of such article during a specified period has been established and made public. In the event that an allotment of a share of permissible imports subject to quantitative regulation is made to a third country, the other country will be allotted a share equivalent

to the proportion of the total imports of the article which that country supplied during a previous representative period unless by mutual agreement such allotment is dispensed with. Moreover, the country applying quantitative regulations will facilitate the full utilization of the share allotted to the other. These provisions apply to tariff quotas as well as absolute quotas. The United States agrees in an exchange of notes not to invoke the foregoing provisions for the purpose of obtaining the benefit of quota preferences accorded by Argentina to contiguous countries and Peru, so long as such preferences are not extended to noncontiguous countries and on the understanding that such preferences shall cease when the present hostilities between the United Kingdom and Germany shall have terminated, unless otherwise agreed upon.

No prohibition, restriction, or any form of quantitative regulation is to be imposed by either Government on the importation of products enumerated in the schedules of concessions. This provision does not apply to quantitative import regulations imposed by either country in conjunction with governmental measures for the purpose of (1) regulating or controlling the production, market supply, or prices of like domestic articles; (2) increasing the labor costs or production of such articles; or (3) maintaining the exchange value of the currency.

Exchange. - If the Government of either country establishes or maintains any form of exchange-control, it will administer the control in such a manner as to accord unconditional most-favored-nation treatment to the commerce of the other country. The Government establishing such control will impose no prohibition, restriction, or delay on transfers of payment for imports originating in the other country unless like restrictions are imposed on the transfer of payments for like products from all other countries. Similarly, the rate of exchange and taxes or charges on exchange transactions are not to be less favorable to products of the other country than those applied to like products from any third country. Either country, however, may adopt exchange-control measures necessary for the protection of its essential interests in time of war or other national emergency. As in the case of the quota provisions, the United States agrees in an exchange of notes not to invoke the exchange provisions of the agreement for the purpose of obtaining the benefit of exchange preferences granted by Argentina to contiguous countries or Peru during the continuance of hostilities between the United Kingdom and Germany. Exception is also made with respect to the special exchange facilities extended by Argentina to imports from the United Kingdom until such time as it becomes possible for Argentina to freely convert its sterling balances. Contiguous countries and Peru have always been relatively unimportant in Argentina's foreign trade. Normally the United Kingdom takes about 35 percent of the exports of Argentina and supplies about 20 percent of that country's imports.

Monopolies. - Provision is made that when either Government establishes or maintains a monopoly for the importation, production, or sale of a particular commodity, or grants exclusive privileges to import, produce, or sell a particular commodity, fair and equitable treatment shall be given to the commerce of the other country. The foreign purchasing policy of the monopoly shall be influenced solely by

considerations, such as those of price, quality, marketability and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing on the most favorable terms.* Similar fair and equitable treatment will be given by either Government to the commerce of the other country in the awarding of public works contracts and the purchase of supplies.

Internal taxes. - The agreement provides that the products of either country upon importation into the other shall be exempt from all internal taxes, fees, charges, or exactions other or higher than those on like articles of national or other foreign origin. This provision does not apply, however, to taxes imposed by Argentina on alcohols, alcoholic beverages, beers, mineral waters, and fabrics containing 40 percent or more of natural or artificial silk. Moreover, either country may impose on the importation of any product a charge equivalent to the internal tax imposed upon a like domestic product.

Method of determining dutiable value. - With respect to the commodities on which concessions have been granted, and which upon importation into either country from the other are subject to duty based upon value, both countries agree that the bases and methods of determining dutiable value and of converting currencies shall be no less favorable to importers than those in effect on the day the agreement was signed.

Establishment of a joint commission. - The agreement provides for the establishment of a permanent commission consisting of representatives of each Government to study the operation of the agreement, make recommendations regarding fulfillment of its provisions, and consider such other matters as may be submitted to it by the two Governments. On April 22, 1942, the Commission, consisting of four persons (two representing the Government of Argentina and two representing the Government of the United States), was established at Buenos Aires.

Application of sanitary laws. - The agreement provides for the establishment of a committee of technical experts representing each Government to consider and make recommendations concerning differences arising from representations by either Government regarding the application of sanitary laws or regulations for the protection of human, animal, or plant life or health.

Tariff concessions. - The agreement provides for reciprocal tariff concessions on a substantial portion of the trade between the two countries. The concessions granted by Argentina specified in schedule I, and those granted by the United States specified in schedule II and schedule III, include reductions of tariffs on specific goods, bindings of certain tariff rates against future increases, and bindings of certain commodities on the free list. The concessions granted by the United States on articles enumerated in schedule III may be withdrawn at any time after the termination of the present war between the United Kingdom and Germany, on 6 months' written notice to Argentina. Normally, the principal sources of imports of these articles are countries which no longer have access to the United States market because of the war.

As specified in the agreement, certain duty-free products of either country will, upon importation into the other, continue to be exempt from ordinary customs duties, and certain dutiable products will be subject to

rates no higher than those set forth in the respective schedules. The specified products are also exempt from all other duties, taxes, fees, charges, or exactions imposed on or in connection with importation, in excess of those imposed on the day of the signature of the agreement, or required to be imposed thereafter under the laws of the importing country in force on that day.

Concessions made by Argentina to the United States.

Total United States exports to Argentina amounted to 71 million dollars in 1939 and to 106 million dollars in 1940. United States exports to Argentina of articles on which concessions (including bindings of existing tariff treatment) were received in schedule 1 were valued at 33 million dollars in 1939 and 32 million dollars in 1940; these exports represented 47 percent of total exports from this country to Argentina in 1939 and 30 percent in 1940 (see table 1). The lower ratio of concession items to total exports in 1940 was due not to a decline in exports of commodities on which concessions were granted by Argentina, but to an increase in exports in 1940, consisting in large part of iron and steel products such as bars, wire rods, sheets, structural shapes, and tubular products and fittings, which are usually supplied by European countries and on which concessions were not received by the United States in the trade agreement with Argentina. Data on concessions granted by Argentina are shown in detail in table A in the appendix.

Duty reductions granted by Argentina apply to commodities which accounted for 27 percent of the exports from the United States to Argentina in 1939 and 18 percent in 1940. These reductions are of three types: (1) Reductions effective (stage I) as soon as the agreement became effective; (2) reductions effective (stage II) whenever the Argentine receipts from customs duties exceed 270 million pesos in any calendar year (approximately the average annual customs receipts from 1931 to 1940); and (3) reductions effective in part under stage I and effective in full under stage II. In instances where the reduced duty is effective only under stage II, the existing duty is bound against increase during stage I. Duty reductions were made effective in stages for the reason that customs duties constitute the most important single source of revenue of the Government of Argentina. In the period 1933-39, custom duties accounted for about one-third of the total revenues of that Government.

The trade agreement provides for the binding against increase above the preagreement rates of the duties on commodities that accounted for about 19 percent of United States exports to Argentina in 1939 and 12 percent in 1940.^{1/} The total value of duty-free imports into Argentina from all countries is small.

Concessions were granted in the form of duty reductions on 12 items in stage I. United States exports of these items to Argentina amounted to \$7,997,000 in 1939 and \$8,345,000 in 1940. Exports to Argentina of medium-priced passenger automobiles, the principal concession item in this group, amounted to \$7,590,000 in 1939 and \$7,751,000 in 1940. Duty reductions in stage I also apply to a number of agricultural items, including the following: Prunes, raisins, fresh apples, grapes, and pears.

^{1/} One group of commodities (fixed wrenches) was bound free of duty during the life of the agreement.

Trade Agreement with Argentina

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Table 1. - Summary of tariff concessions granted by Argentina to the United States

Kind of concession, stage when effective, and commodity	United States exports to Argentina		Ratio to total United States exports to Argentina	
	1939	1940	1939	1940
	1,000 dollars		Percent	
Reductions in duty:				
Stage I:				
Passenger cars 1/	7,590	7,751	10.7	7.3
Craft linen board	20	166	(2/)	.2
Motion picture films, unexposed	70	140	.1	.1
Frames	41	134	(2/)	.1
Rubber hose with cloth insertions	116	83	.2	.1
Other commodities	160	71	.2	.1
Total stage I reductions	7,997	8,345	11.3	7.9
Stage II:				
Truck and bus chassis	3,789	5,155	5.4	4.8
Sanitary paper	109	48	.2	(2/)
Other commodities	16	20	(2/)	(2/)
Total stage II reductions	3,914	5,223	5.6	4.9
Divided stage I and stage II:				
Automobile parts 3/	2,313	1,843	3.3	1.7
Pitch or tea pine lumber, unexposed		1,489	3.3	1.4
Automatic refrigerator parts and accessories	651	807	.9	.7
Spruce and Douglas fir lumber, unplanned	560	514	.8	.5
Koaia, light and dark	600	266	.9	.3
Oak lumber, unplanned	286	136	.4	.1
Asbestos brake lining	103	169	.1	.2
Other commodities	560	562	.8	.5
Total stages I and II reductions	7,416	5,786	10.5	5.4
Total, all reductions	19,327	19,354	27.4	18.2
Bindings:				
Against increase of duty:				
Mowers, harvesters, reapers, binders, and shelling or husking and threshing machines	3,091	1,637	4.4	1.5
Tractors, all types	1,832	1,461	2.6	1.4
Pumps with iron, steel, brass, or bronze cylinders	410	972	.6	.9
Passenger cars 4/	843	861	1.2	.8
Radio parts	820	799	1.2	.8
Tobacco, leaf or cut	235	641	.3	.6
Adding, calculating and accounting machines, cash registers, and dictaphones	455	535	.6	.5
Auto parts 5/	578	461	.8	.4
Mower blades	114	428	.2	.4
Casks, assembled or unassembled	470	234	.6	.3
Photographic dry plates	214	281	.3	.3
Motion picture film, exposed, positives	265	280	.4	.3
Other commodities	4,407	3,875	6.2	3.6
Total binding of duty	13,734	12,525	19.4	11.8
Other bindings - total 6/	75	227	.1	.2
Total, all bindings	13,809	12,752	19.5	12.0
Grand total - all concessions	33,136	32,106	46.9	30.2
Commodities not subject to concessions	37,485	74,777	53.1	69.8
Total United States exports to Argentina	70,621	106,383	100.0	100.0

1/ Cars weighing from 1,000 to 1,900 gross kilos and valued up to 1,600 gold pesos.

2/ Less than 0.05 percent.

3/ Parts for bodies, chassis, ignition systems, engines, and transmission and steering assemblies.

4/ Cars weighing from 1,000 to 1,900 gross kilos and valued over 1,600 gold pesos and cars weighing less than 1,000 gross kilos and over.

5/ Specified parts not included in footnote 3.

6/ Includes wrenches, fixed, bound on free list and earthen sanitary ware for bathrooms on which classification is bound.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Concessions in the form of duty reductions effective only in stage II were received by the United States on five items, of which United States exports to Argentina amounted to \$3,914,000 in 1939 and \$5,223,000 in 1940. Exports of truck and omnibus chassis, by far the most important items in this group, amounted to \$3,789,000 in 1939 and \$5,155,000 in 1940.

The United States received concessions in the form of progressive reductions in duty effective in stages I and II on 21 items, of which the United States exports to Argentina were valued at \$7,416,000 in 1939 and \$5,786,000 in 1940. The principal items in this group were various kinds of automobile parts, unplanned or pitch tea pine lumber, automatic refrigerator parts and accessories, unplanned spruce and Douglas fir lumber, and rosin. Exports of these products to Argentina were valued at \$6,457,000 in 1939 and \$4,919,000 in 1940. Among other products included in this group are the following: Asbestos brake linings; white clinker cement; unplanned oak lumber; radio receivers, amplifiers, or combinations having eight or more tubes; radio amplifying tubes; unvulcanized fiber sheets, rods, and tubes; portable electric and pneumatic tools; composition storage-battery cases; construction or insulating board of vegetable materials; and turpentine.

In addition to duty reductions, the United States received concessions in the form of binding the existing rates of duty of a long list of items. United States exports to Argentina of these items were valued at \$13,734,000 in 1939 and \$12,525,000 in 1940. Among the more important items on which the existing Argentine import duty is bound against increase are the following: Various types of agricultural implements; tractors; pumps; the more expensive passenger automobiles; radio parts; leaf or cut tobacco; certain business machines; and specified parts for automobile bodies, chassis, ignition systems, and engines, and parts for transmission and steering-gear assemblies.

Concessions made by the United States to Argentina.

Concessions granted by the United States to Argentina under the agreement are shown in detail in tables B and C in the appendix. Concessions (including bindings of existing tariff treatment) were granted on commodities that represented 93 percent of total imports from Argentina in 1938, 92 percent in 1939, and 76 percent in 1940 (see table 2). The decline in this proportion in 1940 was due in large part to increased imports of wool of the finer grades on which no concession was granted in the agreement.

Reductions in duty apply to commodities that accounted for 70 percent of United States imports from Argentina in 1938, 64 percent in 1939, and 45 percent in 1940. The proportion of total dutiable imports from Argentina on which rates were reduced was 94.9 percent in 1938, 92.1 percent in 1939, and 66.6 percent in 1940. In terms of value of previous imports, almost all the reductions in duty were contained in schedule II, and are to be effective during the life of the agreement. Measured by value of imports from all countries, the principal items on which duty reductions were granted by the United States in this schedule are as follows: Bovine hides and skins; flaxseed; meats, prepared or preserved, not specially provided for (chiefly canned beef); coarse wool not for use in the manufacture of carpets; quebracho extract; and casein (see table 3). Reductions granted in

schedule III, which relate to articles normally imported chiefly from Europe, may be withdrawn on 6 months' notice at the end of the war between the United Kingdom and Germany; these accounted for one-half of 1 percent of the imports from Argentina in 1938 and 1939 and 1 percent in 1940. The principal items on which duties were reduced in schedule III are the following: Italian-type hard cheese; plates, mats, linings, ~~shirts~~, and crosses of dressed but not dyed goat or kid skins; prepared or preserved tomatoes; and anchovies.

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The principal items on which existing duties were bound against increase in schedule II are as follows: Glycerin, crude and refined; alfalfa seed; and fresh pears. Existing duties were also bound against increase on the following items: Maté, natural and uncompound-
ed, but advanced in value; unmanufactured mica valued not over 15 cents per pound; and ground or pulverized mica. With the exception of pears and unmanufactured mica, duties had been reduced in prior trade agreements on all the items on which the duties were bound against increase in schedule II. Items on which existing duties were bound against increase in schedule III consist almost entirely of certain alcoholic beverages on which duties had been reduced in the trade agreement with France, effective June 15, 1936.

Bindings on the free list (almost all in schedule II* represented 22 percent of United States imports from Argentina in 1938, 28 percent in 1939, and 31 percent in 1940. Of the total imports from all countries of all products included in schedule II, those bound on the free list accounted for 49 percent in 1938, 56 percent in 1939, and 60 percent in 1940. The principal items bound on the free list in schedule II, are the following: Coarse wool for use in the manufacture of carpets; certain undressed furs and fur skins; sausage casings; unmanufactured horse and cattle hair; and dried blood. Argols, tartar, and wine lees, crude or partly refined, containing less than 90 percent of potassium bitartrate, and crude calcium tartrate are the only products bound on the free list in schedule III.

Of the imports from all countries of all products included in schedules II and III, Argentina supplied about 33 percent in 1938, 35 percent in 1939, and 39 percent in 1940. Argentina supplied slightly more than 40 percent of the imports of concession items in schedule II in each of those years. In 1938, Argentina supplied about 1.4 percent of United States imports of concession items included in schedule III as compared with 1.7 percent in 1939 and 7.9 percent in 1940.

Table 2. - Summary of tariff concessions made to Argentina by the United States

Class of items	United States imports for consumption from Argentina					
	Value (1,000 dollars)			Percent of total United States imports from Argentina		
	1938	1939	1940	1938	1939	1940
Schedule II:						
A. Reductions in duty:	28,989	37,220	35,079	69.6	63.6	43.5
B. Bindings:						
Bindings of existing duty—:	273	417	554	.6	.7	.7
Bindings on free list ————:	9,079	16,087	24,322	21.8	27.5	30.2
Total bindings ———:	9,352	16,504	24,876	22.4	28.2	30.9
C. Total concessions—:	38,341	53,724	59,955	92.0	91.8	74.4
Schedule III:						
A. Reductions in duty:	209	331	831	.5	.5	1.0
B. Bindings:						
Bindings of existing duty—:	1	3	188	(1/)	(1/)	.2
Bindings on free list ————:	140	60	611	.3	.1	.8
Total bindings ———:	141	63	799	.3	.1	1.0
C. Total concessions—:	350	394	1,630	.8	.6	2.0
Schedules II and III:						
A. Reductions in duty:	29,198	37,551	35,910	70.1	64.1	44.5
B. Bindings:						
Bindings of existing duty —:	274	420	742	.6	.7	.9
Bindings on free list ————:	9,219	16,147	24,933	22.1	27.6	31.0
Total bindings ———:	9,493	16,567	25,675	22.7	28.3	31.9
C. Total concessions—:	38,691	54,118	61,585	92.8	92.4	76.4
Items not subject to concessions ———:	2,983	4,431	18,986	7.2	7.6	23.6
Dutiable ————:	1,280	2,789	17,264	3.1	4.8	21.4
Free ————:	1,703	1,642	1,722	4.1	2.8	2.2
Total imports ———:	41,674	58,549	80,571	100.0	100.0	100.0
Dutiable ————:	30,752	40,760	53,916	73.8	69.6	66.9
Free ————:	10,922	17,789	26,655	26.2	30.4	33.1

1/ Less than 0.05 percent.

Trade Agreement with Argentina

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Table 3. - Principal concession items; United States imports for consumption from Argentina and from all countries, 1938, 1939, and 1940

Item	(In thousands of dollars)					
	Imports from Argentina			Imports from all countries		
	1938	1939	1940	1938	1939	1940
Schedule II:						
A. Reductions in duty:						
Bovine hides and skins	\$2,484	\$7,796	\$10,597	\$9,256	\$16,820	\$19,635
Flaxseed	18,559	17,522	11,739	19,872	18,424	14,121
Prepared or preserved meats, n.s.p.f. 1/	3,748	3,655	3,669	8,576	8,774	7,045
Coarse wools (Not for manufacture of carpets)	1,474	2,596	4,392	3,859	6,109	6,504
Quinine extract	2,004	4,086	2,894	2,735	5,082	3,932
Caseln	12	763	1,111	28	896	1,243
All other duty reductions	708	782	681	1,332	1,485	1,104
Total reductions in duty	28,989	37,220	35,079	45,658	57,560	53,584
B. Bindings of existing duty:						
Glycerin, crude and refined	135	197	196	1,247	758	638
Alfalfa seed	62	77	38	659	509	407
Pears, green, ripe or in brine	68	130	303	73	130	305
All other duty bindings	8	13	17	24	40	57
Total bindings of existing duty	273	417	554	2,003	1,437	1,407
C. Bindings on free list:						
Coarse wools (for manufacture of carpets)	3,977	7,682	14,320	12,559	25,685	31,089
Undressed furs and furskins, n.s.p.f. 2/	893	932	1,992	4,737	7,376	11,070
Sausage casings	625	748	1,095	7,123	6,997	7,943
Unmanufactured hair of horse and cattle, n.s.p.f. 3/	255	427	1,021	1,401	1,323	2,505
Bones, crude, steamed, ground, etc.	242	697	912	839	1,495	1,481
Other free list	7,064	13,283	4,982	19,683	31,007	29,282
Total, free list	9,079	16,087	24,322	46,342	73,883	83,370
Grand total, schedule II	38,341	53,724	59,955	94,003	132,900	138,361
Schedule III:						
A. Reductions in duty:						
Italian-type hard cheeses	206	299	785	5,397	5,635	4,105
Dressed plates, mats, etc. of dressed goat or kidskins	-	-	-	962	845	1,341
Anchovies in oil or in oil and other substances	(5/)	-	3	897	878	976
Tomatoes, prepared or preserved in any manner	-	-	-	3,058	2,789	1,197
All other duty reductions	3	32	43	1,185	1,270	951
Total reductions in duty	209	331	831	11,499	11,417	8,570
B. Bindings of existing duty:						
Brandy	-	-	(5/)	3,230	3,435	3,116
Champagne and other sparkling wines	(5/)	1	25	2,289	2,507	2,074
Vermuth, in containers holding each one gallon or less	-	-	161	1,897	1,900	2,058
Still wines produced from grapes 6/	1	2	1	1,921	2,161	1,440
Cordials, liqueurs, kirschwasser, and ratafias	-	(5/)	1	1,341	1,522	1,258
All other bindings of existing duty	-	-	-	36	52	24
Total bindings of existing duty	1	3	188	10,714	11,577	9,970
C. Bindings on free list:						
Argols, tartar, and wine lees, crude or partly refined 7/	51	12	392	2,472	1,217	2,087
Calcium tartrate, crude	89	48	219	217	212	476
Total, free list	140	60	611	2,689	1,429	2,563
Grand total, schedule III	350	394	1,630	24,902	24,423	21,103
Grand total, schedules II and III	38,691	54,118	61,585	118,905	157,323	159,464

1/ Chiefly canned beef.

2/ Pure and furkins, n.s.p.f., undressed; Guanacilo, nutria, wildcat, ocelot, hare, other, sheep and lamb (except caracal and Persian lamb), seal, and fox (other than silver or black fox).

3/ Body and other hair, cleaned or uncleaned, drawn or undrawn.

4/ Romano, Pecorino, Reggiano, Parmesan, Provoloni, Sbrino, and Goya cheeses in their original leaves.

5/ Less than \$500.

6/ Not including vermuth and containing 14 percent or less of absolute alcohol by volume, in containers holding each one gallon or less.

7/ Containing less than 90 percent of potassium bitartrate.

Source: Tables B and C in appendix.

Trade Background

General character of the Argentine economy.

Argentina, with an area of 1,078,278 square miles, is the second largest country of South America and occupies practically all of the southern section of the continent east of the Andes. The area of Argentina is about one-third that of the United States, and is approximately equivalent to that part comprising Louisiana, Texas, and the States east of the Mississippi. The population of Argentina was estimated at 13,318,000 in 1940, over one-half of which is urban.

Agriculture. - Because of its topography and climate, Argentina has an agricultural economy which is heavily dependent upon exports. The most important crops are wheat, flaxseed, corn, oats, barley, and rye. Wheat is the leading crop. Production averaged about 200 million bushels annually in 1935-39; the major part of production is exported.

Argentina is the largest producer of flaxseed in the world, usually accounting for about one-half of the world total; production averaged about 58 million bushels annually in 1935-39. Approximately 90 percent is exported, and Argentina usually accounts for four-fifths of international trade in flaxseed.

Argentina ranks second to the United States as a corn-growing country, with an annual production of from 200 to 400 million bushels. It is the principal world exporter of corn, accounting for about two-thirds of the total quantity entering international trade in 1930-38. The production and export of barley and oats are also important, and Argentina usually ranks as one of the world's leading exporters of these crops.

Besides cereals and flaxseed, several other crops are important in the Argentine economy. Sugar production is usually sufficient to meet the country's needs and Argentine vineyards supply grapes for most of the wine consumed in that country. In recent years substantial progress has been made in the production of several fruits, especially grapes, pears, and apples. Among other important Argentine crops are cotton, alfalfa, and tobacco.

Pastoral industries. - Because of its many advantages in climate and in natural pasturage, Argentina early became an important world exporter of meat and its byproducts. In 1938, 46 percent of Argentine exports (in terms of value) consisted of products of pastoral industry.

Cattle are raised in most parts of Argentina, but chiefly in the northern provinces. In those areas the land is level and fertile, the climate is mild, and rainfall is plentiful. Argentine supplies over one-half of the world exports of beef, including exports of canned beef.

As a sheep-raising country, Argentina is exceeded only by Australia, the Soviet Union, and the United States. Sheep raising is largely concentrated in Patagonia and in the southern half of the Pampa. On the average, Argentina supplies about 16 percent of all the mutton and lamb and 15 percent of all the wool entering international trade.

Hog raising is becoming fairly important in Argentina, but production of pork at present is chiefly for the domestic market.

Manufacturing. - Argentina is the leading manufacturing country of Latin America. During the World War of 1914-18, inability to obtain supplies of many commodities formerly imported resulted in the establishment of numerous industries, some of which continued to be important after the war. The most rapid industrial expansion in Argentina, however, has taken place since 1931. During the depression, manufacturing—impelled by the contraction of export markets for agricultural and pastoral products, and aided by increased import duties, the depreciation of the peso, and exchange and quota controls—expanded greatly in both the volume of output and the variety of commodities produced.

Argentina now manufactures a great variety of products, including cotton, woolen, and silk textiles, wheat flour, sugar, wine, beer, and other beverages, vegetable oils, preserved and canned goods, miscellaneous foodstuffs, tobacco and cigarettes, soap, perfumes, jute and hemp rope, shoes, leather, tanning materials, hats, fabricated iron and steel products, copper wire and cable, ceramic products, glass, cement, furniture, paper, electrical appliances, tires, rubber products, paints, varnishes, lubricating oils and greases, drugs and chemical products, electric light bulbs, batteries, radios, and phonograph records. The assembly of automobiles is also an important industry; approximately four out of five cars and three out of four trucks sold in Argentina are assembled within the country.

Forestry. - About 18 percent of the total area of Argentina is in forested regions which contain choice hardwood and certain woods utilized for tanning, dyeing, and medicinal purposes. About 80 percent of the world's supply of quebracho, which is high in tannin content, is in Argentina. Quebracho is the most valuable single forest product, and the only one exported. Imports supply all of Argentina's requirements for softwood lumber.

Minerals. - Petroleum is by far the most important mineral product of Argentina. Although potentially important oil fields are situated in the northern part of the country, most of the oil wells now producing are near the sea. Production of coal in Argentina is small and for that reason imports supply most of the coal consumed. Small quantities of lead are also produced there. Remoteness and inadequate transportation facilities have hindered the development of other minerals known to exist in Argentina. Imports supply about one-third of Argentina's petroleum requirements and practically all of Argentina's metal requirements, including iron and steel.

Commercial policy.

The tariff. - The present customs tariff of Argentina provides for maximum and minimum rates of duty and for reductions below the statutory minimum rates. The minimum rates apply to imports from countries which grant similar treatment to Argentine products. The maximum rates are penalty duties that may be applied in retaliation to imports from countries which do not extend most-favored-nation treatment to Argentine products. Where that is the case, the Executive is authorized to increase the established duties by one-half and to impose a 15 percent ad valorem duty on duty-free articles. Maximum (penalty) rates have been applied only to imports of crude petroleum from Peru between December 1935 and February 1937. The Executive is also authorized to decrease the minimum rates not more than one-half in return for equivalent advantages granted by other countries.

The Argentine tariff law contains schedules of official valuations for most articles, and percentage rates of duty are levied on the basis of such valuation. Since the official valuations are not changed in accordance with market fluctuations, these ad valorem duties in effect result in specific rates. For a large number of commodities, specific duties are provided on the basis of unit of quantity without reference to official valuations, and some articles are subject to ad valorem duties on the basis of c.i.f. prices at Argentine ports. In addition various surtaxes are charged and added to the basic import duties.

The trend of the Argentine tariff during the past 20 years has been markedly upward. The most important general tariff increases were (1) an increase of 60 percent in official tariff valuations in 1923, over the valuations of 1906; (2) an increase of 25 percent in 1923 in specific rates; (3) three series of changes in 1931 affecting about 1,500 tariff items, in many cases to provide official valuations for articles previously dutiable on c.i.f. valuations; (4) an additional duty of 10 percent on official valuations effective October 9, 1931. This last change is the largest horizontal increase in recent years; it was originally designed as a temporary measure, but has been continued in force and applies to practically all importations, including most of those previously free of duty.

Argentina has most-favored-nation agreements with 17 countries. In 11 of these agreements, the most-favored-nation treatment is unconditional, and in 6 it is conditional.^{1/} Prior to the trade agreement with the United States, Argentina had concluded agreements involving tariff reductions below the statutory minimum rates with the United Kingdom, Chile, France, Brazil, Norway, and Iceland. The concessions made to the United Kingdom and Chile have been generalized, whereas those made to other countries, limited to a few special products, have not been generalized.

Exchange control. - One of the most important instruments for the regulation of Argentina's foreign trade has been the official control of foreign-exchange transactions. This control was established in October 1931 to protect the country's currency from further depreciation, as a result of Argentina's increasingly unfavorable position with respect to its balance of international payments. An Exchange Control Office was set up and all purchases and sales of foreign exchange in Argentina were required to be effected through authorized banks at rates of exchange fixed by that Office.

^{1/} Argentina has unconditional most-favored-nation agreements with the following countries: United Kingdom (1825), France (1893), Italy (1896), Belgium (provisionally in force since Jan. 16, 1934), Netherlands (provisionally in force since Jan. 31, 1934), Czechoslovakia (provisionally in force since June 1, 1937), Chile (ratifications exchanged Oct. 3, 1940), Colombia (ratifications exchanged Oct. 18, 1941), Brazil (effective Nov. 11, 1941), Cuba (ratifications exchanged Nov. 13, 1941), Canada (provisionally in force since Nov. 15, 1941), and the United States (provisionally in force since Nov. 15, 1941). Argentina and Peru signed a reciprocal unconditional most-favored-nation agreement on Jan. 10, 1942. Conditional most-favored-nation agreements are in effect with Germany (1859), Spain (1864), Bolivia (1868), Norway (1896), Sweden (1896), and Japan (1901).

From its inception, exchange control had important reactions on Argentina's foreign trade. An exchange permit was required before Argentine importers could obtain foreign drafts with which to pay for goods purchased abroad. For the allocation of the available exchange definite priorities were established. First preference was given to governmental needs (national, provincial, and municipal), followed, in the order named, by essential imports, remittances of public-utility companies and immigrants, travellers' expenses, nonessential imports, and payment for goods imported prior to October 13, 1931. At first, however, no attempt was made to regulate the distribution of the country's import trade among supplying countries.

Exchange control became definitely an instrument of trade control late in 1933. Under a law promulgated in November 1933, effective January 1, 1934, importers were able to cover their current exchange requirements at the official rate of exchange only if permits for the desired amount had been obtained from the Exchange Control Office before the order had been placed abroad. Imports on which prior exchange permits (entitling importers to obtain foreign exchange at the official rate) had been refused by the control authorities, however, were not barred entry into Argentina. In such cases the importers had to assume the risk of covering their commitments in a newly established separate "free exchange market" at rates substantially higher than the official ones. The free exchange market was made possible by a modification of the exchange regulations exempting the exchange derived from certain specified sources (such as tourist expenditures, new foreign investments, ocean freights, etc.) from the provision requiring its surrender at the official rates.

The policy of the Argentine exchange-control authority has been to issue exchange permits on a bilateral exchange basis; i.e., exchange permits have been granted for imports from any country up to a total amount equal to the aggregate exchange made available as a result of that country's purchases of Argentine products, less the amount of exchange necessary to meet the service of Argentina's foreign debt held by that country. This policy has been incorporated in several special exchange agreements with other countries, in which Argentina agreed to make available to importers without restriction and at the most favorable official rate an amount of exchange equal to the value of Argentine exports to the other country.^{1/}

Under the law effective January 1, 1934, the official selling rates of exchange, i.e., the rates charged importers, though lower than the free-market rates, were no longer kept at fixed levels, but became officially controlled rates and were permitted to fluctuate daily. Importers were required currently to submit bids for their exchange needs as certified in their exchange permits. In contrast, the official buying rates, i.e., the rates of exchange at which exporters had to surrender the proceeds from their sales abroad, were fixed at approximately 20 percent above those established by the Exchange Control Office when exchange control

^{1/} Such special exchange agreements were concluded with the United Kingdom (1933), Belgium (1934), Netherlands (1934), Switzerland (1934), Germany (1934), Spain (1934), Finland (1935), Austria (1936), Italy (1937), Czechoslovakia (1937), Hungary (1937), France (1938), Chile (1938), Brazil (1939), and Denmark (1939).

was first introduced in 1931. Thus the official exchange rates were kept stable insofar as exporters were concerned, whereas the rates at which importers had to cover their exchange needs varied almost daily. The spread or exchange margin between the two rates was at times considerable, yielding the Government a substantial profit which was used to establish an exchange-profit fund. This fund was employed in part to finance subsidy payments to Argentine agriculture.

During the first 7 months of 1934, the rates of exchange in the free market were on the average 20 percent higher than the official selling rates, but in the remainder of the year the average differential had declined to about 12 percent. Thereupon the Argentine Government took steps to maintain at a minimum of 20 percent the initial advantage of foreign exchange obtained under permit over that obtained in the "free exchange market." A law of March 1935 authorized the Government to levy an exchange tax in an amount up to 20 percent of the official selling exchange rate on all imports effected without prior exchange permits. Subsequently an exchange tax was imposed equal to 20 percent of the official selling rate for the currency concerned less the excess of the free-market rate over the official rate for that currency.

Important changes in Argentina's foreign-exchange laws were made also with respect to the country's export trade. Exports to neighboring countries were allowed to be invoiced in pesos and were treated as internal transactions. Early in 1934 the Exchange Control Commission published a list of products which were granted special exchange treatment. These included wild animal skins, garlic, yerba maté, tobacco, fruits, honey, stearin, wine, cotton linters, onyx, corn, bran, mica, and cheese. The exchange proceeds from the sale abroad of any of these products were permitted to be sold in the free market. Subsequently, special exchange treatment was granted also to a number of other Argentine export products. The exchange-control authority permitted conversion into Argentine currency of some export proceeds at a rate of exchange slightly below the official selling rates, rather than at the official buying rates. Inasmuch as the exchange margin between the selling and buying rate amounted at that time to about 14 percent, the advantage afforded exporters of these products was substantial. Among the commodities so privileged, wool was the most important. The proceeds from wool exports could be converted at the official selling rate of exchange less 5 percent. Some of the other products which were similarly favored were frozen turkeys, frozen ducks, and eggs; the export proceeds from these products were converted at the official selling rate of exchange less 2 percent.

This system of trade control remained substantially unchanged until the end of 1938, except that by a decree issued in January of that year the exchange tax on imports for which no prior exchange permit had been granted was reduced from a 20 percent maximum to a 10 percent maximum. Any advantage which might have accrued to nonpermit imports from this action, however, was offset by the removal of Central Bank support of the peso in the "free" market with the result that the "free peso" depreciated. By the end of March 1939 the "free" market rates of exchange exceeded the official selling rates by 25 percent.

A decree issued in November 1938 extended the prior-exchange-permit requirement^{1/} to all imports irrespective of whether the exchange

^{1/} The requirement that a permit must be obtained before the order had been placed abroad.

required for payment could be obtained from the authorities at the lower official rates of exchange or had to be obtained in the "free" market. Thus the exchange permits became in effect import permits. The policy for granting exchange permits remained substantially unchanged, the criterion for each country being the amount of exchange available as a result of that country's imports from Argentina, after deduction of an amount required to meet the service of Argentina's debt to that country. The permits specified either that the holder was entitled to buy the exchange at the favorable official rate or had to negotiate for it in the "free" market, depending upon the type of goods to be imported and the country from which the goods were to be obtained.

Shortly before the outbreak of the war in Europe, on August 21, 1939, the "free exchange market" was formally abolished insofar as imports were concerned. A system of two official exchange rates, known as rate A and rate B, was adopted, rate A conforming to the former official rate and rate B to the former "free" market rate. The exchange permits subsequently issued provided for the release of foreign drafts to importers either at the official A rate, fixed at 17 pesos to the pound, or at the official B rate, fixed at 20 pesos to the pound, according to the type of goods imported. The exchange-control authorities published a list of commodities for which exchange would be released to importers at the official A or official B rates. After the outbreak of the war in September 1939 the rates were reduced to 15 and 17 pesos to the pound (3.73 and 4.23 to the dollar) for rates A and B respectively.

This system was modified early in 1941 when the release of foreign exchange at either one of the two official exchange rates was made to depend not only upon the type of commodity imported but also upon the country of origin. Thus importers of like articles would not necessarily be able to cover their exchange needs at the same rate of exchange, unless in each case the goods had been obtained from the same country. For imports not eligible for payment at either of the official exchange rates, the required exchange had to be obtained in a government-controlled auction market where importers were to submit bids.

In the middle of 1941 the exchange-control regulations in regard to Argentine import trade were greatly simplified. A decree issued June 6 and effective July 1, 1941, abolished prior-exchange permits for (1) imports to be paid for out of blocked balances of Argentine nationals in other exchange-controlling countries, (2) imports from neighboring countries, and (3) imports paid for with exchange obtained in the auction market. This decree also abolished the Exchange Control Office and transferred its functions to other government agencies, principally the Argentine Central Bank.

Another development at about the same time was the establishment, under the supervision of the Argentine Central Bank, of the Trade Promotion Corporation, a privately organized concern, for the purpose of promoting and facilitating foreign trade, especially with the United States. The special significance of this development is that it provides a separate foreign-exchange procedure for the exchange of certain goods between the United States and Argentina. The Trade Promotion Corporation is authorized to purchase from Argentine exporters the dollar proceeds from their sales of certain articles in the United States and to sell the exchange to Argentine importers of specified articles at rates of exchange fixed by the Argentine Central Bank. The Argentine goods permitted so to be sold are so-called nonregular exports, and

consist of Argentine products which ordinarily are not sold in the United States or are sold in only small volume and of which the Argentine Government is anxious to promote export in the interest of the national economy. The United States goods permitted to be imported under this procedure consist of commodities for which exchange permits are usually not issued by the Argentine control authorities, or are issued only in very limited quantities. It is provided, however, that in no case are the rates of exchange charged importers or paid exporters to be lower than those prevailing in the official market for trade transactions in like commodities.

In May 1942, the Argentine exchange-control regulations were revised. Under the new regulations, effective May 12, 1942, all imports from the United States for which no exchange has been available will be admitted into Argentina without restriction, and, with relatively few exceptions, exchange rates have been adjusted to extend to products of the United States treatment no less favorable than that accorded to any third country. The following items in schedule I are included among the exceptions to most-favored-nation treatments: cigarettes; tobacco, leaf or cut; automobile parts; automatic refrigerators and complete mechanism, and parts and accessories for automatic refrigerators; radio parts and radio receivers; and photographic dry plates. For a few commodities, import permits must still be obtained from governmental agencies other than the exchange-control authorities. For example, a permit from the Argentine State Petroleum Enterprises (Yacimientos Petroliferos Fiscales) is required for the importation of turpentine, which is included in schedule I, and certain petroleum products.

United States trade with Argentina.

Trade balances. - United States exports to Argentina (measured by dollar values) have exceeded imports from that country in all years since 1923, except during the 3-year period 1935-37 and in the first half of 1941 (see table 4 and chart 1). During the period 1924-29 the total value of all goods moving from the United States to Argentina was 73 per cent higher than the total value of all goods moving from Argentina to the United States, and the United States export trade balance averaged 77 million dollars per year. In 1930 and 1931, trade in both directions declined sharply and remained at low levels during the next 3 years. Although the United States export trade balance persisted through 1934, the margin was, of course, smaller in absolute amount, averaging 12 million dollars annually in the 3-year period 1932-34.

Imports into the United States from Argentina are affected chiefly by crop and business conditions in this country. Both countries are leading world exporters of agricultural products, but the United States has regularly obtained substantial quantities of flaxseed, wool, hides, and other products from Argentina to supplement domestic production. Unfavorable agricultural conditions or increased industrial activity in the United States tend to stimulate imports, while in times of depression, domestic production is more nearly sufficient to supply the smaller demand.

United States exports to Argentina have consisted largely of automobiles, machinery, and certain consumption goods utilized by high-income groups. The large exports to Argentina in 1929, valued at 210 million dollars, were attributable to exceptional purchases of this class of goods, and the sharp decline after 1929 was due chiefly to decreased purchasing power in Argentina.

Beginning about 1935, trade between the United States and Argentina has been influenced by certain factors not present in earlier years. Droughts in the United States in 1934 and 1936, occurring at a time when industrial activity was rising, resulted in increased imports of flaxseed, wool, hides, corn, and other products. Unusually large imports of corn into the United States were chiefly responsible for the record high figure of imports from Argentina in 1937, amounting to 139 million dollars. United States exports to Argentina increased in 1935, 1936, and 1937, but less rapidly than did imports from Argentina. During this 3-year period the United States import trade balance with Argentina totaled 70 million dollars, of which the year 1937 alone accounted for 45 million dollars.

A second factor affecting the trade between the United States and Argentina, not present in years prior to 1934, has been the Argentine system of exchange control. Permits for the purchase of exchange have been granted in such a manner as to restrict importation from countries that sell more goods to Argentina than they purchase therefrom. By 1938, exchange control had developed in Argentina sufficiently to operate as a distinct restriction on the sale of United States products to that country. The trade agreement with Argentina contains assurances on the part of Argentina that the United States will receive most-favored-nation treatment with regard to the granting of exchange permits, subject to certain reservations (see page 2).

The outbreak of the war in Europe in 1939 introduced an entirely new set of conditions affecting United States trade with Argentina. Continental European countries, on which Argentina had largely depended in former years, both as markets for exports and as sources of imports, were cut off. The defense program in the United States increased the domestic demand for all goods, stimulating imports of certain strategic agricultural products from Argentina, and discouraging the exports of automobiles and machinery. Many articles formerly sold to Argentina have been made subject to export control in this country. In the first 6 months of 1941, imports into the United States from Argentina increased to 82 million dollars and exports to Argentina declined to 37 million dollars.

Argentina before the war bought more goods from the United States than from any other country except the United Kingdom. As a market for United States exports Argentina usually ranked about seventh among the countries of the world but in 1939 fell to eleventh place. Argentina received 4.0 percent of the United States exports in 1929, 1.9 percent in 1932, 2.2 percent in 1939, and 2.7 percent in 1940. As a market for Argentine exports, the United States usually ranked second or third. Argentina ranked thirteenth as a source of United States imports in 1936 and sixth in 1937, but in 1938 fell to eighteenth place. Argentina was thirteenth in importance in 1939 and eleventh in 1940. About 2.7 percent of United States imports in 1929 came from Argentina, as compared with 1.2 percent in 1932, 2.7 percent in 1939, and 3.2 percent in 1940.

Table 4a - United States imports from and exports to Argentina, 1924-40 and January-June 1940 and 1941

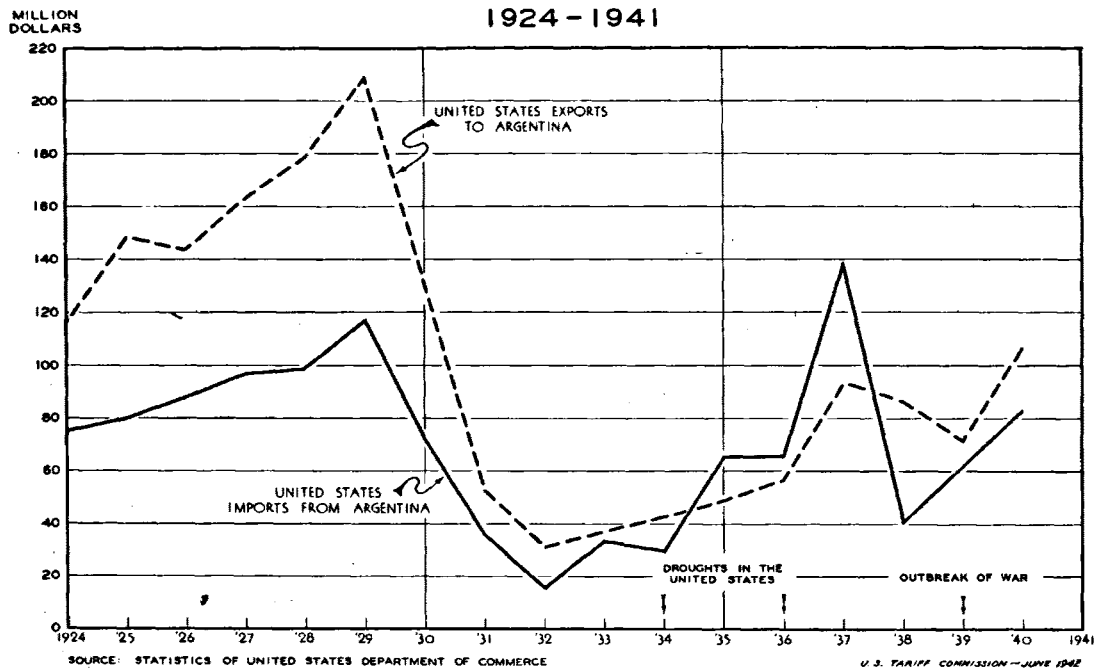
(Value in thousands of dollars)

Year	General imports		Exports (including reexports)	
	Value	Percent of total:	Value	Percent of total
		United States imports		United States exports
1924	75,298	2.1	117,093	2.6
1925	80,170	1.9	148,759	3.0
1926	88,058	2.0	143,575	3.0
1927	97,240	2.3	163,485	3.4
1928	99,438	2.4	178,899	3.5
1929	117,581	2.7	210,288	4.0
1930	71,891	2.3	129,862	3.4
1931	35,980	1.7	52,652	2.2
1932	15,779	1.2	31,133	1.9
1933	33,841	2.3	36,927	2.2
1934	29,487	1.8	42,688	2.0
1935	65,408	3.2	49,374	2.2
1936	65,882	2.7	56,910	2.3
1937	138,940	4.5	94,183	2.8
1938	40,709	2.1	86,793	2.8
1939	61,914	2.7	70,945	2.2
1940 ^{1/}	83,301	3.2	106,877	2.7
January-June:				
1940 ^{1/}	45,783	3.5	63,982	3.1
1941 ^{1/}	82,410	5.2	37,234	1.9

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

UNITED STATES TRADE WITH ARGENTINA 1924-1941



Exports to Argentina. - United States exports to Argentina, consisting chiefly of manufactured articles, were valued at 210.3 million dollars in 1929, 31.1 million dollars in 1932, 70.9 million dollars in 1939, and 106.9 million dollars in 1940 (see table 5). Exports to Argentina of each of the commodity groups shown in table 5 were smaller in 1939 than in 1929. With the exception of metals and manufactures other than machinery and vehicles, and chemicals and related products, this was also true with reference to 1940 and 1929. Machinery and vehicles constituted 54.1 percent of total United States exports to Argentina in 1929 and 54.6 percent in 1939. This group, composed largely of automobiles and other luxury and semiluxury items, showed a sharper decrease between 1929 and 1932 than did other groups and constituted only 34.5 percent of the total in 1932. Metals and manufactures except machinery and vehicles, on the other hand, increased in relation to the total between 1929 and 1932 and again between 1932 and 1939. This group constituted 7.5 percent of total exports to Argentina in 1929, 9.5 percent in 1932, and 11.5 percent in 1939. In 1940, metals and manufactures, other than machinery and vehicles, almost displaced machinery and vehicles as the principal export group and made up 32.7 percent of total exports to Argentina compared with 37.2 percent represented by machinery and vehicles. Exports of chemicals and related products amounted to 2.8 percent of the total in 1929, 7.7 percent in 1939, and 7.3 percent in 1940.

Table 5. - United States exports to Argentina by commodity groups, in specified years, 1929 to 1940

(In thousands of dollars)				
Commodity group	1929	1932	1939	1940 ^{1/}
Animals and animal products, edible	1,802	107	99	121
Animals and animal products, inedible	1,453	170	131	282
Vegetable food products and beverages	6,138	1,097	556	527
Vegetable products, inedible, except fibers and wood	9,574	1,941	2,700	3,189
Textile fibers and manufactures	13,974	3,830	1,169	3,237
Wood and paper	14,267	3,240	5,802	7,734
Nonmetallic minerals	20,963	3,511	5,867	5,726
Metals and manufactures, except machinery and vehicles	15,810	2,943	8,131	34,822
Machinery and vehicles	113,478	10,707	38,549	39,555
Chemicals and related products	5,874	2,062	5,426	7,828
Miscellaneous	6,542	1,374	2,191	3,362
Total	209,875	30,988	70,621	106,383
Total, including reexports	210,288	31,133	70,945	106,874

^{1/} Preliminary

Source: Compiled from official statistics of the U. S. Department of Commerce.

Exports of principal commodities to Argentina are shown in detail in table 6. The largest single class of goods exported to Argentina - automobiles, trucks and busses, with parts and appliances - constitutes from one-third to one-half of the machinery and vehicles group. Concessions in the form of duty reductions were received from Argentina on most of the products in this class. Exports of automobiles, parts, etc., decreased even more sharply between 1929 and 1932 than did the machinery and vehicles group as a whole; they declined from 21 percent of total exports in 1929 to 9.1 percent in 1932, but increased to 21 percent of the total in 1939. In 1940 exports of automobiles, parts, etc., constituted only 15.3 percent of the total.

Among the other products of importance shown in table 6 and on which duties were reduced by Argentina are Douglas-fir and Southern-pine boards, planks, and scantlings. Duties on United States exports to Argentina of typewriters, accounting and calculating machines, and most farm implements were bound against increase.

Trade Agreement With Argentina

Table 6. - United States exports to Argentina of domestic merchandise, by principal commodities, in specified years, 1929 to 1940

Commodity	Unit of quantity	(Value in thousands of dollars)													
		1929		1932		1936		1937		1938		1939		1940 ^{1/2}	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Gum resin	1,000 bbls.	98	1,362	49	269	49	495	47	751	28	305	35	381	15	141
Leaf tobacco, unmanufactured	1,000 lbs.	3,952	1,549	1,594	540	954	353	2,244	797	1,607	550	884	235	2,139	611
Tobacco manufactures	-	-	217	-	200	-	390	-	468	-	713	-	573	-	644
Cotton seeded yarn ^{3/8}	1,000 lbs.	4,210	3,126	2,178	974	15	12	30	20	80	44	316	187	1,368	860
Fram organdine, hard twists, and spun silk	do.	29	179	85	272	25	96	19	82	9	37	102	459	1,999	954
Boards, planks, and scantlings - softwood:															
Douglas fir, rough	M board ft.	56,091	1,185	19,032	191	16,690	259	32,545	612	26,054	424	32,103	521	23,093	414
Southern pine, rough	M board ft.	170,647	6,678	72,201	1,617	68,419	2,058	88,836	3,243	74,780	2,472	67,113	2,294	40,173	1,452
Cooperage:															
Tight shooks	1,000 sets	655	2,072	153	322	285	498	350	732	243	451	286	648	171	272
Sulphite wood pulp	Tons ^{3/4}	1,173	40	-	-	2	(^{6/7})	1,365	104	458	34	2,017	133	13,306	880
Printing paper	1,000 lbs.	14,727	583	1,011	49	278	16	311	20	91	6	1,252	92	18,771	1,164
Writing paper (includes bond, ledger, and drawing)	do.	2,521	249	583	33	937	62	1,128	86	855	74	3,793	271	13,716	879
Bituminous coal	1,000 tons	43	197	12	47	26	110	18	85	14	61	208	976	330	1,600
Petroleum, crude	1,000 bbls.	101	223	143	153	1,284	1,764	1,420	2,175	1,504	2,374	2,125	12,789	779	1,020
Crude sulphur	1,000 tons	4	85	6	124	1	66	8	152	26	289	29	513	5	123
Iron bars	1,000 lbs.	355	11	7	(^{6/7})	19	(^{6/7})	7	(^{6/7})	32	1	166	8	18,925	560
Steel bars: Concrete reinforcement bars and other	Tons ^{3/4}	739	80	112	38	152	22	215	15	1,107	70	10,020	516	94,330	4,673
Steel bars, not containing alloy ^{3/4}	do.	597	24	95	6	35	7	209	16	(^{6/7})	3	3,894	95	61,888	1,496
Wire rods	1,000 lbs.	597	84	95	6	35	7	209	16	(^{6/7})	3	3,894	95	61,888	1,496
Iron and steel plates, sheets, skelp, and strip ^{5/8}	1,000 lbs.	33,751	1,214	1,911	55	4,023	129	18,372	689	15,687	568	44,539	1,513	232,842	7,631
Tieplate and lagger's tin	do.	46,340	2,103	2,521	2/189	30,419	1,384	47,174	2,483	9,932	556	22,037	11,150	78,054	4,079
Iron and steel structural shapes, not fabricated	Tons	2,633	166	20	1	112	6	570	39	638	39	1,648	86	16,539	932
Tubular products and fittings	1,000 lbs.	39,601	2,268	18,852	955	7,803	434	9,978	636	6,221	398	9,734	592	78,716	4,533
Wire and manufactures	do.	47,011	1,411	10,526	293	31,351	880	26,231	652	21,048	757	29,892	982	71,765	2,854
Tools	do.	-	828	-	-	-	-	-	1,071	-	-	524	-	626	-
Refined copper, in ingots, bars, or other forms	1,000 lbs.	710	142	2,325	152	2,039	203	5,166	735	5,028	512	3,192	404	8,423	1,041
Copper wire, insulated and other	do.	5,025	1,012	300	60	1,436	285	1,893	480	875	226	353	98	2,242	575
Electric batteries	-	-	1,461	-	326	-	539	-	671	-	296	-	103	-	89
Electric refrigerators and parts	-	-	767	-	363	-	478	-	922	-	342	-	11,446	-	459
Radio receiving tubes	1,000 tubes	190	213	547	286	1,338	527	1,725	704	1,351	494	877	316	1,033	342
Radio receiving set components	-	-	416	-	374	-	754	-	1,357	-	1,094	-	801	-	755
"Other" electric apparatus and parts, n.e.s. ^{3/4}	-	-	511	-	179	-	333	-	476	-	259	-	412	-	950
Construction and conveying machinery	-	-	1,437	-	149	-	478	-	1,230	-	1,034	-	564	-	1,047
Mining and quarrying machinery	-	-	174	-	38	-	323	-	476	-	412	-	145	-	209
Petroleum and gas well-drilling apparatus	-	-	680	-	575	-	639	-	1,010	-	999	-	11,737	-	2,499
Other petroleum well and refining machinery	-	-	767	-	363	-	478	-	1,172	-	648	-	11,446	-	459
"Other" pumping equipment, pumps and parts	-	-	218	-	25	-	101	-	108	-	125	-	194	-	597
"Other" industrial machinery and parts, n.e.s. ^{10/4}	-	-	1,353	-	193	-	891	-	1,267	-	1,153	-	748	-	844
Accounting and calculating machines	Number	3,514	556	381	83	2,637	328	3,800	538	1,594	459	1,466	505	2,497	486
Typewriters	do.	20,232	1,096	2,582	125	6,936	480	16,190	779	10,256	489	7,590	353	12,763	486
Printing and book binding machinery	-	-	1,032	-	773	-	265	-	591	-	709	-	661	-	287

Implements of cultivation:																			
Plows, horses and power	Number	75,677	3,394	1,322	13	6,304	193	8,937	448	10,352	787	3,684	261	1,297	227				
Harrows and cultivators	do.	37,305	1,652	673	9	6,193	228	13,632	635	7,646	400	3,577	184	1,222	74				
Drills and seeders, horse and power	do.	13,610	1,589	12	1	1,431	198	4,443	671	4,705	861	1,109	149	562	68				
Other cultivating implements and parts, including planters	c		1,994		205		707		1,219		878		444		320				
Harvesting machinery:																			
Combines or reaper-threshers	Number	6,214	6,607	32	30	315	423	864	1,105	2,564	3,205	1,808	12,091	671	782				
Other harvesting implements and machinery (mowers, hayrakes, binders, etc.)	-		3,884		147		827		1,394		1,281		11,006		870				
Trailing tractors	Number	287	424	9	26	140	355	453	1,033	906	1,690	288	639	284	620				
Rear tractors	do.	8,705	8,431	8	17	567	668	3,248	3,058	3,441	3,185	827	683	474	407				
Parts and accessories for tractors ^{12/}	-		1,552		82		292		701		860		510		434				
Windmills and parts	-		1,325		48		356		491		350		426		129				
Other agricultural machinery, implements and parts (including bee-keeping, dairy, and poultry equip- ment, sprayers, seed separators, feed cutters, grinders and crushers, hay presses, etc.)	-		2,540		137		448		709		809		432		297				
Motor trucks, buses, and chassis	Number	19,915	113,648	1,221	411	5,324	2,379	11,824	5,952	7,792	3,856	5,567	12,796	7,242	3,714				
Passenger automobiles and chassis	do.	39,138	125,839	2,207	1,016	11,065	5,689	20,699	10,399	18,747	10,123	11,683	16,249	10,808	6,205				
Automobile parts for assembly	-		1,951		693		2,494		4,456		6,499		12,760		3,206				
Automobile parts for replacement	-		5,857		983		2,007		3,082		2,639		12,792		2,209				
Automobile engines for assembly and replacement	Number	87	23	17	4	7,203	609	16,015	1,337	17,195	1,422	4,844	418	7,109	643				
Other automobile service appliances and accessories	-		1,165		116		344		512		368		308		347				
Aircraft and parts:																			
Land planes (powered)	Number	25	376	9	67	63	1,494	70	2,403	93	4,668	16	600	14	50				
Seaplanes and amphibians	do.	1	1	1	1	1	1	1	1	1	1	1	1	1	1				
Engines	do.	14	43	3	12	85	329	104	527	25	171	31	332	37	291				
Aircraft parts, instruments and accessories (except tires)	-		89		192		436		633		1,369		11,254		839				
Coal-tar colors, dyes, stains and color lakes	1,000 lbs.	13,397	13,156	199	85	315	157	377	182	251	124	804	405	780	527				
Sodium hydroxide (caustic soda)	1,000 lbs.	12,663	437	16,804	279	19,278	384	24,076	429	24,924	549	34,210	762	21,349	491				
Motion picture films	1,000 lin.ft.	19,488	490	10,687	220	24,890	387	26,663	470	22,105	343	23,259	337	27,983	421				
Druggists' nonproprietary preparations	(8/)				98		166		218		245		313		783				
Exports of commodities shown	-		127,987		15,502		38,482		70,227		86,836		50,816		73,786				
Total exports to Argentina	-		209,875		30,988		56,679		93,831		86,500		70,621		106,383				
Principal exports as percent of total	-		61.0		50.0		67.9		74.9		77.3		72.0		69.4				

1/ Preliminary. 2/ May include some unrecrived yarn other than combed, prior to 1939. 3/ Tons of 2,000 pounds. 4/ Less than 500. 5/ Includes stainless steel and alloy steel prior to 1937. 6/ Includes stainless steel and alloy steel other than stainless. 7/ Includes templates. 8/ Not separately classified. 9/ Includes electric razors prior to 1937. 10/ Exports not strictly comparable for the series. 11/ Printing machinery only. 12/ Includes engines. 13/ Does not include color lakes.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Imports from Argentina. - Data on United States imports from Argentina are shown by commodity groups in table 7 for the years 1929, 1932, 1939, and 1940.^{1/} In 1929, the principal groups were vegetable products, inedible, except fibers and wood (chiefly flaxseed); animals and animal products, inedible (chiefly cattle and other hides and skins); textile fibers and manufactures (chiefly wool); and animals and animal products, edible (chiefly canned beef). These groups accounted for about 95 percent of the total in each of the 4 years shown in the table. In certain years not covered by the table, notably 1937, imports of vegetable food products (chiefly corn) were of much more importance than in the years here shown. Except for textile fibers and manufactures, imports of each of the principal groups in 1939 and 1940 were considerably less than in 1929. Imports of textile fibers and manufactures were slightly less in 1939 than in 1929, but in 1940 they were nearly 2.5 times larger. The small imports under this group in 1932 may be attributed to the decline in demand for wool during the depression in the United States.

Table 7. - United States imports^{1/} from Argentina, by commodity groups, in specified years, 1929 to 1940

(In thousands of dollars)				
Commodity group	1929	1932	1939	1940 ^{2/}
Animals and animal products, edible	11,562	1,386	4,835	5,972
Animals and animal products, inedible	39,002	5,237	15,140	19,638
Vegetable food products	1,938	513	1,314	2,853
Vegetable products, inedible, except fibers and wood	49,372	6,900	22,570	15,221
Textile fibers and manufactures	13,157	974	12,439	32,743
Wood and paper	77	10	114	93
Nonmetallic minerals	127	44	84	117
Metals and manufactures, except machinery and vehicles	110	43	605	2,226
Machinery and vehicles	1	2	4	2
Chemicals and related products	1,289	202	924	1,278
Miscellaneous	946	468	520	428
Total	117,581	15,779	58,549	80,571

^{1/} General imports in 1929 and 1932; imports for consumption in 1939 and 1940.

^{2/} Preliminary.

^{3/} General imports from Argentina amounted to \$61,914,000 in 1939 and \$83,301,000 in 1940.

Source: Compiled from official statistics of the U. S. Department of Commerce.

^{1/} Data for 1929 and 1932 are for general imports and, therefore, are not strictly comparable with those for 1939 and 1940, which are for imports for consumption; the disparity, however, is of little importance.

Table 8 contains data (in terms of both quantity and value) on imports for consumption of principal commodities from Argentina in specified years for the period 1929 to 1940. As indicated in the preceding paragraph, the more important commodities in these years were flaxseed, cattle hides, canned beef, apparel wool, carpet wool, and quebracho extract (in 1937 corn was the largest item). Flaxseed constituted 30 percent of the total value of imports in 1939 and 15 percent in 1940; wool, 20 percent in 1939 and 39 percent in 1940; and cattle hides, 12 percent in each year. Imports of canned beef amounted to 6 percent of the total in 1939 and 5 percent in 1940, and quebracho extract to 7 percent in 1939 and 4 percent in 1940.

A large proportion of the imports from Argentina is represented by dutiable commodities. In 1939, dutiable imports made up 70 percent of the total United States imports from Argentina, compared with 39 percent for imports from all countries. The high ratio in the case of imports from Argentina reflects the dutiable status of the more important imports from that country. Flaxseed, cattle hides, quebracho extract, corn, and canned beef are all dutiable. The principal free item is carpet wool.

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Table 8. - United States imports for consumption from Argentina of principal commodities, in specified years, 1929 to 1940

Commodity	Tariff status	Unit of quantity	1929		1932		1934		1937		1938		1939		1940 1/2	
			Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Beef, including corned beef, canned	Dutiable	Pound	44,998	\$6,198	8,235	\$660	39,973	183,981	41,260	84,506	33,902	183,741	34,723	83,690	29,873	\$3,662
Sheep, lamb, and goat carcases	Free	do.	486	680	498	273	541	444	660	664	549	483	431	476	852	848
Sausage casings, n.s.p.f.	Free	do.	5,439	1,651	3,145	358	3,452	213	4,435	366	2,563	142	5,209	272	4,998	247
Romano or Pecorino, Raggiano or Parmesan, Provoloni and Provolone, and other hard Italian-type cheeses	Dutiable	do.	165	40	375	75	978	149	1,180	154	1,463	206	2,328	309	6,426	947
Cattle hides:																
Dry or dry salted (over 12 pounds)	Dutiable	Piece	191	1,056	80	172	124	377	62	221	36	82	198	431	213	481
Wet salted (over 25 pounds)	Dutiable	Piece	2,370	22,183	671	1,944	1,501	7,551	1,177	8,148	690	2,361	1,693	7,060	2,173	9,876
Sheep and lamb skins:																
Pickled skins, not split, no wool	Free	do.	3,825	3,267	3,179	726	4,417	2,185	4,097	2,491	2,873	1,003	4,826	1,688	5,669	2,096
Goat and kid skins:																
Dry and dry salted	do.	do.	2,793	2,045	1,550	466	2,741	1,348	2,562	1,564	1,892	798	2,505	1,011	1,870	802
Furs, undressed:																
Guanaco	do.	Number	116	300	107	120	190	184	276	273	151	212	104	151	151	217
Mara	do.	Numbers	306	408	113	15	1,419	270	600	126	1,733	218	1,577	263	3,073	663
Hones, crude, steamed, or ground	do.	Pound	73,017	1,039	58,790	515	53,155	421	79,220	789	20,267	126	80,211	697	85,620	912
Casino or lactarone, and structures in chief value thereof, n.s.p.f.	Dutiable	Pound	22,612	2,674	1,077	33	6,320	547	3,432	371	209	12	13,568	763	22,148	1,111
Tankage	Free	ton	11	429	4	69	23	869	29	1,294	13	537	36	1,456	33	966
Corn	Dutiable	Bushel	154	183	122	43	25,605	114,758	79,599	50,394	62	52	78	33	1,160	368
Bran, shorts, and other wheat by-product feeds	do.	ton	-	-	-	-	18	382	26	580	-	-	31	459	101	1,043
Grapes	do.	On. ft.	93	121	219	410	326	433	328	434	893	396	339	456	246	373
Alfalfa	do.	Bushel	22,785	43,101	7,209	4,600	13,167	114,297	27,385	34,109	14,342	18,599	18,277	17,342	9,872	11,735
Drying and tanning materials:																
Quebracho wood	Free	ton	71	1,077	13	126	14	296	14	209	29	482	28	538	9	139
Quebracho extract	Dutiable	Pound	61,520	3,738	89,940	1,598	97,053	2,907	116,352	3,787	62,981	2,004	122,246	4,086	80,795	2,894
Wool, unmanufactured, total		Pound	24,890	11,472	7,504	1,052	39,802	9,547	45,443	17,368	22,528	6,273	44,263	11,953	90,226	31,522
Carpet wool		(clean content) Pound	213,982	5,537	7,555	1,002	35,611	8,147	38,242	13,649	20,770	5,399	39,890	10,116	56,587	18,128
Dutiable		do.	153,149	1,136	607	121	12,465	2,674	10,435	3,341	5,023	1,417	7,690	2,131	12,427	3,848
Free under bond for mfg. into carpets, etc.	Free	do.	10,823	4,201	6,748	881	23,146	5,473	27,807	10,304	15,747	3,978	30,240	7,882	44,160	14,330

			Found (clean content)	10,908	5,934	149	501	4,191	1,402	7,202	3,717	1,757	878	4,378	1,817	31,634	13,363
Apparel wools:																	
Finer than 40s but not finer than 44s:	Dutiable	Found															
Finer than 44s but not finer than 56s:	do.	do.															
Finer than 56s:	do.	do.															
Hair of the Angora goat (sokhair):	do.	do.															
Hair of the Cashmere goat, alpaca, Angora rabbit, and other like animals:	do.	do.															
Wool, carbonised:	do.	do.															
Animal hair, unmanufactured, horse mane and tail hair, including switchess:	Free	Found															
Wool:																	
Tungsten ore and concentrates:	Dutiable	Found															
For smelting, refining, and export:	Free	do.															
Lead ores, fine dust and matte, n.s.p.f.:	Dutiable	Found															
For smelting, refining, and export:	Free	do.															
Tin bars, blocks, pigs, grain, granulated, or scrap, and alloys, chief value tin, n.s.p.f.:	Free	Found															
Dried blood, n.s.p.f. (for fertiliser):	do.	Tons															
Exports of commodities shown:																	
Total imports from Argentina:																	
Principal imports as percent of total:																	

1/ Preliminary.

2/ Consists very largely of skins and goats.

3/ Reported in pounds prior to 1936.

4/ Ton of 2,000 pounds.

5/ Estimated clean content.

6/ Less than 500.

7/ General imports.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Trade Agreement With Argentina

**DIGESTS OF TRADE DATA CONCERNING PRODUCTS
ON WHICH TARIFF CONCESSIONS WERE
GRANTED BY THE
UNITED STATES**

SCHEDULE II

CASEIN

United States Tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 19. Casein or lactarene and mixtures of which casein or lactarene is the component material of chief value, not specially provided for	5½¢ per lb.	2-3/4¢ per lb.

Tariff history.

Act of 1930, par. 19 - 5½ cents per pound
 Oct of 1922, par. 19 - 2½ cents per pound
 Act of 1913, par. 527 - Free

1/ Under the acts of 1922 and 1913, mixtures in chief value of casein were dutiable at 20 and 15 percent ad valorem, respectively.

Ad valorem equivalent.

In the period 1931-40, the ad valorem equivalent of the duty on casein ranged from 50 percent (1937) to 141 percent (1932), the average for the 10 years being about 90 percent (table 1). The average for the first 6 months of 1941 was 98 percent.

Description and uses.

Casein (lactarene) is derived from skimmed milk, which is a by-product of the manufacture of creamery butter. Casein constitutes about 3.50 percent by weight of skimmed milk, but the actual commercial yield is only about 2.75 percent.

Normally, about 80 percent of the casein consumed is used as a surface coating on paper. It is used also in the manufacture of paints, plastics, and water-resistant glues.

United States production, imports, and exports.

Except for interruptions caused by the depression, there has been a fairly constant upward trend in United States production of casein since 1923 (table 1). The maximum of 67.5 million pounds reached in 1937 has not, however, been equalled since that year.

In the period 1923 to 1929, inclusive, approximately half the domestic requirements were supplied by imports. With the decline in prices that attended the depression, imports were radically reduced. The higher duty provided in the Tariff Act of 1930 also may have been partly responsible for this result. Except in 1937, imports continued at a comparatively low level until 1939. The recent substantial increases in imports are chiefly the consequence of a more general use of surface coating by periodicals, the demand for casein-bonded plywood in the construction of Army camps, and the increased use of casein in the manufacture of camouflage paints. Exports are not recorded, but are known to have been negligible.

Table 1.- Casein: United States production, imports for consumption, and prices, 1923-40, and January-June 1941

Year	Domestic production:	Imports:	Apparent consumption (production and imports):	Share supplied by imports:	Unit value of imports:	Ad valorem equivalent of duty:	Price quotations of domestic casein ^{1/} :
	Millions of pounds			Percent	Cents per pound	Percent	Cents per pound
1923	14.5	25.4	39.9	64	16.6	15	2/
1924	20.8	17.2	38.0	45	8.1	31	2/
1925	16.7	19.2	35.9	53	8.9	28	13.0
1926	17.0	26.8	43.8	61	10.8	23	15.0
1927	18.0	24.2	42.2	57	12.9	20	17.0
1928	22.2	28.6	50.8	56	12.8	20	16.3
1929	30.5	27.4	57.9	47	12.1	21	15.5
1930	42.0	18.2	60.2	30	10.6	-	13.5
1931	35.3	3.1	38.4	8	4.0	138	7.5
1932	24.4	1.5	25.9	6	3.9	141	6.3
1933	24.1	8.3	32.4	26	5.5	101	8.3
1934	37.3	1.5	38.8	4	9.6	57	12.0
1935	37.6	3.2	40.8	8	8.1	68	11.5
1936	46.1	16.2	62.3	26	8.4	66	16.5
1937	67.5	5.2	72.7	7	11.0	50	15.4
1938	48.5	.4	48.9	2/	6.7	82	10.2
1939	40.9	15.8	56.7	28	5.6	128	13.2
1940 ^{3/}	49.0	24.5	73.5	33	5.1	108	12.8
1941 (Jan.-June) ^{4/}	-	23.6	-	-	5.7	98	13.6

^{1/} 20-30 mesh, in 5-ton lots, f.o.b. plant.

^{2/} Not available.

^{3/} Less than 1/2 of 1 percent.

^{4/} Preliminary, except price quotations.

Source: Compiled from official production statistics of the U. S. Department of Agriculture, official import statistics of the U. S. Department of Commerce, and price quotations of the Oil, Paint and Drug Reporter.

United States production.

Casein is produced by a relatively simple process, and equipment for its production is always installed in creameries whose principal business is the manufacture of butter or the preparation of cream to be marketed as such. Some large cooperative milk associations and large milk companies own or control many plants producing casein. However, a considerable portion of existing casein-producing equipment has often been allowed to lie idle. The number of plants that actually produced casein at some time during the year declined from 316 in 1930 to 195 in 1932, but rose steadily to 552 in 1936 and 624 in 1937. The change from year to year in the average output per plant in operation has been less marked, the variation in total output mainly reflecting an increase or a decrease in the number of plants operating. Approximately 80 percent of the domestic output of casein is produced in Wisconsin, California, New York, and Illinois. All of the casein plants in California and a few of those in Wisconsin, New York, and Vermont are large, but small plants produce the bulk of the output for the country as a whole.

Although casein is derived from skimmed milk, the volume of casein produced is ordinarily affected very little by either the quantity of whole milk produced or the use made of it. This is because the quantities of skimmed milk obtainable are always more than sufficient to meet any possible demand for casein. Skimmed milk accumulates at the dairies, and whether to use it for the production of casein, convert it into dried or condensed milk, or use it in the manufacture of cheese rests with the dairy management. There is, therefore, a certain relationship between these various finished products, both as to price and as to the volume in which each is produced.

United States imports.

Of the three principal foreign supplying countries, Argentina has been the largest source of United States imports, in all years, except 1936, when France led, presumably because of unusually large production in that country. In 1937, Argentina again took first place, and since then, has continued to be the most important source.

Although casein is produced domestically throughout the year, the heaviest production occurs in May and June, which months usually account for about one-fourth of the year's output. Because seasons in Argentina are the reverse of those in the United States, the heaviest imports of casein from that source occur in the last 6 months of the year.

Table 2. - Gasoline: United States imports for consumption, by principal sources, in specified years, 1927 to 1940, and January-June 1941

Country	1927 ^{1/}	1929	1932	1934	1936	1937	1938	1939	1940 ^{2/}	1941 ^{3/} (Jan.-June)
Quantity (1,000 pounds)										
Argentina	19,590	22,612	1,077	1,097	6,320	3,432	209	13,568	22,142	23,125
France	2,669	3,087	77	-	8,029	567	174	1,971	661	44
Germany ^{3/}	1,147	1,193	276	376	279	492	2	26	2/	1
All other	804	477	45	18	1,575	738	26	267	2/1,695	6/472
Total	24,210	27,369	1,495	1,491	16,203	5,195	411	15,832	24,518	23,642
Value (1,000 Dollars)										
Argentina	2,461	2,675	33	82	547	371	12	763	1,111	1,329
France	382	402	5	-	661	64	11	96	40	3
Germany ^{3/}	166	158	18	59	31	57	1	5	-	-
All other	111	63	2	2	120	78	4	22	92	6/23
Total	3,120	3,298	58	143	1,359	570	28	886	1,243	1,355
Unit value (per pound)										
Argentina	\$0.128	\$0.118	\$0.031	\$0.075	\$0.087	\$0.108	\$0.059	\$0.056	\$0.050	\$0.057
France	.143	.130	.065	-	.082	.113	.065	.049	.058	.066
Germany ^{3/}	.145	.132	.065	.157	.111	.116	.662	.184	.239	.171
All other	.138	.132	.064	.111	.082	.111	.099	.084	.051	.058
Average	.129	.121	.079	.096	.084	.110	.067	.056	.051	.057
Percent of total quantity										
Argentina	80.9	82.6	73.0	73.6	39.0	66.1	50.8	85.7	90.3	97.8
France	11.0	11.3	5.2	-	49.6	10.9	42.4	12.5	2.8	.2
Germany ^{3/}	4.8	4.4	18.7	25.2	1.7	9.5	.5	.2	7/	2/
All other	3.2	1.7	3.1	1.2	9.7	13.5	6.2	1.6	6.9	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ General imports.

2/ Preliminary.

3/ Includes Austria in 1938 and thereafter.

4/ Less than 1,000 pounds.

5/ Includes 996,558 pounds, valued at \$44,280, from Uruguay.

6/ Includes 393,173 pounds, valued at \$18,098, from Uruguay.

7/ Less than one-twentieth of 1 percent.

Sources: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

Argentina ranks first and France second among foreign producers of casein. Argentine production exceeded that of the United States in each year from 1932 to 1935, but since then, has been less (table 3).

Table 3. - Casein: Production in Argentina and in the United States, 1930-40

(In millions of pounds)					
Year	Argentina	United States	Year	Argentina	United States
1930	36.1	42.0	1936	43.0	46.1
1931	32.0	35.3	1937	43.3	67.5
1932	43.2	24.4	1938	36.8	48.5
1933	48.0	24.1	1939	45.8	40.9
1934	45.8	37.3	1940 ^{1/}	46.2	49.0
1935	38.0	37.6			

^{1/} Preliminary.

Sources: United States production: U. S. Department of Agriculture. Argentine production: 1930 to 1935, inclusive, from Economic and Trade Notes, No. 264, June 24, 1936; 1936 and 1937 from Monthly Boletín Mensual Estadística Agropemarta, January and December 1938.

Argentina produces very little butter, compared with the United States. However, only a relatively small amount of the byproduct skimmed milk is converted into manufactured products or fed to livestock in Argentina, most of it usually being converted into casein, the bulk of which is exported (table 4). Since 1930, the total annual exports of casein from Argentina have ranged from about 29.4 million pounds (1938) to about 50.8 million (1933). Before 1930, most of Argentina's exports went to the United States, but Germany was the principal market in 1931-37. In 1939 and 1940, the United States was again the principal market, receiving 38.7 percent of the Argentine exports in 1939 and 49.5 percent in 1940.

Table 4. - Casein: Exports from Argentina, by principal countries, 1936-40

(In thousands of pounds)					
Country	1936	1937	1938	1939	1940 ^{1/}
United States	5,862	3,060	289	17,533	21,788
United Kingdom	11,620	7,352	8,805	6,995	10,516
Germany	14,819	10,247	6,105	7,826	-
Japan	2,943	4,189	3,651	2,593	5,551
All other	8,700	9,266	10,586	10,388	6,149
Total	43,944	34,114	29,436	45,335	44,004

^{1/} Preliminary.

Source: U. S. Department of Agriculture.

Exports of casein from France, from 1930 until the present war, fluctuated between about 21 million pounds a year (1933 and 1938) to about 33.6 million (1936). Of the 1938 exports, 0.2 million pounds went to the United States, 6.7 million to Germany, 6.9 million to the United Kingdom, and 6.9 million to all other countries combined. Except in 1936, French exports to the United States have been small.

New Zealand is the only other important exporting country. Its exports, from 1930 until the beginning of the war, ranged from 4.6 million pounds (1938) to 9.1 million pounds (1936) and went chiefly to Japan. They declined sharply in the fiscal year ended June 30, 1939 and recovered only partially in 1940.

Competitive conditions.

In the domestic dairy industry as a whole, casein is a relatively minor product, ranking far below the major manufactured products, butter, cheese, and condensed and evaporated milk. The total value of domestic casein consumed in 1939, a year when production was large and the price high, was about 11 million dollars, or approximately one-half of 1 percent of the total value of milk and milk products.

The production of butter in the United States is far larger than in Argentina (26 times as much as in 1937). Hence, the volume of skimmed milk produced in the United States is correspondingly greater. In the United States, however, only a small percentage of the skimmed milk available is converted into casein, whereas in Argentina most of it is so used.

In many agricultural communities where large quantities of skimmed milk are produced, it is fed advantageously to livestock, and little or none is converted into casein or other manufactured products. Certain areas of the United States, however, produce such an immense volume of skimmed milk (particularly in summer) that all of it cannot be fed to livestock. In such circumstances, the surplus is either wasted or converted into manufactured products, including dried skimmed milk, condensed skimmed milk (not dried), and casein. In 1939, 374 million pounds of condensed skimmed milk, 470 million pounds of dried or powdered buttermilk and skimmed milk, and 41 million pounds of casein were produced in the United States. As indicated by the foregoing figures, casein provides only a relatively small outlet, even in the areas of surplus skimmed-milk production.

The coated-paper and casein-glue industries are interested in a reliable supply of low-priced casein of uniform quality; the first industry meets competition from supercalendered paper, the second from vegetable glues, principally soybean. In periods of shortage of domestic casein, these industries are dependent upon imports for their supplies of casein. In the period 1929-40, the average price per pound of 20-30 mesh domestic casein (f.o.b. plant in 5-ton lots) decreased from 15.5 cents in 1929 to 6.3 cents in 1932, and then increased to 16.5 cents in 1936, the peak year of the period. Prices declined to 10.2 cents in 1938, increased to 13.2 cents in 1939, and fell slightly, to 12.8 cents, in 1940. In 1941, prices increased from 13.5 cents in January to about 28.5 cents on October 1.

There is said to be greater variation in the quality of casein imported from Argentina than in that produced in the United States. Producers of casein glue, however, state that this does not operate to the disadvantage of imported casein, because several batches (either domestic or foreign, or both) are blended prior to their conversion into casein glue. A similar procedure is thought to be usual in most branches of the paper-coating industry.



MATE'

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 35. *** mate' *** natural and uncompounded, but *** advanced in value or condition by shredding, grinding, chipping, crushing, or any other process or treatment whatever beyond that essential to proper packing and the prevention of decay or deterioration pending manufacture, not containing alcohol -----	5% ad val.	5% ad val. (bound against increase)
Par. 1602. *** mate' *** natural and uncompounded and in a crude state, not advanced in value or condition by shredding, grinding, chipping, crushing, or any other process or treatment whatever beyond that essential to proper packing and the prevention of decay or deterioration pending manufacture, not containing alcohol. -----	Bound free	Bound free

Tariff history.

	<u>Advanced</u>	<u>Crude</u>
Trade agreement with Brazil, effective January 1, 1936 --	Par. 35 5 percent	Par. 1602-Bound free
Act of 1930 -----	Par. 35 10 percent	Par. 1602-Free
Act of 1922 -----	Par. 35 10 percent	Par. 1502-Free
Act of 1913 -----	Par. 385 15 percent	Par. 552-Free

Description and uses.

Mate', known also as yerba mate' and as Paraguay tea, consists of the dried leaves and shoots of an evergreen tree, Ilex paraguariensis, of the holly family. An infusion of powdered mate' is used as a beverage in South America.

Summary of United States production, imports, and exports.

There is no production of mate' in the United States. Exports are not reported in official statistics, but are known to be negligible. Imports of crude mate' are small, and since 1932, have been only 11,655 pounds, valued at \$567, which came from Brazil in 1937. Imports of processed mate' were important during the 3 years 1934-36, when an average of 345,000 pounds entered annually but since that time they have averaged only 95,000 pounds a year. Imports during the first 6 months of 1941, however, were 89,000 pounds. Argentina and Brazil are the principal sources of United States imports of processed mate' (table 1).

Table 1. - Yerba maté, advanced in value or condition (Paraguayan tea):
United States imports for consumption, by countries, in specified
years, 1935 to 1940, and January-June 1941

Country	1935	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (pounds)						
Argentina	308,158	41,053	68,307	23,297	15,268	16,406
Brazil	99,483	45,966	42,533	75,387	63,231	50,366
Paraguay	12,023	-	-	3,798	4,264	-
Germany	2,485	-	-	-	-	-
Uruguay	-	-	-	-	-	22,106
Total	422,149	87,019	110,840	102,482	82,763	88,878
Value						
Argentina	\$25,630	\$4,078	\$6,464	\$2,794	\$1,790	\$1,533
Brazil	4,005	1,849	1,536	3,847	3,488	2,067
Paraguay	1,200	-	-	325	630	-
Germany	178	-	-	-	-	-
Uruguay	-	-	-	-	-	1,349
Total	31,013	5,927	8,000	6,966	5,908	4,949
Unit value (per pound)						
Argentina	\$0.083	\$0.099	\$0.095	\$0.120	\$0.117	\$0.093
Brazil	.040	.040	.036	.051	.055	.041
Paraguay	.100	-	-	.086	.148	-
Germany	.072	-	-	-	-	-
Uruguay	-	-	-	-	-	.061
Average	.073	.068	.072	.068	.071	.056

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and international trade.

Production of maté is confined almost entirely to the basin of the upper Parana River, in the general vicinity of the common meeting point of the three producing countries, Brazil, Argentina, and Paraguay. Practically all the output of these countries is consumed in Latin America; small quantities are exported to the United States and to Europe.

Brazil is the largest producer of maté, Argentina is second, and Paraguay third. Exports from Brazil, which are about 150 million pounds annually, go principally to Argentina, Uruguay, and Chile. Almost all Paraguayan exports, usually averaging about 10 million pounds a year, are shipped to Argentina. Argentine exports, usually less than

a half million pounds a year, go chiefly to Bolivia, the United States, and many countries of Europe.

Competitive conditions.

Mate' competes with coffee and tea in the United States market. As yet it has not appealed greatly to consumers in the United States or in European countries. United States consumption is supplied entirely by imports, predominantly of processed mate', since the demand is too small to justify importing crude mate' and processing it in this country.



QUEBRACHO EXTRACT

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 38. Extracts, dyeing and tanning, not containing alcohol:		
Quebracho -----	15% ad val.	7 $\frac{1}{2}$ % ad val.

Tariff history.

Act of 1930, par. 38 ----- 15% ad val.
 Act of 1922, par. 39 ----- 15% ad val.
 Act of 1913, par. 624 ----- Free

Equivalent specific rate.

In recent years, the specific equivalent of the ad valorem rate has been slightly less than 0.5 cent per pound.

Description and uses.

Quebracho extract is one of the most widely used of the vegetable tanning materials. It is obtained from the heartwood of the quebracho tree, which grows only in northern Argentina and Paraguay to an extent making it an important article of commerce. The extract is used chiefly in the tanning of heavy leathers - sole leather, belting, and harness - but is also adapted to tanning light leathers. In the United States, quebracho extract at present is generally used in combination with other tanning materials. One of its advantages is that it will not ferment.

United States production, imports, and exports.

Domestic production of extract from imported wood supplied about 40 percent of United States requirements in 1929, but has since decreased sharply, and supplied only about 5 percent of total requirements in 1940. Imports, consisting entirely of solid extract, have fluctuated widely in recent years, reaching a high of 153 million pounds in 1939 after a low of 85 million in 1938. Exports are confined to the reexport of imported extract, principally to Canada.

Liquid extract is made from the imported solid extract by several producers, some of whom also make liquid extract from imported quebracho wood. There are, also, some tanneries that dissolve and clarify imported solid extract at the point of consumption.

Table 1. - Quebracho extract (solid): United States production and imports, in specified years 1929 to 1940, and January-June 1941

	1929	1933	1937	1938	1939	1940 ^{1/}	1941 (Jan-June)
							1/
	Quantity (1,000 pounds)						
Production	48,665	13,865	9,411	20,053	19,131	6,031	3,406
Imports	81,775	123,452	142,412	85,228	153,032	111,068	105,000
	Value (1,000 dollars)						
Imports	3,744	2,541	4,628	2,735	5,084	3,942	3,919
	Unit value (per pound)						
Imports	\$0.046	\$0.021	\$0.032	\$0.032	\$0.033	\$0.035	\$0.037

^{1/} Preliminary.

^{2/} Estimated from importations of wood.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Imports, except for negligible quantities, come from Argentina and Paraguay (table 2). Argentina, with an estimated 80 percent of the supply of wood, is, according to available statistics, the leading source. It is probable, however, that some shipments from Paraguay have entered the United States via Argentina, so that the imports originating in Paraguay may have been understated.

Foreign production and trade.

Before the present war, quebracho extract was produced from imported wood in Italy, France, and Germany, as well as in the United States. Probably 90 percent of the world output, however, was produced in and exported by Argentina and Paraguay. Argentina was the principal supplier, exporting 198,480 metric tons in 1937 and 167,940 in 1938. Exports from Paraguay in the same years amounted to 38,423 and 36,837 tons, respectively. The principal markets for Argentina extract were the United States and Germany, followed by the United Kingdom, Japan, and Poland (table 3). Ninety-six percent of the exports from Paraguay in 1937 and 99 percent in 1938 were to the United States, Argentina, and "Argentina-in-transit" (destination unknown).

Table 2. - Quebracho extract (solid): United States imports for consumption, by principal sources, in specified years 1929 to 1940, and January-June 1941

Country	1929	1933	1937	1938	1939	1940 ^{1/}	1941 (Jan.-June) ^{1/}
Quantity (1,000 pounds)							
Argentina -----	81,520	100,135	116,351	62,981	122,346	80,795	80,634
Paraguay -----	252	23,316	26,061	22,247	30,686	30,273	24,366
All other -----	3	1	-	-	-	-	-
Total -----	81,775	123,452	142,412	85,228	153,032	111,068	104,500
Value (1,000 dollars)							
Argentina -----	3,733	2,072	3,787	2,004	4,086	2,893	3,040
Paraguay -----	11	469	841	731	996	1,039	879
All other -----	2/	2/	-	-	-	-	-
Total -----	3,744	2,541	4,628	2,735	5,082	3,932	3,919
Value (per pound)							
Argentina -----	\$0.046	\$0.021	\$0.033	\$0.032	\$0.033	\$0.036	\$0.038
Paraguay -----	.045	.020	.032	.033	.032	.034	.036
All other -----	.046	.050	-	-	-	-	-
Average -----	.046	.021	.032	.032	.033	.035	.037

^{1/} Preliminary.

^{2/} Less than \$500.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table 3. - Quebracho extract: Exports from
Argentina, by countries, 1933-39

(In metric tons)							
Country	1933	1934	1935	1936	1937	1938	1939
United States	53,544	39,940	37,567	32,587	41,879	27,951	54,902
Germany	39,709	45,331	21,990	11,958	30,761	25,859	20,948
United Kingdom	18,735	24,452	14,903	16,849	13,933	10,421	17,434
Japan	5,483	6,695	8,380	9,781	10,786	21,059	16,087
France	17,465	13,708	10,963	15,068	11,808	7,452	13,849
Poland	8,663	15,108	18,679	16,329	13,030	16,150	11,444
Belgium	9,339	8,346	9,413	10,462	9,615	5,748	5,492
Netherlands	17,716	30,838	8,889	8,764	5,192	4,332	5,012
All other	40,374	54,932	44,929	54,632	61,476	48,968	50,695
Total	211,048	232,655	175,713	176,430	198,480	167,940	195,863

Source: Compiled from official statistics of Argentina.

In Argentina and Paraguay, production and exports are regulated by an agreement between producers of the two countries, made in 1934, whereby the extract factories limit their output according to capacity, establish prices, and sell through predetermined agencies to assigned markets. The principal producer, an English company, is also one of the largest producers and distributors in the United States.

Competitive conditions.

Quebracho extract, the most important of the tanning materials imported, accounts for more than one-third of the tannin consumed in the United States. The percentage of quebracho used depends in part on its price in relation to prices of other tannins. The principal tanning material obtained in the United States is chestnut extract (salvaged from blighted chestnut trees), the estimated production of which was 325 million pounds in 1929. Quebracho and chestnut extract are, in general, complementary rather than directly competitive.



CRUDE GLYCERIN

<u>United States tariff.</u>	<u>Rate of duty</u> ^{1/}	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 42 - Glycerin, crude	0.8¢ per lb.	0.8¢ per lb. (Bound against increase)

Tariff history.

Trade agreement with France, effective	
June 15, 1936 -----	0.8¢ per lb. ^{1/}
Act of 1930, par. 42 -----	1¢ per lb.
Act of 1922, par. 43 -----	1¢ per lb.
Act of 1913, par. 35 -----	1¢ per lb.

Ad valorem equivalent.

The equivalent ad valorem rates on imports, in recent years, of crude glycerin from foreign countries other than Cuba, and from Cuba, are as follows:^{2/}

<u>Year</u>	<u>Full-duty rate Percent</u>	<u>Cuban preferential rate Percent</u>
1929 -----	17.4	12.3
1931 -----	19.7	13.8
1933 -----	28.3	17.2
1935 -----	11.6	4.5
1937 -----	4.8	2.6
1938 -----	10.9	5.1
1939 -----	12.9	5.4
1940 -----	13.1	5.4
1941 (Jan.-June) -----	12.2	5.7

^{1/} General rate of duty on imports from countries other than Cuba. Crude glycerin, the product of Cuba, is subject to a preferential rate of 0.4 cent per pound and entitled to an exclusive and preferential reduction in duty of 50 percent of the lowest rate payable on the like product of any other country - by virtue of the trade agreement with Cuba, effective September 3, 1934. Before that date, crude glycerin of Cuban origin was dutiable at the statutory rate of duty less a 20-percent preferential reduction (that is, at 0.8 cent per pound) by virtue of the reciprocity treaty in force from December 27, 1903.

^{2/} Entries from the Philippine Islands are duty-free.

Description and uses.

Crude glycerin is a heavy, sweet, sirupy liquid, varying in color from light amber to black. The chief commercial grades are: (1) "Soap-lye" glycerin, a byproduct of the soap industry and containing

about 80 percent glycerin, and (2) "saponification" glycerin, a byproduct of the fatty-acid industry and containing about 88 percent glycerin. Crude glycerin is refined before being used.

Summary of United States production, imports, and exports.

The United States output of crude glycerin increased steadily from 1924 to 1929, amounting in the latter year to 140 million pounds. Since 1929 production has ranged between 120 million pounds (1933) and 197 million pounds (1940) (see table 1). In recent years imports have supplied approximately 5 to 10 percent of the quantity consumed in the United States. Exports are not reported separately, but it is known that they are negligible.

In addition to the competition of imports of crude glycerin with the domestic crude glycerin, imports of refined glycerin are a competitive factor, and in some years have been considerable in quantity. Imports of refined glycerin have been more variable than those of crude glycerin. The largest recent figure was in 1937 when 7.5 million pounds entered. Imports in the last two or three years have been small.

Table 1. - Crude glycerin: Comparison of United States production, production for sale, and imports for consumption in specified years 1929 to 1940, and January-June 1941

	1929	1933	1935	1937	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (1,000 pounds)							
Production -----	140,080	119,812	141,185	169,039	184,476	197,320	122,444
Production for sale ---	28,790	22,161	24,043	24,181	29,266	(2/)	(2/)
Imports ^{3/} -----	14,963	6,473	8,221	13,441	10,988	9,096	4,041
Value (1,000 dollars)							
Production for sale ---	2,357	1,191	2,366	3,593	2,323	(2/)	(2/)
Imports ^{3/} -----	870	247	657	2,243	729	615	277
Unit value (cents per pound)							
Production for sale ---	8.2	5.3	9.8	14.9	7.9	(2/)	(2/)
Imports ^{3/} -----	5.8	4.7	8.0	16.7	6.6	6.8	6.9

^{1/} Preliminary.

^{2/} Not available.

^{3/} Includes imports from Cuba and shipments from the Philippine Islands.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States production.

United States production of crude glycerin increased from 95 million pounds in 1924 to 140 million pounds in 1929. In the period 1930-40, production declined to 120 million pounds in 1933 but increased with some fluctuations in intervening years to 197 million pounds in 1940 (table 2). The bulk of this production is refined by the producers. Production for sale has averaged about 25 million pounds in the last decade. Sales are made principally by small producers who have no facilities for refining glycerin. Since crude glycerin is a byproduct of the soap and fatty-acid industries, its production is limited by the volume of soap and fatty acids produced. Price, however, is a factor affecting production to some extent; less crude glycerin is recovered when prices are low than when they are high.

Table 2. - Crude glycerin: United States production and production for sale, 1929-40, and January-June 1941

Year	(In thousands)			
	Production, 80 percent basis ^{1/}	Production for sale ^{2/}		
	Pounds	Quantity	Value	
1929	140,080	28,790	\$2,358	
1930	138,675	(3/)	(3/)	
1931	140,002	27,530	1,674	
1932	133,919	(3/)	(3/)	
1933	119,812	22,161	1,191	
1934	153,115	(3/)	(3/)	
1935	141,185	24,043	2,366	
1936	154,096	(3/)	(3/)	
1937	169,039	24,181	3,593	
1938	162,120	(3/)	(3/)	
1939	184,476	29,266	2,323	
1940	197,320	(3/)	(3/)	
1941 (Jan.-June)	122,444	(3/)	(3/)	

^{1/} Source: Quarterly Census, U. S. Bureau of the Census.

^{2/} Source: Biennial Census, U. S. Bureau of the Census.

^{3/} Not available.

^{4/} Preliminary.

Crude glycerin is produced by nearly all soap-manufacturing establishments, of which there are more than 250, and by about a dozen producers of fatty acids. There are soap factories in more than half of the States, the largest number being in New York, California, Illinois, Massachusetts, Ohio, Pennsylvania, and New Jersey. The average number of wage earners employed in the soap industry is approximately 14,000, only a small percentage of whom are employed in recovering crude glycerin. The value of soap and glycerin produced is about \$300,000,000 (1939), of which crude glycerin probably accounts for less than 5 percent.

Ohio is the principal producer of crude glycerin obtained as a byproduct of the fatty-acid (oleic and stearic acids) industry. The total value of all products of the oleic- and stearic-acid industry is not reported, but it is estimated at between 5 and 10 million dollars (1939), of which glycerin probably accounts for less than 10 percent.

The greater part of the crude glycerin produced in the United States is the output of a few large soap manufacturers. Most of the small producers sell their output to the large soap companies, who refine the crude glycerin recovered in their own plants as well as that purchased from others.

United States imports.

In the last decade, imports of crude glycerin have in most years exceeded 10 million pounds, supplying about 5 to 10 percent of the quantity consumed in the United States. Between 1931 and 1941 imports were smallest in 1932, with 5 million pounds, and largest in 1934, when they amounted to more than 15 million pounds.

Prior to 1935, France was usually the most important source of imports of crude glycerin. Cuba was the principal source in 1935, 1936, and 1937; and the Soviet Union in 1938. Argentina ranked second in 1937, third in 1938, and first in 1939 and 1940, slightly ahead of Cuba (table 3).

Table 3. - Crude glycerin: United States imports for consumption by principal sources in specified years, 1929 to 1940, and January-June 1941

Country	1929	1931	1933	1935	1936	1937	1938	1939	1940 1/	1941 2/	
	Quantity in pounds										
France	4,931,691	2,550,457	2,455,264	578,617	1,058,692	2,102,785	887,661	318,443	96,560	-	
United Kingdom	3,847,345	1,631,103	252,238	578,231	1,403,880	1,640,691	80,406	324,261	214,141	-	
Belgium	759,448	739,892	440,862	257,290	404,371	818,514	190,726	-	-	-	
Germany 2/	1,072,173	674,109	222,901	198,767	77,723	539,231	8,530	-	-	-	
Argentina	494,538	458,068	288,832	100,906	1,156,868	2,131,068	2,061,831	2,910,384	2,966,791	1,114,088	
Netherlands	262,299	425,796	226,994	267,366	1,037,118	325,275	431,190	43,528	-	-	
Soviet Union	132,334	-	889,618	14,883	2,017,992	1,634,874	4,758,193	1,632,235	-	-	
Canada	1,304,420	1,161,089	-	1,946,450	671,465	333,855	299,660	97,286	173,300	176,320	
Cuba 3/	920,703	1,170,667	1,216,395	2,550,617	2,159,741	2,470,790	2,692,885	2,887,100	2,950,688	1,937,606	
Philippine Islands 4/	250,165	180,490	268,449	1,578,523	303,551	793,225	681,269	1,792,153	1,503,079	328,849	
Uruguay	-	-	-	-	-	31,125	300,281	438,085	771,638	379,773	
All other	987,824	1,141,296	191,532	149,288	849,264	634,997	744,894	544,256	420,086	104,655	
Total	14,962,837	10,132,463	6,473,085	8,220,434	11,348,285	13,441,430	13,077,525	10,987,721	9,028,283	4,064,293	
	Value										
France	\$280,062	\$114,575	\$80,068	\$45,245	\$121,612	\$370,622	\$54,354	\$18,241	\$5,407	-	
United Kingdom	216,307	82,262	7,722	17,422	134,475	284,779	4,699	20,981	16,343	-	
Belgium	49,568	46,275	17,627	19,217	46,417	116,014	25,415	-	-	-	
Germany 2/	65,446	40,596	10,745	22,699	8,874	92,446	726	-	-	-	
Argentina	29,758	23,532	7,947	7,972	115,198	349,675	125,115	171,192	172,826	\$75,689	
Netherlands	18,963	23,301	10,664	23,208	127,050	47,898	42,343	3,302	-	-	
Soviet Union	9,113	-	34,060	1,463	222,347	254,745	373,803	107,170	-	-	
Canada	67,824	59,495	-	172,426	70,672	59,014	21,865	7,624	14,393	14,592	
Cuba 3/	67,158	67,709	56,737	228,340	230,440	381,883	212,816	235,712	219,644	136,193	
Philippine Islands 4/	16,796	10,993	14,078	74,798	32,708	145,348	104,509	123,410	111,406	24,065	
Uruguay	-	-	-	-	-	5,899	18,267	26,981	49,890	20,065	
All other	26,439	26,861	7,247	11,146	89,667	111,249	64,580	34,621	21,202	6,281	
Total	870,411	525,499	246,895	656,734	1,199,260	2,241,282	1,028,192	729,264	611,212	276,285	
	Percent of total quantity										
France	33.0	25.2	37.9	7.1	9.5	15.6	6.8	2.9	1.1	-	
United Kingdom	25.7	16.1	3.9	7.0	12.6	12.2	1.6	2.9	2.4	-	
Belgium	5.1	7.3	6.8	3.1	3.6	6.1	1.4	-	-	-	
Germany 2/	7.2	6.6	3.8	2.4	1.7	3.9	0.1	-	-	-	
Argentina	3.3	4.5	4.5	1.2	10.4	15.8	15.7	26.5	32.6	27.6	
Netherlands	1.7	4.2	3.5	3.2	9.3	2.4	3.3	.4	-	-	
Soviet Union	.9	-	13.7	.2	18.1	12.2	36.3	14.9	-	-	
Canada	8.7	11.5	-	23.7	6.0	2.5	2.0	2.9	1.9	4.4	
Cuba 3/	6.1	11.5	18.8	31.0	19.4	18.4	20.6	26.3	32.4	47.9	
Philippine Islands 4/	1.7	1.8	4.1	19.2	2.7	5.9	5.2	16.3	16.5	8.1	
Uruguay	-	-	-	-	-	.2	2.3	4.0	8.5	9.4	
All other	6.6	11.3	3.0	1.8	7.7	4.8	4.7	4.9	6.6	2.6	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

1/ Preliminary. 2/ Includes Austria beginning 1938.

3/ Product of Cuba, dutiable at tariff rate less 20 percent before Sept. 3, 1934; dutiable at 4/10 cent a pound under Cuban trade agreement, effective Sept. 3, 1934.

4/ Products of Philippine Islands, free of duty under section 301, Tariff Acts of 1922 and 1930.

Sources: Compiled from official statistics of the U.S. Department of Commerce.

Foreign production and trade.

The United Kingdom, Germany, France, the Netherlands, Belgium, and the Soviet Union are the leading foreign producers of crude glycerin. The leading exporters are the Netherlands, the United Kingdom, Argentina, Cuba, and the Philippine Islands. The United States has usually been the leading importer, but Germany, the Netherlands, and the United Kingdom have been fairly important importers in some years (table 4).

Table 4. - Crude glycerin: Trade of principal countries, 1935-39

Country	(In thousands of pounds)									
	1935		1936		1937		1938		1939	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
United States --	8,221	1/	11,149	1/	13,441	1/	13,098	1/	10,988	1/
United Kingdom --	1,119	2,365	2,322	3,070	6,928	4,131	3,684	1,707	4,566	1,661
Germany -----	4,091	326	8,247	122	13,567	578	6,169	16	2/ 6,142	2/ 6
Netherlands ----	5,441	4,912	7,186	5,645	9,127	6,866	4,553	3,565	4,409	8,082
France -----	957	3/	1,307	3/	164	3/	710	3/	2/ 242	3/
Argentina -----	4/	1,284	4/	2,252	4/	3,631	4/	4,433	4/	4,967
Cuba -----	74	3/	16	2,146	2	2,685	2	2,816	2	2,857
Philippine I. --	5/	742	5/	513	5/	1,323	73	695	6/ 53	2,417

1/ Crude glycerin not reported separately; exports are probably nil.

2/ January to July, only.

3/ Crude glycerin not reported separately in export statistics.

4/ Crude glycerin not reported separately. Imports assumed to be refined glycerin and exports to be crude glycerin.

5/ Crude glycerin not reported separately in import statistics.

6/ Year ended June 30, 1940.

Source: Official statistics of each country.

Competitive conditions.

Since glycerin is a byproduct, the output depends mainly on the production of the main products - soaps and fatty acids. Production of the main products is increasing, and consequently production of glycerin is increasing. The demand for glycerin, however, has kept pace with the output. The United States is on an import basis with respect to crude glycerin, imports supplying from 5 to 10 percent of consumption. Glycerin can be produced by the fermentation of starches or sugars and synthetically from petroleum refinery gases. These processes are not being used on a commercial scale at the present time, but if necessary they could be resorted to sufficiently to produce the quantity needed to meet the demand.

There are substitutes for glycerin in many of its uses but these are usually either less suitable than glycerin or not available in sufficient quantities to displace it.



REFINED GLYCERIN

United States tariff.

	Rate of duty ^{1/}	
	Before agreement	Under agreement
Par. 42. Glycerin, refined.	1-7/15¢ per lb. ^{1/}	1-7/15¢ per lb. ^{1/} (Bound against increase)

Tariff history.

Trade agreement with the Netherlands, effective February 1, 1936	1-2/3 cents per pound ^{1/}
Act of 1930, par. 42	2 cents per pound
Act of 1922, par. 43	2 cents per pound
Act of 1913, par. 35	2 cents per pound

Ad valorem equivalent.

The ad valorem equivalent of the rates of duty on refined glycerin, in specified years, 1929 to 1940, were as follows:

<u>Year</u>	<u>Percent</u>	<u>Year</u>	<u>Percent</u>
1929	21.9	1937	6.2
1931	27.9	1938	17.2
1933	33.2	1939	16.6
1935	16.6	1940	18.9

Description and uses.

Refined glycerin, chemically an alcohol, is a sweet, sirupy liquid, varying in color from yellowish to almost water-white. The principal grades are "C.P." (chemically pure), containing usually 95 percent glycerin, and "dynamite," containing 98 percent or more of glycerin. There is also a "yellow distilled" grade which closely resembles the dynamite but does not quite come up to its rigid standards.

Refined glycerin is used principally in the manufacture of nitroglycerin, employed in turn in the production of dynamite; and in the preparation of tobacco (as a preservative and sweetening agent). Some is used in the production of the British military explosive, "cordite." Important uses for glycerin have developed in the production of alkyl resins, cellophane, and ester gums. It is also used in pharmaceuticals and proprietary medicines, soft drinks, soaps, and printing inks, and for many other purposes.

^{1/} Under the trade agreement with the Netherlands, the duty on refined glycerin was reduced to 2/3 cent per pound plus the lowest rate of ordinary customs duty on crude glycerin, the product of any foreign country except Cuba, at the time such refined glycerin is entered for consumption, but not more than 1-2/3 cents per pound. Under the trade agreement with France, effective June 15, 1936, the duty on crude glycerin was reduced from 1 cent to 0.8 cent per pound, thus automatically reducing the duty on the refined product from 1-2/3 cents to 0.8 cent plus 2/3 cent, or 1-7/15 cents per pound. The concession granted Argentina is the same as that granted the Netherlands, except that the maximum rate is fixed at 1-7/15 cents instead of 1-2/3 cents.

Summary of United States production, imports, and exports.

Production of refined glycerin in the United States declined from 126 million pounds in 1929 to 104 million pounds in 1933, but thereafter increased, reaching a maximum of 162 million pounds in 1940. Imports have been relatively unimportant during the last decade, except in 1937, when they equaled about 5 percent of domestic production. Exports have increased steadily since 1937 and amounted to about 8 percent of production in 1940. (See table 1.)

Table 1. - Refined glycerin: Comparison of United States production, imports for consumption, and exports of domestic merchandise, in specified years, 1929 to 1940, and January-June 1941

	1929	1931	1933	1935	1937	1938	1939	1940	1941 ^{1/} (Jan.-June)
Quantity (1,000 pounds)									
Production -----	125,772	113,894	104,119	123,390	144,683	134,941	152,479	161,846	97,656
Production for sale -	113,140	102,510	107,853	118,727	122,399	2/	154,778	2/	2/
Imports -----	5,359	1,966	2,776	69	7,535	2,567	330	1/298	111
Exports ^{3/} -----	1,374	328	2/	3,354	1,375	3,746	7,399	1/12,464	5,173
Value (1,000 dollars)									
Production for sale -	12,716	10,316	7,915	12,973	21,283	2/ -	1/16,107	2/	2/
Imports -----	490	141	167	8	1,827	219	29	1/23	9
Exports ^{3/} -----	198	48	2/	450	338	427	959	1/1,612	644
Unit value (cents per pound)									
Production for sale -	11.2	10.1	7.3	10.9	17.4	-	10.4	-	-
Imports -----	9.1	7.2	6.0	12.1	24.2	8.5	8.9	1/7.8	8.4
Exports ^{3/} -----	14.4	14.7	-	13.4	24.6	11.4	13.0	1/12.9	12.4

^{1/} Preliminary.

^{2/} Not available.

^{3/} Classified as "glycerin."

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States production.

The trend of production of refined glycerin has been upward in recent years, reaching a maximum of 162 million pounds in 1940 (table 2). The value of refined glycerin produced for sale, which reached 21 million dollars in 1937, declined in 1939, even though the quantity sold was larger; (table 3). This decrease reflected the decline of unit values, for both the chemically pure and the dynamite grades, from about 17½ cents per pound in 1937 to 10½ cents or less per pound in 1939.

There are probably not more than a dozen producers of refined glycerin in the United States, and three companies account for the bulk of domestic production. Besides refining their own crude glycerin, they refine some purchased from others.

Table 2. - Refined glycerin: United States production, by grades, 1929-40 and January-June 1941

(In thousands of pounds)				
Year	Chemically pure	Dynamite	Total	
1929	66,791	58,981	125,772	
1930	69,654	50,974	120,628	
1931	70,528	43,366	113,894	
1932	63,624	41,539	105,163	
1933	58,585	45,534	104,119	
1934	80,359	48,553	128,912	
1935	74,705	48,685	123,390	
1936	85,386	47,535	132,921	
1937	92,889	51,794	144,683	
1938	91,327	43,614	134,941	
1939	86,951	65,528	152,479	
1940	89,563	72,283	161,846	
1941 (Jan.-June)	51,593	46,063	97,656	

1/ Preliminary.

Source: U. S. Bureau of the Census, Animal and Vegetable Fats and Oils.

Table 3. - Refined glycerin: United States production for sale, in specified years, 1929-39

Census year	Quantity	Value	Unit value
	1,000 pounds	1,000 dollars	Cents per pound-
1929	113,140	12,716	11.2
1931	102,510	10,316	10.1
1935	118,727	12,973	10.9
1937:			
Chemically pure	78,313	13,460	17.1
Dynamite grade	43,586	7,823	17.9
Total and average	122,399	21,283	17.4
1939:			
Chemically pure	90,484	9,512	10.5
Dynamite grade	64,294	6,595	10.3
Total and average	154,778	16,107	10.4

1 Preliminary.

Source: U. S. Bureau of the Census, Biennial Census of Manufactures.

United States imports.

Imports of refined glycerin were fairly substantial in 1929 and 1937, but were not very important in other years. Imports of crude glycerin are regularly larger than those of refined, and in some years many times larger. Until 1938, European countries, particularly the Netherlands, were the principal source of imports of the refined product. Japan was the chief source in 1938 and Argentina in the years since 1938 (table 4).

Table 4. - Refined glycerin: United States imports for consumption by principal sources, in specified years, 1929 to 1940, and January-June 1941

Country	1929	1931	1933	1935	1936	1937	1938	1939	1940 ^{1/}	1941 ^{2/} (Jan.-June)
Quantity (pounds)										
Netherlands	2,975,259	1,054,810	2,153,490	16,913	1,542,924	2,776,046	20,160	20,160	-	-
France	-	592,979	125,889	584	413,977	2,967,528	410,674	-	-	-
Germany	1,829,102	197,890	406,716	600	319	352,680	607	445	-	-
United Kingdom	165,770	38,561	50,421	28,176	572,919	373,416	274	300	-	-
Canada	105	81,295	-	-	765,678	19,782	-	-	1,108	-
Argentina	-	-	-	22,293	-	23,148	-	111,957	309,085	297,090
Japan	-	-	-	-	-	-	1,979,316	-	-	-
All other	388,782	-	39,173	-	151,672	1,022,520	64,423	88	-	-
Total	5,358,518	1,965,535	2,775,687	58,566	3,447,487	7,535,120	2,567,411	330,078	298,198	110,930
Value										
Netherlands	\$282,658	\$75,462	\$132,172	\$2,718	\$273,432	\$636,644	\$2,364	\$2,755	-	-
France	-	40,005	7,210	97	79,242	751,836	43,690	-	-	-
Germany	155,215	17,152	22,826	252	129	96,542	404	264	-	-
United Kingdom	18,301	2,850	3,111	2,760	99,204	76,001	96	125	-	-
Canada	19	5,506	-	-	114,523	4,922	-	-	\$176	-
Argentina	-	-	-	2,450	-	4,282	10,337	26,044	23,022	\$9,276
Japan	-	-	-	-	-	-	57,093	-	-	-
All other	33,382	-	1,672	-	27,506	256,982	4,276	27	-	-
Total	489,572	140,975	166,991	8,277	594,036	1,827,189	218,560	29,215	23,198	9,276
Unit value (cents per pound)										
Netherlands	9.5	7.2	6.1	16.1	17.7	22.9	11.7	13.7	-	-
France	-	6.7	5.7	16.6	19.1	25.3	10.6	-	-	-
Germany	8.5	8.7	5.6	42.0	40.4	27.4	66.6	59.3	-	-
United Kingdom	11.0	7.4	6.2	9.8	17.3	20.4	35.0	41.7	-	-
Canada	18.1	6.8	-	-	15.0	24.9	-	-	15.9	-
Argentina	-	-	-	11.0	-	18.5	9.2	8.4	7.7	8.4
Japan	-	-	-	-	-	-	7.9	-	-	-
All other	8.6	-	4.3	-	18.1	25.1	10.3	30.7	-	-
Average	9.1	7.2	6.0	12.1	17.2	24.2	8.5	8.9	7.8	8.4
Percent of total quantity										
Netherlands	55.5	53.7	77.6	24.7	44.8	36.8	0.8	6.1	-	-
France	-	30.2	4.5	.8	12.0	39.4	16.0	-	-	-
Germany	34.1	10.1	14.7	.9	2/	4.7	2/	.1	-	-
United Kingdom	3.1	1.9	1.8	41.1	16.6	4.9	2/	.1	-	-
Canada	2/	4.1	-	-	22.2	.3	-	-	0.4	-
Argentina	-	-	-	32.5	-	.3	4.4	93.7	99.6	100.0
Japan	-	-	-	-	-	-	77.1	-	-	-
All other	7.3	-	1.4	-	4.4	13.6	1.7	2/	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{1/} Preliminary. ^{2/} Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

United States exports.

United States exports of glycerin have increased markedly in recent years, especially in 1939 and 1940 (table 5). Canada is the principal market, having taken at least two-fifths of total exports in both these years. In 1940, Japan took almost half as much as Canada, and Sweden more than five times as much as she took in 1939 (table 6).

Table 5. - Glycerin: United States exports of domestic merchandise, 1929-40 and January-June 1941

Year	Quantity	Value	Unit value
	Pounds		
1929	1,373,605	\$197,986	14.4
1930	607,690	102,892	16.9
1931	328,143	48,095	14.7
1932	260,339	28,609	11.0
1933, 1934 ^{1/}	-	-	-
1935	3,353,625	450,248	13.4
1936	1,146,026	182,592	15.9
1937	1,375,036	338,148	24.6
1938	3,746,217	427,288	11.4
1939	7,398,681	958,839	13.0
1940 ^{2/}	12,464,309	1,611,698	12.9
1941 (Jan.-June) ^{2/}	5,173,166	644,043	12.4

^{1/} Not separately reported.^{2/} Preliminary.

Source: Official statistics of the U. S. Department of Commerce.

Table 6. - Glycerin: United States exports of domestic merchandise, by principal markets in 1939 and 1940

Country	1939		1940 ^{1/}	
	Quantity	Value	Quantity	Value
	Pounds		Pounds	
Japan	-	-	2,308,398	\$299,723
Canada	3,078,200	\$305,012	5,111,440	555,987
Sweden	337,648	51,319	1,748,154	288,523
Mexico	507,243	67,437	310,063	38,158
Cuba	659,435	92,400	294,719	41,507
Chile	534,234	68,150	532,625	78,601
Italy	2,337	386	428,702	49,839
Norway	897,542	156,888	151,192	22,388
All other	1,331,992	217,247	1,579,016	236,972
Total	7,398,681	958,839	12,464,309	1,611,698

^{1/} Preliminary.

Source: Official statistics of the U. S. Department of Commerce.

Foreign production and trade.

Imports and exports of refined glycerin have varied widely from year to year in the United States and other countries, (table 7). For some years, for example in 1936 and 1937, the United States appeared to be the chief importer. No country, with the exception of the United States in 1937, has imported very large quantities in recent years. The United Kingdom has generally been the leading exporter of refined glycerin, although France ranked first in 1937 and 1939. The Netherlands, and recently the United States, have been important exporters.

Table 7.- Refined glycerin: Imports and exports of principal countries, 1934-40

(In thousands of pounds)

Country	1934		1935		1936		1937		1938		1939		1940 ^{1/}	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
United States	2,214	2/	69	3,354	3,447	1,146	7,535	1,375	2,567	3,746	330	7,399	298	12,464
United Kingdom	230	19,134	2	15,032	-	12,991	27	11,898	1,550	10,118	1,115	7,600	2/	2/
Netherlands	1,008	5,955	694	5,516	738	8,884	500	10,961	1,009	7,883	461	6,962	-	2,238
Belgium	1,206	2,360	108	1,571	30	1,155	71	100	111	139	4/78	4/809	2/	2/
Germany	1,224	3,818	998	1,945	188	1,981	664	1,858	201	1,507	71	1,091	2/	2/
France	51	12,248	4	12,118	10	9,269	9	17,750	4	9,940	4/13	4/7,729	2/	2/
Argentina	63	46	46	2/	69	2/	87	2/	69	2/	85	2/	2/	2/

^{1/} Preliminary.^{2/} Not available.^{3/} January-March, only.^{4/} January-July, only.

Source: Compiled from official statistics of the various countries.

Note: United States export classification "glycerin" (assumed to be refined grade);
 Argentine import classification "glycerin in general" (assumed to be refined grade).

Competitive conditions.

Glycerin is a byproduct of the soap and fatty-acid industries, consequently its output is dependent primarily upon the production of those main products. It can, however, also be produced by fermentation from sugars, including blackstrap or high-test molasses, and by synthesis from petroleum-refinery gases.

The United States has generally consumed more glycerin than it produced with considerable net imports of crude and refined taken together, but it has recently been on an export basis. The demand for glycerin is dependent largely upon general activity, but there is also a demand for it, particularly in certain foreign countries, for use in military explosives.

Certain products compete with glycerin, especially in the antifreeze market. Ethylene glycol, and ethyl, methyl, and propyl alcohols have practically eliminated it from this field. Ethylene glycol is a partial substitute for glycerin for use in dynamite, and sirups may be substituted in some other products.



NEAT'S-FOOT OIL AND NEAT'S-FOOT STOCK

United States tariff.

	<u>Rate of duty</u>
	<u>Before Agreement</u> <u>Under Agreement</u>

Par. 52. *** all other animal *** oils, fats, and greases, not specially provided for, ***

20% ad val.

Reclassification.

Par. 52. Neat's-foot oil and animal oils known as neat's-foot stock

10% ad val.

Internal Revenue Code.

Sec. 2491(a). *** inedible animal oils, inedible animal fats, inedible animal greases,***; all the foregoing, whether or not refined, sulphonated, sulphated, hydrogenated, or otherwise processed ***.

3¢ lb.

Reclassification.

Sec. 2491(a). Neat's-foot oil and animal oils known as neat's-foot stock

1½¢ lb.

Tariff history.

Internal Revenue Code,
sec. 2491(a)-----3 cents per pound^{1/}
Act of 1930, par. 52--20 percent ad valorem
Act of 1922, par. 53--20 percent ad valorem
Act of 1913, par. 44--15 percent ad valorem

Ad valorem equivalent.

The ad valorem equivalent of the combined duty and excise tax on imports of neat's-foot oil in 1940 was approximately 60 percent; the equivalent specific rate was about 4½ cents per pound.

Description and uses.

Neat's-foot stock is a fat or oil made from the shin bones and feet of cattle. Neat's-foot oil is the liquid portion separated from the solid portion of the stock by "graining" and pressing. Several grades of neat's-foot oil are produced, differentiated principally by their "cold tests" or "clouding points", that is, the temperatures at which they become cloudy when cooled.

Neat's-foot oil is used principally as a dressing for leather, to make it soft and pliable, but is also used in oiling watches and other

^{1/} The import tax imposed under the Internal Revenue Code, section 2491(a), is in addition to the duty under the tariff act.

delicate machinery, in spinning-and knitting-mill processes, and as a flux in soldering.

Summary of United States production, imports, and exports.

Production of neat's-foot oil in the United States in the last decade has ranged from approximately 4 to 7 million pounds annually, averaging about 5 million pounds (table 1). Imports are not separately classified, but an invoice analysis showed imports of 135,000 pounds in 1940. In the last decade, exports have varied from approximately one-half to 1 million pounds annually, averaging approximately 800,000 pounds.

United States production.

Neat's-foot stock and oil are made in the United States principally by the large packers. A number of other companies also, however, produce the oil from crude stock and prepare it for ultimate use.

Table 1. - Neat's-foot oil: United States production, 1929, 1931-40, and January-June 1941

(In thousands of pounds)					
Year	Quantity		Year	Quantity	
1929	5,707	::	1936	6,257	
1931	4,208	::	1937	5,159	
1932	3,929	::	1938	4,120	
1933	4,661	::	1939	5,041	
1934	6,795	::	1940	3,975	
1935	6,155	::	1941 (6 mo.) 1/-	1,859	

1/ Preliminary.

Source: U. S. Bureau of the Census.

United States imports.

Imports of neat's-foot oil and stock are not shown separately in official statistics but are included under "animal oils, n.s.p.f." Total imports in this class were about 360,000 pounds in 1935 and 412,000 pounds in 1939, but were almost negligible in the intervening years. In 1940, imports were 80,000 pounds. Since it is not known what part of these imports consisted of neat's-foot oil, the figures indicate only the maximum imports. An analysis of general imports at New York in 1939 showed an importation of 21,974 pounds of neat's-foot oil valued at \$1,632. An analysis covering imports at all ports in 1940 showed total entries of neat's-foot oil amounting to 134,587 pounds, valued at \$10,018. Of these imports, 55,023 pounds, valued at \$4,075, were entered into warehouse. Nearly three-fourths of the total imports came from Argentina.

United States exports.

Exports of neat's-foot oil have declined from over 1,000,000 in bears prior to 1935 to less than 500,000 pounds in 1940 (table These have gone principally to Europe.

Table 2. - Neat's-foot oil: United States exports of domestic merchandise, 1929-40 and January-June 1941

Year	Quantity Pounds	Value	Unit value Cents
1929	1,344,684	\$226,083	16.8
1930	1,329,984	209,167	15.7
1931	1,022,334	142,068	13.9
1932	802,800	91,712	11.4
1933	1,078,928	125,716	11.7
1934	1,150,946	135,731	11.8
1935	887,472	120,718	13.6
1936	706,696	97,637	13.8
1937	906,580	135,455	14.9
1938	845,375	113,594	13.3
1939	615,072	91,863	14.9
1940 ^{1/}	437,948	63,704	14.5
1941 (Jan.-June) ^{1/-}	217,276	25,472	11.7

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Competitive conditions.

The principal factor tending to limit domestic production of neat's-foot oil is the supply of neat's-foot stock, the raw material of which is a byproduct of packing plants. A substantial quantity of material suitable for the production of neat's-foot stock is used for tallow and greases, especially in the smaller meat-packing establishments. With the larger packers, the output of neat's-foot stock is determined chiefly by its profitableness as compared with tallow and greases.

Neat's-foot oil is used principally in treating leather. This requirement and certain recent war needs have resulted in increased demand, other fats and oils being not suited for most of these uses.

The United States has been on an export basis with respect to neat's-foot oil, but exports have declined in recent years. Imports, of which Argentina has been the principal supplier, have usually been small, but increasing war requirements have stimulated the demand for larger imports of neat's-foot stock or oil.

Trade Agreement With Argentina

MICA, UNMANUFACTURED: VALUED AT NOT ABOVE 15 CENTS PER POUND

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>

Par. 208(a). Mica, unmanufactured, valued at not above 15 cents per pound	----- 4¢ per pound	4¢ per pound (bound against increase)
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Tariff history.

Act of 1930, par. 208(a)	- 4¢ per pound
Act of 1922, par. 208	- 4¢ per pound
Act of 1913, par. 77	- 4¢ per pound

Ad valorem equivalent.

The ad valorem equivalent of the duty of 4 cents per pound is approximately 33 percent.

Description and uses.

Mica valued at 15 cents per pound or less includes only sheets of the poorer qualities and smaller sizes, comparable in part, but not fully, with the domestic type generally classified as "punch." Although all mica has been designated as strategic material, only certain portions qualify as such. Little or no strategic importance is attached either to imports of the type on which the concession was granted or to the domestic product known as punch mica as both are used largely for electric insulation in household appliances, and in the manufacture of washers, fuse-plug covers, etc.

United States production.

Although three-fourths of the United States output of mica is mined in North Carolina and New Hampshire, it is also produced in South Dakota, Georgia, and Virginia. Domestic production consists chiefly of punch mica, for which statistics of sales are shown in table 1.

Table 1. - Mica, punch, uncut: Sales by United States producers, 1930-40

Year	Quantity	Value	Value
	Pounds		per pound
1930	1,253,782	\$61,230	\$0.049
1931	757,647	33,317	.044
1932	258,512	7,976	.031
1933	253,243	10,199	.040
1934	425,156	16,096	.038
1935	670,327	28,387	.042
1936	1,018,460	48,386	.048
1937	1,312,900	70,493	.054
1938	774,121	45,566	.059
1939	665,755	39,207	.059
1940	1,405,305	116,087	.085

Source: U. S. Bureau of Mines.

United States imports for consumption.

Imports of mica in the class here under consideration have not been important either with regard to quantity or value. They originate largely in Brazil and Argentina, both of which have become sources of increased importance since 1935.

Table 2. - Mica, unmanufactured, valued at not above 15 cents per pound:
United States imports for consumption, by countries,
in specified years, 1929 to 1940

Country	1929	1931	1933	1935	1937	1939	1940
Quantity (pounds)							
British India	6,416	40,200	147,518	83,405	70,518	14,325	22,156
United Kingdom	4,343	3,028	20,337	14,606	23,272	7,481	2,008
Brazil	3,404	18,527	6,971	31,285	138,100	113,598	226,925
Argentina	2,725	4,825	1,540	8,789	77,302	75,590	105,154
Canada	261,722	762	6,020	6,971	14,550	29,197	21,316
All other	5,754	3,074	3,928	1,752	-	954	4,064
Total	284,364	70,416	186,314	146,814	323,742	241,145	381,623
Value							
British India	\$725	\$5,199	\$18,460	\$10,857	\$9,289	\$1,904	\$2,749
United Kingdom	631	336	2,850	1,795	2,524	829	41
Brazil	296	2,035	766	3,313	17,144	13,209	27,104
Argentina	384	660	177	1,110	8,011	10,195	14,681
Canada	31,743	76	802	666	1,221	2,247	1,892
All other	675	302	498	195	-	115	273
Total	34,454	8,608	23,553	17,936	38,189	28,499	46,740

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States exports.

United States exports of unmanufactured mica are small, ranging from 300,000 to 700,000 pounds, valued at from \$2,000 to \$7,000 a year. Canada took most of the 1940 exports which amounted to 315,565 pounds, valued at \$2,524. Mica was among the strategic materials included in the first export-control proclamation of July 2, 1940, and thereafter licenses were required for all shipments.

Competitive conditions.

Very little of the sheet mica dutiable under paragraph 208(a) is imported from India, although that country is the world's principal mica-producing source. In India, the mica is largely used to make splittings less than 12/10,000 inch thick, dutiable under paragraph 208(c). Labor and other conditions in Brazil and Argentina do not permit the economic production of splittings, and therefore sheet mica, usually in small-size sheets, is shipped as such. This South American sheet of low value per pound comes into direct competition with domestic mica, most of which, in quality and size, is fairly comparable with the imports.

There is also some indirect competition between the sheet mica here considered and the strategic types of mica, because domestic production of the strategic types, although small, is somewhat contingent upon the total production of mica.

Trade Agreement With Argentina

MICA, GROUND OR PULVERIZED

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 208 (h). Mica, ground or pulverized. _____	15% ad val.	15% ad val. (bound against increase)

Tariff history.

Trade agreement with Canada, effective January 1, 1939 _____	15% ad val.
Act of 1930, par. 208 (h) _____	20% ad val.
Act of 1922, par. 208 _____	20% ad val.
Act of 1913, par. 77 _____	15% ad val.

Description and uses.

Ground or pulverized mica is made chiefly from mica scrap, a by-product of the mining and processing of mica. It is used for dusting roofing paper to prevent adherence of the sheets when rolled for shipment; as a decorating material in the manufacture of wallpaper; as Christmas tree "snow"; and in the manufacture of rubber goods, paints, and lubricants.

It has been suggested recently (June 1941) that certain kinds of ground mica might be used as a substitute for graphite in foundry facings. Should this use prove practicable, it ought to relieve the demand for the Ceylon amorphous graphite now used in conjunction with the lower-grade graphite regularly imported from Mexico, and might even reduce the demand for the Mexican graphite.

United States production.

The process of grinding scrap mica has been more fully developed in the United States than in any other country, and the United States is the principal consumer of the ground product. Scrap mica for grinding is obtained from imports supplied mostly by British India, and from domestic mines and factories, both those primarily engaged in mica operations, including mica schists, and certain clay producers in North Carolina, who obtain small quantities of mica as a secondary product.

In the United States, most ground mica is produced by the dry-grinding process, for the use of the roofing-paper industry, although some is also produced by wet-grinding. The increased production of dry-ground mica in 1935 and later years is due to the inclusion in the data of figures for mica washed, ground, and concentrated from mica schists. Wet-ground mica is used in making wallpaper and as a mould lubricant in the fabrication of rubber goods. Sales of both kinds of ground mica are shown in table 1.

Table 1. - Ground mica: Sales by United States producers, 1929-40

Year	Dry-ground			Wet-ground			Total ground	
	Quantity	Value	Unit	Quantity	Value	Unit	Quantity	Value
	Short tons		value	Short tons			Short tons	
1929	1,819	\$62,029	\$34	2,697	\$328,332	\$122	4,516	\$390,361
1930	1/5,956	190,635	32	1,575	161,623	103	1/7,531	352,258
1931	5,362	168,783	31	2,444	267,653	110	7,807	436,436
1932	5,253	126,714	24	2,452	184,126	75	7,705	310,840
1933	6,439	135,178	21	3,392	263,503	78	9,831	398,681
1934	6,824	156,046	23	2,723	247,284	91	9,547	403,330
1935	2/15,178	341,825	23	3,145	201,148	64	2/18,323	542,973
1936	20,800	457,042	22	4,785	265,374	57	25,585	722,416
1937	21,150	457,879	22	6,095	381,933	63	27,245	839,812
1938	19,757	466,959	24	7,329	457,595	62	27,086	924,554
1939	23,222	547,539	24	7,702	608,794	79	30,924	1,156,333
1940	21,809	515,930	24	6,175	500,698	81	27,984	1,016,628

1/ In 1930 and subsequent years, fine mica recovered from clay banks is included.

2/ In 1935 and subsequent years, mica schist is included.

Source: U. S. Bureau of Mines.

United States imports for consumption.

Imports of ground mica are negligible, representing substantially less than 1 percent of domestic production. Until 1936, the United Kingdom and the Soviet Union were generally the principal sources of such entries as were received, but since that year Canada has furnished all shipments to the United States from abroad, except for a small quantity, valued at \$14, received from Norway in 1939.

Table 2. - Mica, ground or pulverized: United States imports for consumption, in specified years, 1929 to 1940

Year	Quantity	Value	Year	Quantity	Value
	Short tons			Short tons	
1929	1	\$43	1936	66	\$2,282
1931	1	36	1937	41	1,233
1932	56	383	1938	85	2,626
1933	269	1,388	1939	159	4,622
1934	157	857	1940	120	3,846
1935	-	-			

Source: U. S. Department of Commerce.

United States exports.

The United States exports large quantities of ground mica to other countries, where it is used chiefly as a decorating material in the manufacture of wallpaper. These domestic exports cannot be accurately stated except for years after 1937, as the earlier export classifications for mica and manufactures thereof did not show ground mica separately. It is estimated that about 85 percent of the quantity and 50 percent of the value of all exports prior to 1937, as shown in table 3, consisted of ground mica. Ordinarily, exports go principally to the United Kingdom, Germany, and Canada. During 1940, most shipments went to the United Kingdom and Canada.

Table 3. - Mica and manufactures: United States exports, 1927-40

	Quantity	Value	Unit
	Short tons		value
Mica and manufactures:			
1927	1,434	\$207,263	\$145
1928	1,831	229,391	125
1929	3,094	329,322	109
1930	2,366	262,826	111
1931	2,620	258,135	99
1932	1,549	132,755	86
1933	1,563	117,863	75
1934	1,751	188,525	108
1935	1,499	165,385	109
1936: ^{1/}			
Mica, unmanufactured	184	6,671	36
Mica, manufactured, and manufactures of	1,294	163,340	126
Total, 1936	1,478	170,011	115
1937:			
Mica, unmanufactured	214	3,895	18
Mica, manufactured, and manufactures of:			
Ground or pulverized	1,532	108,171	71
Other	49	104,792	2,139
Total, 1937	1,795	216,853	121
1938: ^{2/}	1,394	103,651	74
1939	305	22,061	72
1940	706	52,284	74

^{1/} The type of unmanufactured mica reported for 1936, valued at only \$36 per ton, cannot be stated; the lowest-priced unmanufactured sheet (punch) is valued at about \$75 per ton, and the highest-priced scrap at \$16.

^{2/} Beginning with 1938, mica ground and pulverized only.

Competitive conditions

Although small quantities of mica are ground in other countries (Great Britain, Germany, France and Japan), their combined output amounts to only a few hundred tons annually. Competition in the United States with foreign-ground mica has been negligible, and the United States is on an export basis.



ONYX, IN BLOCK, ROUGH OR SQUARED ONLY

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 232(a). Marble, breccia, and onyx, in block, rough or squared only -----		65¢ per cu. ft.

Reclassification.

Onyx, in block, rough or squared only -----	32½¢ per cu. ft.
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Tariff history.

Act of 1930, par. 232(a) -----	65 cents per cubic foot
Act of 1922, par. 232 -----	65 cents per cubic foot
Act of 1913, par. 97 -----	50 cents per cubic foot

Ad valorem equivalent.

On the combined imports of onyx from the two foreign sources, Argentina and Mexico, the ad valorem equivalent of the specific duty of 65 cents per cubic foot increased from 3.9 percent in 1934 to 12.4 percent in 1940. In 1938, it was 4.1 percent on imports from Argentina and 15.4 percent on those from Mexico. The corresponding figures for 1940 were 7.3 percent and 17.4 percent, respectively.

Description and uses.

Onyx is a name given to two distinct commodities: (1) True onyx (banded chalcedony), a crypto-crystalline form of quartz, which is a silicon dioxide related to jasper, agate, and flint; and (2) onyx marble, a crypto-crystalline form of calcium carbonate. The "onyx" of trade, from Argentina and Mexico, is of the second type. Onyx marble is distinguishable from marble by its banded structure and greater translucency.

Little information is available regarding domestic production of onyx. A deposit of onyx marble, in a great variety of colors, was worked periodically for many years at Mayer, Yavapai County, Arizona, 15 miles southeast of Prescott, and the quarried stone was shipped to a finishing plant at Dyersville, Iowa; it is reported, however, that both quarry and mill ceased operation at the end of 1939. This Arizona deposit included a compact, highly lustrous stone, green in color with dashes of red and brown (known as "Paisley shawl"), which has been especially popular.

Argentina and Mexico are the present sources of the onyx used by domestic manufacturers of numerous novelties and other articles made of this stone, including gear-shift-handle balls for automobiles, desk sets, book ends, ash trays, and lamp bases.

Argentine onyx, usually sold under the trade name "Brazilian onyx," is unique because of its distinctive colors, green, rose, and a very pale, yellow-greenish white. The green variety is probably the

best known on the American market.

Mexican onyx is extremely delicate in color, and remarkably uniform in quality. Light green, pearly white, and delicate rose are the more common colors, all permeated by a network of fine, sharp veins of rose red. The Mexican onyx most familiar in the domestic market, however, is the white variety. It is available in slabs of considerable size, used to some extent for interior decoration; for example, in staircases, for mantels and fireplaces, as molding and columns, for ornamental wainscoting in hotel lobbies, banks, and theaters, and as panels fronting soda fountains. Of this onyx, also, table tops are sometimes made.

United States imports.

Imports of onyx are not reported separately but are included in the statistical classification "marble, onyx, and breccia." It is known, however, that onyx is imported only from Argentina and Mexico and that these countries supply no marble or breccia. The United States imports of onyx are therefore represented by the imports from Argentina and Mexico entered as "marble, onyx, and breccia" (table 1).

Total imports of onyx increased from \$33,393 in 1931 to a high of \$132,566 in 1937 but declined to \$99,970 in 1938. By 1940 they had risen to \$115,390. Argentina is the source of the higher-priced green onyx and supplied 83 percent of the total value of imports in 1931, and 54 percent in 1939. An increase in the quantity imported from Mexico gave that country first place by a small margin in 1940. However, in the first 6 months of 1941, Argentina supplied 54 percent of the total.

The average foreign value of imports of the Argentine product in terms of United States currency has varied considerably during the past 12 years, from a high of \$25.41 per cubic foot in 1936 to a low of \$8.91 in 1940. The average value of the Mexican onyx fluctuated between a high of \$6.56 per cubic foot in 1931 and a low of \$3.75 in 1940.

Table 1. - Onyx, in block, rough or squared only: United States
imports for consumption from Argentina and Mexico,
in specified years, 1931 to 1940,
and January-June 1941

Country	1931	1935	1937	1938	1939	1940 ^{1/}	1941 ^{1/} :Jan.-June
Quantity (cubic feet)							
Argentina	1,560	3,800	3,250	3,558	5,662	6,416	3,024
Mexico	864	4,158	13,253	10,443	11,802	15,506	7,076
Total	2,424	7,958	16,503	14,001	17,464	21,922	10,100
Value							
Argentina	\$27,722	\$94,378	\$75,840	\$56,030	\$54,955	\$57,180	\$31,381
Mexico	5,671	20,622	56,726	43,940	46,612	58,210	26,507
Total	33,393	115,000	132,566	99,970	101,567	115,390	57,888
Unit value (per cubic foot)							
Argentina	\$17.77	\$24.84	\$23.34	\$15.75	\$9.71	\$8.91	\$10.38
Mexico	6.56	4.96	4.28	4.21	3.95	3.75	3.75
Total	13.78	14.45	8.03	7.14	5.87	5.26	5.73
Percent of total value							
Argentina	83.0	82.0	57.2	56.0	54.1	49.6	54.2
Mexico	17.0	18.0	42.8	44.0	45.9	50.4	45.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

Detailed statistics of annual production of onyx in Argentina and Mexico are not available.

In 1937, however, Argentina reported production of 595 metric tons, of which 409 were exported. The United States took 221 metric tons of these exports, Belgium 74, and France 63. Argentine exports in 1939 were 637 metric tons, of which the United States took 472 (table 2). The principal quarry is at Santa Isabel, Province of San Luis, and is owned and operated by a company in Buenos Aires. The sole United States importer of quarry block from this deposit is a concern in New York City.

The Mexican onyx-marble deposits are large; annual production is 10,000 to 15,000 cubic feet, and there is an estimated reserve of 1,500,000 cubic feet. The quarries, known as the New Pedrera, are located at El Marmol, Lower California, 51 miles inland from Santa Catarina, the port of shipment, and are operated by the New Pedrera Onyx Company. Exports of onyx, not separately classified in the official Mexican statistics, probably go entirely to the United States, and most, if not all, are taken by a California manufacturer of novelties.

Table 2. - Onyx: Exports from Argentina, to principal countries, 1935-39

Country	1935	1936	1937	1938	1939	1940
Quantity (1,000 pounds)						
United States	692	639	487	667	1,030	
Germany	173	-	140	161	106	
Belgium	173	323	164	26	127	
Brazil	-	2	70	1	139	
All other	-	137	39	20	-	
Total	1,038	1,101	900	875	1,402	
Percent of total quantity						
United States	66.6	58.1	54.1	76.3	73.5	
Germany	16.7	-	15.5	18.4	7.5	
Belgium	16.7	29.3	18.2	3.0	9.1	
Brazil	-	.2	7.7	.1	9.9	
All other	-	12.4	4.5	2.2	-	
Total	100.0	100.0	100.0	100.0	100.0	

Source: Compiled from official statistics of Argentina.

Competitive conditions.

Green-onyx novelties, including desk sets, lamp bases, clock cases, vases, book ends, and ash trays, formerly imported in large numbers

from Germany, are now manufactured in the United States from Argentine onyx, mainly in New York City and Chicago. This shift from importation to domestic production of onyx articles may be attributed largely to the development of the block-onyx trade between the United States and Argentina since the establishment by the Argentine industry of a sales-promotion office in this country. Argentine onyx was formerly shipped principally to Germany for manufacture.

The deposits of onyx in Mexico are owned by an American manufacturing firm in California, which sells the onyx in the form of finished articles.

Onyx competes with marble and other products such as synthetic resins and cellulose plastics. It is possible that modern plastics, made of synthetic materials, may in future offer serious competition to onyx.



OSIER OR WILLOW

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 409. *** osier or willow, including chip of and split willow, prepared for basket makers' use ***	35% ad val.	17½% ad val.

Tariff history.

Act of 1930, par. 409 - 35% ad val.
 Act of 1922, par. 407 - 35% ad val.
 Act of 1913, par. 173 - 10% ad val.

Description and uses.

Willow (osier) prepared for basket makers' use consists of peeled willow, usually 4½ to 7½ feet long. There are species of cultivated willow which produce long, slender withes sufficiently pliable to be readily woven. The principal use of such willow is in the manufacture of furniture and baskets; smaller quantities are used in making coverings for demijohns. Willow not classified as prepared for basket makers' use, usually 8 feet or more in length, is dutiable at 10 per cent ad valorem as unenumerated raw material under paragraph 1558.

United States production, imports, and exports.

No statistics of domestic production of basket makers' willow are available, but it is estimated that imports supply more than half the quantity consumed in the United States. There are probably no exports. Imports declined from \$11,362 in 1931 to \$2,769 in 1933, averaged \$5,278 per year in the 1938-40 period, and amounted to \$4,222 in the first half of 1941 (table 1). These figures include only the imports of willow prepared for basket makers' use. Other willow, entered under paragraph 1558, is not separately recorded.

The use of willow in the United States for the manufacture of baskets has declined greatly in the last two or three decades. Other receptacles have superseded the willow market basket, and substitute materials that lend themselves to low-cost machine production have displaced willow in the manufacture of other types of baskets and other products.

Imported willow is predominantly of the sap-peeled stock and is said to be better sorted by length and size than the domestic product. The few large producers of willow articles depend upon imports for their raw materials. The domestic willow is consumed chiefly in household crafts and small factories.

Argentina supplied all the imports of willow for basket makers' use in 1940 and the first 6 months of 1941, and almost all in prior years.

Table 1. - Osier or willow for basket makers' use:^{1/} United States imports for consumption by principal countries, in specified years, 1931 to 1940, and January-June 1941

Country	1931	1933 ^{2/}	1937	1938	1939	1940 ^{2/}	1941 ^{2/} (Jan.-June)
Quantity (1,000 pounds)							
Argentina	202	118	176	144	173	204	187
France	21	-	-	-	-	-	-
All other	40	14	6	6	5	-	-
Total	263	132	182	150	178	204	187
Value							
Argentina	\$8,900	\$2,429	\$7,992	\$6,528	\$5,335	\$3,589	\$4,222
France	881	-	-	-	-	-	-
All other	1,581	340	277	203	178	-	-
Total	11,362	2,769	8,269	6,731	5,513	3,589	4,222

^{1/} Other willow (not prepared for basket makers' use) is dutiable at 10 percent ad valorem under paragraph 1558 of the Tariff Act of 1930, but imports are not separately reported.

^{2/} Revised data.

^{3/} Preliminary

Source: Compiled from official statistics of the U. S. Department of Commerce.

Exports from Argentina.

The United States is an important market for willow produced in Argentina. In this respect, the United States has been outranked only by Brazil and, in some years, the United Kingdom. The figures for exports from Argentina shown in table 2 include not only the lengths and sizes prepared for basket makers' use and entered into the United States under paragraph 409 of the tariff act, but also other willow of larger sizes entered under paragraph 1558.

Table 2. - Willow: Exports from Argentina to principal markets, in specified years, 1931 to 1939

(In 1,000 pounds)							
Country	1931	1933	1935	1937	1938	1939	
United Kingdom	601	635	355	299	411	802	
Brazil	701	846	889	747	481	574	
United States	335	274	338	470	382	518	
All other	89	256	98	48	64	52	
Total	1,726	2,011	1,680	1,564	1,338	1,946	

Source: Compiled from official statistics of Argentina.

Competitive conditions.

In the United States the demand for willow has been declining for a number of years. The willow market basket, formerly an important willow product, has been supplanted by paper bags and fiberboard boxes. Willow is still used in making large laundry baskets, but splitwood, veneer, fiber, metal, and other materials are now substituted to a large extent in the manufacture of receptacles and other articles formerly made of willow.

Imported willow, which is sap-peeled and white in color, is preferred by manufacturers to the domestic product, which is steam-peeled and reddish-brown. The imported article is also said to be better sorted as to size and length than the domestic willow. Imported willow is used by a few large producers of willow articles whereas the domestic is used largely in household industries and small factories.



TALLOW, OLEO OIL, AND OLEO STEARIN

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 701. - Tallow -----	1/2¢ lb.	1/4¢ lb.
Oleo oil and oleo		
stearin -----	1¢ lb.	1/2¢ lb.

Import excise tax.

	<u>Rate of tax</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Internal Revenue Code, sec. 2491, and Revenue Act of 1936, sec. 701:		
Tallow -----	3¢ lb.	1-1/2¢ lb.
Oleo oil and oleo stearin -----	3¢ lb. ^{1/}	1-1/2¢ lb.

Tariff history.

Act of 1930, par. 701: Tallow, 1/2¢ lb.
 Oleo oil and oleo stearin, 1¢ lb.

Act of 1922, par. 701: Tallow, 1/2¢ lb.
 Oleo oil and oleo stearin, 1¢ lb.

Act of 1913, par. 622: Tallow - Free
par. 562: Oleo stearin - Free
par. 44: Oleo oil (all other animal oils, n.s.p.f.),
 15% ad val.

Ad valorem equivalents of excise taxes and import duties combined.

	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941 (Jan.- June)</u>
			Percent		
Tallow:					
Edible -----	59.9	96.9	-	-	128.1
Inedible -----	1/58.7	60.9	119.8	110.6	111.5
Oleo stearin -	2/73.3	2/107.3	3/74.7	3/188.8	-

There have been no imports of oleo oil in 1938-41 and only an insignificant quantity in 1937.

Description and uses.

Tallow is made from hard animal fats obtained chiefly from cattle and in smaller quantities from calves and sheep, and includes both edible and inedible types.

Oleo stock, in effect, is the highest grade of edible tallow, from which oleo oil and oleo stearin are made.

^{1/} Exempt from import excise tax when imported into the customs district of Puerto Rico.

^{2/} Does not agree with published statistics as not all imports are reported as taxable.

^{3/} Imports insignificant.

Edible tallow from the smaller plants which may not make oleo products is sometimes interchangeable with oleo stock. However, the term "oleo stock" is used only to designate the relatively small quantities of the edible grade ^{oleo} suitable for use in margarine. Edible tallow is generally made from fat cutting scraps, from fats of cattle condemned because of a slight infection of such diseases as tuberculosis or measles, and from sausage scrap, rennets, gullet ends, and similar materials. Sometimes the scrap from oleo kettles (i.e., oleo bottoms) is also used.

Inedible tallow is made largely from fats removed in uninspected slaughtering plants, and from fat scraps and trimmings collected from retail meat shops. In large plants, inedible tallow is made from fat which so permeates the meat and bone as to make its separation before rendering impracticable, from dirty sausage trimmings, and from catch basin and floor pickings. By far the greater part of the inedible tallow produced is used in the manufacture of soap. Small quantities are converted into tallow oil, used as a lubricant, and inedible stearin, used chiefly in candles and soap.

Oleo stock, produced only in Federally inspected plants, is obtained from fats surrounding the internal organs of cattle, calves, and sheep, such as caul and ruffle fat, and fats obtained from the large and small intestines, plucks, rennets, and hearts. In the United States the better grades of beef and sheep fat are blended in the production of oleo stock. The rendering process removes the water and fiber from the fat. When pressed, oleo stock yields about 60 to 65 percent of oleo oil, the rest being stearin. Oleo oil is bright yellow in color and has a sweet, buttery flavor. Oleo stock and oleo oil are used chiefly in the manufacture of margarine. Oleo stearin, the solid portion of oleo stock, is used chiefly for blending with refined cottonseed oil and other soft oils in the manufacture of lard substitutes.

Summary of United States production, imports, and exports.

Domestic production of tallow and oleo products has ordinarily supplied practically all of the domestic requirements. Imports of these commodities have as a rule been very small in comparison with production and exports (table 1). The unusually large entries in 1935 may be attributed in part to the small domestic production resulting from the effects of the drought of 1934 and in part to the imposition of import excise taxes on certain competing oils (particularly palm and whale oils) in May 1934 while tallow and oleo products remained subject to relatively low rates of duty until August 1936. Exports of tallow and oleo products greatly exceed imports. In most years since 1927, exports of tallow alone have been less than imports, but during the 4-year period 1930-33, and again in 1939 and 1940, the reverse was true. Exports of oleo products have always exceeded imports, and in most years the excess has been very large.

Table 1. - Tallow and oleo products: Comparison of United States production, imports, and exports, in specified years, 1931 to 1940

(In thousands of pounds)							
	1931	1933	1935	1937	1938	1939	1940 ^{1/}
Tallow:							
Production ———	560,840	624,238	466,043	516,538	610,767	695,902	789,987
Imports ———	1,365	239	245,851	14,503	1,304	1,496	1,368
Exports ^{2/} ———	2,665	6,839	536	1,149	729	2,318	2,132
Oleo products:							
Production ———	141,070	127,587	116,313	118,523	134,483	113,534	107,372
Imports ———	2,146	97	10,827	3,747	400	(3/)	(3/)
Exports ———	62,088	48,688	13,890	8,968	8,414	10,513	3,060

^{1/} Preliminary.

^{2/} Prior to 1937, export data cover edible tallow only. Inedible tallow is not separately classified; it is included in "Other animal greases and fats."

^{3/} Less than 500 pounds.

Sources: Production from Fats, Oils, and Other Oleaginous Materials, 1912-1935, U. S. Department of Agriculture, and Animal and Vegetable Oils and Fats, U. S. Department of Commerce. Imports and exports compiled from official statistics of the U. S. Department of Commerce.

United States production.

Edible animal fats are produced by meat-packing concerns operating under Federal inspection. Inedible animal fats are produced mainly by industries engaged primarily in salvaging animal byproducts and meat wastes, and are a major product of rendering plants and municipal reduction works. Large quantities are also produced incidentally by meat-packing concerns, chiefly those of smaller size. Although complete data on the number of establishments producing inedible animal fats are not available, it is known that there are several thousands of them.

Tallow.— During the period 1927-29, the average annual United States production of tallow, in factories as reported to the Bureau of the Census, was about 452 million pounds, of which 45 million were edible and 407 million were inedible. During the period 1930-34, total production averaged about 575 million pounds, of which about 60 million were edible and 515 million were inedible. Principally because of drought conditions, production decreased from 667 million pounds in 1934 to 466 million in 1935, the low point since 1928. Most of this decrease was accounted for by the decrease in production of the inedible type. In 1940 total production had increased to 790 million pounds, of which 79 million were edible (table 2).

Table 2. - Tallow:^{1/} United States production, 1927-40

(In thousands of pounds)				
Year	Total	Edible	Inedible	
1927	453,056	48,892	404,164	
1928	432,709	41,047	391,662	
1929	469,365	43,727	425,638	
1930	490,134	41,676	448,458	
1931	560,840	70,100	490,740	
1932	532,565	52,605	479,960	
1933	624,238	58,492	565,746	
1934	667,483	78,021	589,462	
1935	466,043	73,893	392,150	
1936	578,853	98,117	480,736	
1937	516,538	78,144	438,394	
1938	610,767	93,481	517,286	
1939	695,902	93,825	602,077	
1940	2/789,987	78,645	711,342	

^{1/} Data are for production in factories and do not include relatively small quantities of inedible tallow produced elsewhere.

^{2/} Preliminary.

Source: Fats, Oils, and Other Oleaginous Materials, 1912-1935, U. S. Department of Agriculture; and Animal and Vegetable Oils and Fats, U. S. Department of Commerce.

Oleo products. - Oleo oil constitutes about two-thirds of the total quantity of oleo products made in the United States. Domestic output of these products has declined greatly, though irregularly. From 1927 to 1933, the average annual production of oleo products amounted to 159 million pounds, but in the period 1934-40, annual production ranged between 147 million pounds (1936) and 107 million pounds (1940), averaging about 121 million a year.

Table 3. - Oleo products: United States production, 1927-40

Year	(In thousands of pounds)		
	Total oleo oil and oleo stearin	Oleo oil ^{1/}	Oleo stearin ^{2/}
1927	194,920	127,594	67,326
1928	185,367	124,105	61,262
1929	182,250	122,527	59,723
1930	172,245	116,430	55,815
1931	141,070	94,456	46,614
1932	110,757	74,710	36,047
1933	127,587	88,849	38,738
1934	112,505	73,776	33,829
1935	116,313	74,558	41,755
1936	147,328	98,022	49,306
1937	118,523	74,937	43,536
1938	134,483	88,346	46,137
1939	113,534	75,860	37,674
1940	107,372	69,475	37,897

^{1/} Includes oleo stock, not separately shown, but reported in oil and stearin equivalent.

^{2/} Edible animal stearin, practically all oleo stearin.

Source: Fats, Oils, and Other Oleaginous Materials, 1912-35, U. S. Department of Agriculture; and Animal and Vegetable Oils and Fats, U. S. Department of Commerce.

United States imports.

Tallow. - Prior to April 1, 1936, imports of edible and inedible tallow were not reported separately, but it is known that they consisted chiefly of the inedible type. In the period 1927-29, imports of tallow averaged 14.3 million pounds a year, but declined sharply to an annual average of 670,000 pounds during the period 1930-33. Imports increased to 43 million pounds in 1934 and to 246 million in 1935, being equivalent to more than half of the domestic production. These unusually large entries resulted in part from the effects of the 1934 drought and in part from the imposition of import excise taxes on certain other competing oils, particularly palm and whale oils, while tallow was then subject only to the duty of 1/2 cent per pound. In 1936, imports declined to 79 million pounds, of which 76 million entered before the import excise tax (3 cents per pound) on tallow became effective in August. Since that time imports of all tallow have been small and, except in 1937, have consisted chiefly of the inedible type.

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Imports of tallow come chiefly from Canada, Argentina, Australia, New Zealand, and Uruguay (see table 4). Imports from Argentina declined from more than 10,000,000 pounds in 1937 to 84,551 in 1938, but they have since been of increasing importance. They amounted to 4,039,073 pounds, valued at \$117,505, in the first 6 months of 1941, in which period Argentina supplied three-fourths of the imports of inedible tallow and all of the imports of edible tallow.

Table 4. - Tallow, edible and inedible,^{1/} United States imports for consumption, by principal sources, April 1-December 31, 1936, 1937-40, and January-June 1941^{2/}

Country	1936 (April 1 to December 31)	1937	1938	1939	1940 ^{2/}	1941 ^{2/} (Jan. - June)
Inedible						
Quantity (pounds)						
United Kingdom	15,154,029	-	-	-	-	-
Canada	7,952,164	1,043,495	801,846	244,085	577,007	841,860
Argentina	1,012,207	772,331	84,551	207,871	427,842	2,707,596
Brazil	1,573,347	507,987	-	-	-	-
Uruguay	1,639,601	430,503	-	439,443	-	99,980
Australia	12,808,870	554,232	309,194	492,980	44,868	-
New Zealand	4,122,784	542,283	33,603	112,095	318,779	-
All other	643,613	-	-	-	-	-
Total	44,908,617	3,850,831	1,229,194	1,496,474	1,368,496	1,649,436
Value						
United Kingdom	\$671,869	-	-	-	-	-
Canada	366,961	\$56,478	\$28,761	\$8,634	\$13,454	\$29,866
Argentina	59,223	41,001	2,833	6,449	17,781	81,136
Brazil	69,247	30,767	-	-	-	-
Uruguay	85,391	23,267	-	15,093	-	3,515
Australia	639,876	30,354	16,984	11,751	1,514	-
New Zealand	139,576	23,669	1,196	1,792	10,565	-
All other	30,263	-	-	-	-	-
Total	2,062,402	205,528	49,774	43,729	43,314	114,517
Edible						
Quantity (pounds)						
Canada	2,629,862	62,225	75,000	-	-	-
Argentina	2,638,386	9,300,732	-	-	-	1,331,477
Brazil	924,232	-	-	-	-	-
Uruguay	3,233,034	1,288,954	-	-	-	-
New Zealand	332,163	-	-	-	-	-
All other	-	209	-	-	-	-
Total	9,757,677	10,652,111	75,000	-	-	1,331,477
Value						
Canada	\$153,225	\$3,122	\$2,708	-	-	-
Argentina	160,684	558,092	-	-	-	\$36,369
Brazil	51,647	-	-	-	-	-
Uruguay	180,926	61,560	-	-	-	-
New Zealand	18,587	-	-	-	-	-
All other	-	23	-	-	-	-
Total	565,069	622,797	2,708	-	-	36,369

^{1/} Not reported separately prior to April 1, 1936.

^{2/} Preliminary.

Sources: Compiled from official statistics of the U. S. Department of Commerce.

Oleo oil and oleo stearin. - Imports of oleo oil and oleo stearin in 1935 were approximately 11 million pounds (nearly 10 percent of production in the United States), valued at \$778,000, but in most years entries have been only a fraction as large as in 1935, and since the beginning of 1939 they have amounted altogether to only 584 pounds, valued at \$16 (table 5).

In general, imports of oleo oil have been unimportant in comparison with those of oleo stearin. In the 5-year period ended in 1936, Argentina furnished about 80 percent of total imports of oleo oil and 70 percent of those of oleo stearin. No imports of oleo oil were received from Argentina after 1936, but that country continued to furnish the principal imports of oleo stearin until the end of 1938, after which the only entries into the United States were negligible quantities from Canada and the United Kingdom.

Table 5. - Oleo oil and oleo stearin: United States imports for consumption, in specified years, 1929 to 1940 and January-June 1941

Country	1929	1931	1935	1936	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Oleo oil									
Quantity (pounds)									
Argentina	146,155	100,703	1,389,606	19,587	-	-	-	-	-
Uruguay	38,777	-	-	-	-	-	-	-	-
Canada	-	-	235,267	43,699	2,242	-	-	-	-
Germany	-	3,031	233	-	-	-	-	-	-
All other	1,139	-	819	-	-	-	-	-	-
Total	188,071	103,734	1,625,925	63,286	2,242	-	-	-	-
Value									
Argentina	\$14,003	\$6,263	\$106,434	\$1,173	-	-	-	-	-
Uruguay	3,889	-	-	-	-	-	-	-	-
Canada	-	-	25,027	2,961	\$156	-	-	-	-
Germany	-	423	36	-	-	-	-	-	-
All other	360	-	108	-	-	-	-	-	-
Total	18,252	6,686	131,597	4,134	156	-	-	-	-
Oleo stearin									
Quantity (pounds)									
Argentina	1,338,683	1,566,268	6,419,008	3,385,915	3,118,633	344,954	-	-	-
Uruguay	147,469	-	1,039,422	561,030	343,481	55,116	-	-	-
New Zealand	58,163	149,786	111,753	28,453	-	-	-	-	-
Australia	-	22,469	993,090	774,598	281,113	-	-	-	-
Canada	92,546	-	581,971	478,167	1,418	-	-	472	-
United Kingdom	-	283,138	-	88,602	-	-	112	-	-
All other	100,025	108	55,597	-	-	-	-	-	-
Total	1,736,886	2,021,962	9,200,849	5,316,765	3,764,645	400,070	112	472	-
Value									
Argentina	\$113,876	\$83,685	\$453,299	\$227,378	\$173,068	\$12,716	-	-	-
Uruguay	13,244	-	65,300	37,263	17,092	2,205	-	-	-
New Zealand	4,534	7,412	9,767	2,054	-	-	-	-	-
Australia	-	788	58,616	43,485	14,078	-	-	-	-
Canada	8,870	-	55,656	38,084	99	-	-	\$10	-
United Kingdom	-	20,372	-	6,021	-	-	\$6	-	-
All other	3,661	34	4,007	-	-	-	-	-	-
Total	149,945	112,291	646,645	354,285	204,337	14,921	6	10	-

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Trade Agreement With Argentina

United States exports.

Tallow. - Exports of tallow consist chiefly of inedible tallow (table 6). During the 5 years 1936-40, combined exports of edible and inedible tallow were 2 million pounds a year, valued at \$127,000, representing about one-third of 1 percent of annual production in this period. In most years, the principal exports of edible tallow have been to the United Kingdom, and those of inedible tallow, to Canada, Mexico, and other countries of North and South America. In 1940, however, Portugal was the largest single market for United States exports of edible tallow, and the largest market for exports of inedible tallow was Finland.

Table 6. - Tallow, edible and inedible: United States exports of domestic merchandise, 1929, 1931, 1933, and 1933-40

Year	All tallow	Edible tallow	Inedible tallow
Quantity (1,000 pounds)			
1929	3,840		
1931	2,665		
1933	6,839		
1934	7,347		
1935	536		
1936	3,522	709	2,813
1937	1,150	267	883
1938	729	260	469
1939	2,318	276	2,042
1940 ^{2/}	2,132	122	2,010
Value			
1929	\$326,851		
1931	171,289		
1933	319,114		
1934	335,792		
1935	61,040		
1936	222,747	\$58,372	\$164,375
1937	99,279	32,806	66,473
1938	55,810	22,287	33,523
1939	154,373	19,470	134,903
1940 ^{2/}	102,996	9,384	93,612

^{1/} Detail not available prior to 1936.

^{2/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Oleo products.

Exports of oleo products, principally oleo stock and oil, in 1929 amounted to 80 million pounds, valued at 8.8 million dollars, or about 45 percent of production in the United States. Except for a brief recovery in 1939, however, exports have declined steadily for a number of years (table 7). In 1940 they amounted to 3 million pounds, valued at \$240,000. Shipments have gone chiefly to the United Kingdom, Sweden, the Netherlands, and other European countries.

Table 7. - Oleo products: United States exports of domestic merchandise, 1929, 1931, and 1933-40

Year	Total oleo products	Oleo stock	Oleo oil	Oleo stearin, edible
Quantity (1,000 pounds)				
1929	80,239	8,099	68,209	3,931
1931	62,089	7,924	47,323	6,842
1933	48,689	8,633	33,783	6,273
1934	30,947	5,979	20,713	4,255
1935	13,890	3,378	9,251	1,261
1936	13,900	3,616	9,131	1,153
1937	8,968	2,656	5,711	601
1938	8,414	2,874	5,359	181
1939	10,513	4,894	5,466	153
1940	3,060	1,637	1,334	89
Value				
1929	\$8,800,978	\$859,633	\$7,501,270	\$440,075
1931	4,387,338	538,957	3,308,704	539,677
1933	2,674,696	481,844	1,886,504	306,348
1934	1,985,839	409,181	1,320,873	255,785
1935	1,579,437	387,050	1,063,101	129,286
1936	1,389,958	346,594	942,541	100,823
1937	1,084,898	323,521	701,762	59,615
1938	756,257	250,564	492,443	13,250
1939	958,681	469,425	475,992	13,264
1940	240,119	122,641	110,565	6,913

Source: Compiled from official statistics of the U. S. Department of Commerce.

World production and trade.

Data on production of tallow and oleo products in foreign countries are not available. The international trade of principal countries in beef fats, consisting mostly of tallow, is given in table 8. Exports of the principal exporting countries have declined about 30 percent since 1929, this decline mainly reflecting reduced shipments from the United States. Imports of the principal importing countries have likewise decreased, principally because of the virtual disappearance of France from among the leading world markets.

During recent years, the United Kingdom has been by far the largest importer of beef fats, accounting in 1938 for as much as the combined imports of the other countries shown. Argentina is the principal world exporter of beef fats, furnishing from 30 to 40 percent of the total. Prior to the outbreak of the war in Europe, shipments from Argentina were made in substantial amounts not only to the United Kingdom but also to Germany, the Netherlands, and other countries of the Continent. Argentine exports increased sharply in 1939, but preliminary statistics for 1940 indicate a return in that year to approximately the 1938 level.

Table 8. - Beef fats:^{1/} Imports and exports of principal countries, in specified years 1929 to 1939

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(In millions of pounds)							
Country	1929	1931	1933	1935	1937	1938	1939
Importing countries:							
United Kingdom	146.0	143.0	147.0	103.5	141.5	152.2	142.0
Germany	79.0	42.0	66.0	46.7	85.8	94.1	(2/)
Netherlands	88.0	56.0	38.0	40.4	46.9	39.7	42.4
France	151.0	9.0	11.0	5.0	18.3	3.9	(2/)
Cuba	23.0	20.0	21.0	10.5	8.3	3.7	6.1
United States ^{3/}	19.0	5.0	1.0	257.1	20.9	4.1	4.7
Total	506.0	275.0	284.0	463.2	321.7	297.7	(2/)
Exporting countries:							
Argentina	163.0	145.0	166.0	157.9	154.8	111.4	152.5
Australia ^{4/}	68.0	87.0	55.0	51.8	61.9	64.1	(2/)
New Zealand	47.0	53.0	63.0	57.3	58.4	66.6	65.7
United States	149.0	147.0	190.0	35.3	15.8	13.5	32.0
United Kingdom ^{5/}	19.0	28.0	15.0	95.3	70.7	71.2	57.6
Uruguay	35.0	35.0	18.0	29.9	12.2	17.6	8.8
Total	481.0	485.0	447.0	437.5	373.8	344.4	(2/)

^{1/} Beef fats include oleo oils, oleo stearin, tallow, neat's-foot oil, olein, oleomargarine and butter substitutes, etc.; data also include small quantities of other animal oils not separately classified.

^{2/} Not available.

^{3/} Includes imports entered free under special provisions from the Philippine Islands.

^{4/} Year beginning July 1.

^{5/} Exports were probably for the most part transshipments, largely of Australian origin.

Source: Compiled from data supplied by the Division of Foreign Statistics, U. S. Bureau of Agricultural Economics.

Competitive conditions.

Edible tallow, oleo oil, and oleo stearin. - These products compete in varying degrees with other edible domestic oils and fats, especially lard, butter, and cottonseed oil. Among imported materials, those offering the principal competition to domestic edible beef fats have been palm-kernel, sesame, sunflower, and palm oils and, more recently, cottonseed, peanut, and babassu oils (either as oils or oil-bearing materials). The United States has usually been a large net exporter of edible animal and vegetable oils and fats. Since 1935, however, it has been on a net import basis as regards the group as a whole, partly because of domestic shortages resulting from droughts and from the agricultural-restrictions program. Practically all imports of edible oils and fats are subject to excise taxes or import duties.

Inedible tallow. - Although the United States has usually imported relatively small quantities of inedible tallow, this country has long been a large net importer of other inedible fats and oils. These imports consist chiefly of coconut, palm, and palm-kernel oils (either as oils or as oil-bearing materials) and inedible olive oil, whale oil, and fish oil. The large imports of inedible tallow in the period June 1934 to August 1936 resulted in part from the fact that inedible tallow (subject to a duty of only 1/2 cent per pound) was exempt from the excise taxes placed, in 1934, on the importation or processing of most of the other inedible fats and oils. Another cause of the increase in imports during the period mentioned was the reduced domestic production that followed the drought of 1934. Since August 1936, when the excise tax was imposed on inedible tallow, production has increased, and imports have again become small in comparison with those of the other inedible fats and oils.

Imports of inedible tallow compete not only with like tallow produced domestically, but also with imports of the other inedible oils, although with some of these oils, especially coconut, palm kernel, and inedible olive oils, tallow has only a somewhat limited interchangeability. For the manufacture of soap, tallow is in large measure interchangeable with palm oil, whale oil, and fish (sardine) oil.



EXTRACT OF MEAT, INCLUDING FLUID

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 705. Extract of meat, including fluid	15¢ lb.	7½¢ lb.

General statement.

Products dutiable under paragraph 705, which are the subject of this concession, include only those in chief value of meat extract. Products containing meat extract but not in chief value thereof are dutiable under another paragraph of the tariff act.

Tariff history.

Trade agreement with United Kingdom, effective January 1, 1939	15¢ lb. (bound)
Act of 1930, par. 705	15¢ lb.
Act of 1922, par. 705	15¢ lb.
Act of 1913, par. 228:	
Fluid extract	5¢ lb.
Extract, n.s.p.f.	10¢ lb.

Ad valorem equivalent of the duty.

The ad valorem equivalent of the duty of 15 cents per pound on meat extracts and fluids increased from 18 percent in 1931 to 40 percent in 1937. During the following 3 years it fluctuated around 37 percent, and in the first 6 months of 1941 it was 52 percent.

Description and uses.

Meat extract is chiefly a byproduct resulting from the production of canned beef, and is obtained by concentrating the water in which the meat has been boiled, after the removal of fats, in which condition it may be thought of as unprocessed meat extract. Meat extract is used for flavoring purposes and also as a semipharmaceutical. Some of it is further processed for marketing as a dry powder, a paste, or a fluid, or in the form of cubes.

Summary of United States production, imports, and exports.

In the United States the raw materials from which meat extract might be obtained are used principally in sausage production, which is more profitable than meat canning. As a result the production of meat extract from domestic materials is relatively unimportant.

Imports annually during the 5 years ended 1940 averaged about 730,000 pounds, valued at \$290,000. A considerable amount of the imported extract is further processed in this country and is eventually marketed as bouillon cubes or in other forms. During most years Argentina has been the principal supplier of imports (in terms of quantity) into the United States, although imports from the United Kingdom have generally been of higher value (table 1). Imports from the United Kingdom consist of comparatively high-priced finished products, chiefly manufactured from unprocessed meat extract obtained from Argentina.

United States exports of meat extract are reported in official statistics in combination with those of bouillon cubes, part of which, at least, consist in chief value of materials other than unprocessed meat extract. The combined exports have declined from 119,554 pounds, valued at \$172,231, in 1935 to 30,890 pounds, valued at \$60,627, in 1940. It is estimated that exports of meat extract alone, during the past 3 years, have been about 18,000 pounds a year. Exports from this country, like those from the United Kingdom, consist very largely of products manufactured from imported unprocessed meat extract.

Foreign production and trade.

Argentina and Uruguay are the principal producers of meat extract. Exports from Argentina in recent years have averaged annually about 5,000,000 pounds (table 2). Most of these exports have gone to the United Kingdom, Germany, Italy, and other countries of Europe. The United States has been a comparatively unimportant market for the Argentine product, exports to this country in 1939 representing only about 5 percent of the total. However, some of the exports to the United Kingdom are further processed and then shipped to the United States.

Table 1. - Meat extract, including fluid: United States imports for consumption, by principal sources, in specified years, 1929 to 1940, and January-June 1941

Country	1929	1933	1936	1937	1938	1939	1940 1/	1941 1/ (Jan.-June)
	Quantity (pounds)							
Argentina	443,680	114,040	181,010	733,051	97,133	234,237	148,214	231,582
Uruguay	254,792	73,096	54,096	108,416	293,328	593,358	37,632	55,440
United Kingdom	36,134	41,323	64,925	190,831	118,612	159,246	217,423	95,586
Brazil	-	-	-	-	296	210,744	155,344	154,896
All other	35,190	5,658	2,806	266	4,622	15,897	23,759	8,334
Total	769,796	234,117	302,837	1,032,564	512,921	1,213,482	582,372	545,838
	Value							
Argentina	\$483,867	\$52,559	\$58,132	\$219,174	\$33,565	\$81,425	\$51,751	\$62,285
Uruguay	284,556	29,071	16,915	30,650	91,658	216,459	14,425	13,951
United Kingdom	71,734	38,434	58,698	140,173	86,443	90,764	123,922	42,670
Brazil	-	-	-	-	116	75,120	41,843	37,504
All other	75,238	4,095	2,810	235	1,045	5,403	5,066	1,802
Total	915,395	124,159	136,555	390,232	212,827	469,171	237,097	158,212
	Unit value (per pound)							
Argentina	\$1.09	\$0.46	\$0.32	\$0.30	\$0.35	\$0.35	\$0.35	\$0.27
Uruguay	1.12	.40	.31	.28	.31	.36	.38	.25
United Kingdom	1.98	.93	.90	.73	.73	.57	.57	.45
Brazil	-	-	-	-	.39	.36	.27	.24
All other	2.14	.72	1.00	.88	.33	.34	.21	.22
Average	1.19	.53	.45	.38	.41	.39	.41	.29

1/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 2. - Meat extract: Exports from Argentina to principal countries, 1929, 1933, and 1936-39

Country	1929	1933	1936	1937	1938	1939
Belgium	1,448	1,201	948	313	15	377
United Kingdom	1,571	1,056	3,368	1,310	1,129	2,284
United States	333	55	231	657	95	240
Germany	-	236	692	814	1,131	661
Italy	-	132	306	1,221	911	584
France	-	168	289	209	187	337
All other	339	811	593	304	289	524
Total	3,691	3,659	6,427	4,828	3,757	5,007

Source: Compiled from official annual statistics of Argentina.

Competitive conditions.

Imports from Argentina, Uruguay, and Brazil under this classification consist very largely of crude meat extract to be further processed in the United States. Imports from the United Kingdom consist of finished products made from unprocessed extract obtained from South America, which are similar to those produced in the United States. The imports from the United Kingdom, which compete more directly with domestic production than do those from South America, have constituted about 21 percent of the total in recent years.

Unprocessed meat extract is not produced to any considerable extent in the United States because production of canned beef, of which meat extract is a byproduct, is relatively unimportant in this country.



PREPARED OR PRESERVED MEATS, N. S. P. F.

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 706. Meats, *** prepared, or preserved, not specially provided for		6¢ per lb. but not less than 20% ad valorem

Reclassification.

Meats, prepared or preserved, not specially provided for (except meat pastes other than liver pastes, packed in airtight containers weighing with their contents not more than 3 ounces each)	3¢ per lb. but not less than 20% ad valorem.
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Tariff history.

- Act of 1930, par. 706 - 6¢ per lb. but not less than 20% ad valorem.
- Act of 1922, par. 706 - 20% ad valorem.
- Act of 1921, par. 14 - 25% ad valorem.
- Act of 1913, par. 545 - Free.

General statement.

The concession in the agreement with Argentina applies to prepared or preserved meats dutiable under paragraph 706 and reported under the following import classifications: (1) Canned beef, including canned corned beef; (2) pickled or cured beef and veal; and (3) canned meats, not elsewhere specified, and prepared or preserved meats, not specially provided for, including liver paste. By far the principal importation under paragraph 706 is canned beef, consisting chiefly of canned corned beef, nearly all of which comes from Argentina, Uruguay, and Brazil. Imports under the third classification are relatively unimportant and consist almost entirely of meat specialties other than canned beef and pickled or cured beef and veal. Items included in the import classification "meat pastes (except liver paste), prepared or preserved, n.s.p.f., packed in air-tight containers weighing each not over 3 ounces" are also dutiable under paragraph 706, but are not included in the concession to Argentina. The duty on items in this class was reduced in the trade agreement with the United Kingdom, effective January 1, 1939, from 6 cents per pound but not less than 20 percent ad valorem to 6 cents per pound but not less than 10 percent ad valorem. Bacon, hams, shoulders, and other pork, prepared or preserved (dutiable under paragraph 703), and meat products containing vegetables (dutiable under paragraph 775), are not included in the concession.

Ad valorem equivalent.

The ad valorem equivalent of the duty on imports under each of the three import classes covered by the concession to Argentina for the years specified has been as follows:

<u>Year</u>	<u>Canned beef,</u> <u>including</u>	<u>Beef and veal,</u>	<u>Canned meats, n.e.s.,</u>
	<u>canned corned beef</u>	<u>pickled or cured</u>	<u>and prepared or pre-</u> <u>served meats, n.s.p.f.</u> ^{1/}
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
1935	82	80	
1936	63	76	
1937	58	71	
1938	56	79	
1939	60	84	24
1940	53	78	23
1941 (Jan.- June)	55	76	20

^{1/} Not reported separately prior to 1939.

Description and uses.

Canned beef is made of beef from inferior cattle (in the United States from very low-grade cattle; in Argentina from a better grade). Canned corned beef is used by restaurants, in the "sandwich trade," in camps and construction projects, and in the home, where its convenience is an important consideration.

Under the category of beef and veal, pickled or cured, the chief product is beef pickled or cured in salt or brine so that it may be kept for a long time with little or no refrigeration. It is a cheap meat used especially for supplying ships, construction camps, and other places where refrigeration is inadequate or wholly lacking. Dried, sliced, or smoked beef is also included in this category.

The concession under paragraph 706 embraces a wide variety of prepared or preserved meats other than those mentioned above; the total imports into the United States have been comparatively small. The following are the more important of these products: Liver paste, meat balls (not containing vegetables), blood pudding, smoked lamb, canned lamb, Oxford brawn, ox tongue, kidney pudding, bologna and other sausages (except all-pork sausage), and edible offal, if prepared or preserved, such as kidneys, livers, hearts, sweetbreads, and brains.^{1/}

United States production, imports, and exports.

Data on United States production, at all comparable with the data on imports, and exports of meat products included in the agreement with Argentina are available only for the census year 1939 (table 1).

^{1/} Fresh, chilled, or frozen kidneys, livers, hearts, brains, tongues, and sweetbreads are not permitted to enter from South America because of the sanitary embargo on imports of fresh meats from countries infested with foot-and-mouth disease.

Although the production statistics even for 1939 are not strictly comparable with those for imports and exports, they are sufficiently so to indicate roughly the relationship between production, imports, and exports in recent years. In 1939, imports of canned beef alone were about twice as great as domestic production of canned beef, but total production of all prepared and preserved meats under consideration amounted to about 1,710.8 million pounds, valued at 284.4 million dollars; imports to 88.2 million pounds, valued at 8.8 million dollars; and exports to 18.5 million pounds, valued at 2.8 million dollars. Sausage and sausage products (other than all-pork sausage) constituted about 88 percent of domestic production of these products in that year.^{1/} Imports into the United States of concession items consist very largely (about 97 percent in 1939) of canned beef, chiefly canned corned beef. Exports consist principally of pickled or cured beef and veal, sausage (canned and not canned), horsemeat, a variety of canned meats other than pork, and sausage ingredients. The prepared and preserved meats exported are more highly processed and are higher in price than are the imported products.

Table 1. - Prepared or preserved meats (other than pork): United States production, imports, and exports, in 1939

(In thousands)		
	Quantity	Value
	Pounds	
Production:		
Canned beef -----	47,709	\$7,266
Pickled or cured beef and veal -----	72,836	16,537
Sausage and sausage products 1/ -----	1,501,506	245,577
Other meats -----	88,791	15,036
Total -----	1,710,842	284,416
Imports:		
Canned beef -----	2/85,871	8,573
Pickled or cured beef and veal -----	2,165	154
Other meats 3/ -----	169	47
Total -----	88,205	8,774
Exports:		
Canned beef -----	430	96
Pickled or cured beef and veal -----	7,360	663
Other meats 4/ -----	10,740	1,986
Total -----	18,530	2,750

1/ Partly estimated. Beef and pork in roughly equal parts are the chief ingredients in this sausage. Data do not include all-pork sausage. 2/ The dressed-weight equivalent of these imports was about 214,675,000 pounds. 3/ Includes following import class: Canned meats, n.e.s., and prepared or preserved meats, n.s.p.f., including liver paste. 4/ Includes following export classes: Sausage, not canned; sausage, canned; other canned beef; other canned meat; horsemeat; and sausage ingredients.

Source: Data on production from Census of Manufactures, 1939; imports and exports from Foreign Commerce and Navigation of the United States, 1939.

1/ Beef and pork in roughly equal proportions are the predominant ingredients of this sausage.

Table 2. - Prepared and preserved meats (other than pork): United States production of types included under the agreement with Argentina, 1939

Product	Wholesale		Other		Total	
	meat-packing		industries		Quantity	Value
	Quantity	Value	Quantity	Value	Quantity	Value
	1,000	1,000	1,000	1,000	pounds	dollars
	pounds	dollars	pounds	dollars		
Canned beef	44,029	6,348	3,680	918	47,709	7,266
Beef and veal, pickled or cured:						
Beef, pickled and other cured	68,409	15,022	(1/)	(1/)	68,409	15,022
Beef, dried or sliced	(1/)	(1/)	4,427	1,515	4,427	1,515
Total beef and veal, pickled or cured	68,409	15,022	4,427	1,515	72,836	16,537
Sausage (excluding all-pork sausage) ^{2/}						
Fresh sausage and sausage products	2/838,145	129,134	494,904	80,194	1,333,049	209,328
Dry sausage	75,555	17,037	40,873	9,669	116,428	26,706
Canned sausage	23,575	4,611	1,575	249	25,150	4,860
Sausage and sausage products not reported by kind	(1/)	(1/)	2/26,879	2/4,683	26,879	4,683
Total sausage	937,275	150,782	564,231	94,795	1,501,506	245,577
Other canned meats (except pork)	77,272	12,499	4,078	902	81,350	13,401
Brains, tongues, tripe, etc., processed, not fresh	(1/)	(1/)	7,441	1,635	7,441	1,635
Grand total	1,126,985	184,651	583,857	99,765	1,710,842	284,416

^{1/} Not available.

^{2/} Estimated in part.

^{3/} Beef and pork in roughly equal proportions are the predominant ingredients in the sausage included in these statistics.

Source: Census of Manufactures, 1939.

United States production.

The data on United States production of prepared and preserved meats shown in table 2 for 1939 only, as data at all comparable with imports are unobtainable for other years. Only those census classifications are shown which are known to consist entirely or in very large part of products falling within the concession granted to Argentina. Certain census classifications have been omitted because of the lack of exact information concerning the items reported under them. It is, therefore, probable that total production is slightly understated.

In 1939, the wholesale meat-packing industry accounted for about two-thirds of the domestic output of these products. It also produced over 90 percent of the output of canned meats (other than sausage) and pickled or cured beef and veal, and about 62 percent of the output of sausage and sausage products (other than all-pork sausage). The sausage-and-prepared-meats industry accounted for nearly all the rest of domestic production of these meats.

Although production of canned beef (the principal import item affected by the concession to Argentina) was not reported separately in official statistics until 1939, when it amounted to 47.7 million pounds, valued at 7.3 million dollars,^{1/} it is known that since about the middle of 1927 commercial production has been small, and has consisted almost entirely of picnic meats, canned hamburger, canned steak, and other specialties. Beef from inferior cattle, formerly canned, has been used almost entirely for sausage, the production of which has increased greatly since 1920. Sausage is a more profitable outlet for this type of beef than canned corned beef or canned "roast beef". Large quantities of canned corned beef and canned "roast beef" were distributed in 1934 to persons "on relief," and recently substantial quantities have been produced for use chiefly by the Army, the Navy, and the Civilian Conservation Corps; however, imports have, since 1927, supplied most of the civilian consumption of canned corned beef.

Domestic production of pickled or cured beef and veal (including dried, sliced, or smoked beef), chiefly beef, amounted in 1937 to 74.6 million pounds, valued at 16.3 million dollars, and in 1939 to 72.8 million pounds, valued at 16.5 million dollars. Production in the wholesale meat-packing industry increased from 68.6 million pounds in the census year 1921 to 102.7 million pounds in 1927 and then decreased to 63.0 million pounds in 1935; in 1937 and 1939, it amounted to 71.4 million and 68.4 million pounds, respectively. The increase between 1921 and 1927 was due chiefly to increased domestic output of the grades of beef used for pickling or curing incident to the reduction by slaughter of the large herds of beef cattle, which had greatly augmented during the war period. The decline in production since 1927 may be attributed to the fact that grades of beef formerly pickled or cured have been used for sausage, as well as to the smaller total slaughterings in later years.

^{1/} A large part of this production was under government contracts.

Reasonably accurate data on total domestic production of sausage and sausage products (other than all-pork sausage) are available only for the census year 1939, when production amounted to about 1.5 billion pounds, valued at 245.5 million dollars (see table 2). Of this quantity, 937.3 million pounds, valued at 150.8 million dollars, were produced in the wholesale meat-packing industry. Data on production of sausage (not canned) in that industry are available for 1921 and subsequent census years. Census of Manufactures data show that production of sausage of all kinds (not canned) by packers increased from 604 million pounds in 1921 to 928.6 million in 1929 and then decreased to about 755.5 million in 1933;^{1/} production amounted to 989 million pounds in 1937 and 1,035.6 million in 1939. A substantial quantity (possibly as much as 12 or 13 percent) of the output of sausage not canned consists of all-pork sausage, which is not included in the concession to Argentina.

United States imports.

United States imports of prepared or preserved meats of the types on which concessions were made in the agreement with Argentina decreased from 105 million pounds in 1929 to 21.7 million in 1931 and then increased to slightly more than 90 million in each of the years 1936 and 1937 (table 3). In 1938-40, imports ranged between 88.2 million pounds in 1939 and 62.8 million in 1940, averaging about 77.1 million for the 3 years. Entries in the first half of 1941 were larger than in the corresponding period of 1940. On the basis of conversion of canned beef to terms of carcass-beef equivalents,^{2/} imports of concession products amounted to 224.8 million pounds in 1929 as compared with 51 million in 1931, 221.8 million in 1936, and 222.2 million in 1937, and an average of about 190 million pounds in 1938-40.

^{1/} Data for 1933 have been adjusted to make them comparable with other years.

^{2/} The carcass-beef equivalents of imported canned beef are obtained by multiplying actual quantities imported by 2.5, which is the approximate number of pounds of carcass beef required to produce 1 pound of canned beef in South America. This conversion of canned beef to the equivalent of carcass beef doubtless overstates the importance of canned-beef imports in competition with the domestic cattle industry. One pound of imported canned beef, duty paid, sells in this market at wholesale for much less than 2.5 times the average price of domestic carcass beef of all grades. It is impossible to arrive at any factor for converting canned beef to the equivalent of carcass beef that would correctly measure competition. Consequently, the figures are presented both without conversion and with conversion to the equivalent carcass weight of beef.

Table 3. - Prepared or preserved meats (other than pork): United States imports for consumption,^{1/} by kinds, 1929-40 and January-June 1941

Year	(In thousands of pounds)			Total	
	Canned beef, including corned beef	Pickled or cured beef and veal	Other meats ^{2/}	Including canned beef, weight as imported	Including canned beef ^{3/} carcass weight
1929	79,898	9,432	15,633	104,963	224,810
1930	56,103	2,318	2,770	61,191	145,346
1931	19,586	1,461	655	21,702	51,081
1932	24,639	818	161	25,618	62,577
1933	41,344	654	136	42,134	104,150
1934	46,674	862	105	47,641	117,652
1935	76,258	1,467	385	78,110	192,497
1936	87,803	2,181	153	90,137	221,842
1937	88,092	1,753	203	90,048	222,186
1938	78,597	1,559	216	80,372	198,268
1939	85,871	2,164	173	88,208	217,015
1940 ^{4/}	61,344	1,414	67	62,825	154,841
1941 (Jan.-June) ^{4/}	39,136	714	21	39,871	98,575

^{1/} Excludes duty-free imports entered under special provisions of the act of 1930. Includes imports from Cuba and imports into noncontiguous territories. Imports into the Virgin Islands of the United States were included in 1935-39.

^{2/} Imports reported under the classification "canned meats, n.s.s., and prepared or preserved meats, n.s.p.f." in 1940 and 1941 and corresponding classifications for earlier years.

^{3/} Fresh-beef equivalent of canned beef obtained by multiplying imports (weight as imported) by 2.5, which is the approximate number of pounds of carcass beef required to produce 1 pound of canned beef in South America.

^{4/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Canned beef. - In 1929, canned beef (actual weight) accounted for 76.1 percent of total imports of the meat products on which concessions were made in the agreement with Argentina; this figure may be compared with 90.5 percent in 1931, 97.6 in 1936-37, and 98.2 in 1940. On the basis of canned beef in terms of carcass-beef equivalents, the corresponding percentages are as follows: 88.9 in 1929, 95.9 in 1931, 99.0 in 1936-37, and 99.3 in 1940. In the period 1937-40, imports of canned beef into noncontiguous territories of the United States (Alaska, Hawaii, Puerto Rico, and the Virgin Islands) averaged about 1,225,000 pounds annually as compared with total imports of 78,476,000 pounds.

In each year from 1926 to 1940, imports of canned beef greatly exceeded exports (table 4). The much higher unit values of domestic exports may be attributed to the fact that exports consist almost entirely of relatively high-priced beef specialties.

Table 4. - Canned beef, including canned corner beef:^{1/} United States imports for consumption and exports, 1926-40, and January-June 1941

Year	Quantity		Unit value	
	Exports	Imports	Exports	Imports
	1,000	1,000	Cents per	Cents per
	pounds	pounds	pound	pound
1926	2,645	21,045	37.3	11.9
1927	2,752	35,999	33.1	12.1
1928	1,900	52,736	35.2	12.2
1929	2,606	79,898	36.3	12.7
1930	1,710	56,102	39.1	13.5
	:	:	:	:
1931	1,478	19,531	32.5	11.8
1932	1,003	24,638	24.3	8.6
1933	1,202	41,343	24.1	6.5
1934	2,484	46,673	32.6	6.5
1935	2,110	76,258	33.7	7.3
	:	:	:	:
1936	2,029	87,803	30.9	9.5
1937	2,709	88,091	32.5	10.4
1938	2,051	78,592	32.7	10.7
1939	1,588	85,863	33.6	10.0
1940 ^{2/}	745	3/61,316	26.8	11.3
	:	:	:	:
1941 (January-June) ^{2/}		4/38,888		11.0
	:	:	:	:

^{1/} Excludes negligible imports free under special provisions of the tariff act and insignificant imports dutiable at the 20 percent ad valorem rate under the act of 1930.

^{2/} Preliminary.

^{3/} Excludes imports from Cuba amounting to 26,838 pounds, negligible in prior years.

^{4/} Excludes 247,273 pounds imported from Cuba and 61,466 pounds imported free as supplies for vessels.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Before 1937 Uruguay was the principal source of imports, furnishing from one-half to nearly two-thirds of the total. Since 1937, Argentina has ranked first as a source of supply. Except in 1932 and 1937, the average unit values of the imports from Uruguay have been slightly lower than those from Argentina. Paraguay also supplies small quantities. Brazil, formerly an unimportant source, has in recent years become an important shipper and in the first half of 1941 supplied about four times as much as Uruguay (table 5). The recent decline in entries from Uruguay is a result chiefly of heavy exports to the United Kingdom, leaving less to move to other countries. Recently there has been a marked increase in the purchase of canned beef by the United Kingdom, to the detriment of dressed beef, in Argentina, Uruguay, and Brazil.

Table 5. - Canned beef, including corned beef: United States imports for consumption, by principal sources, 1931-40, and January-June 1941

(Imports dutiable at specific rate ^{1/})				
Year	Total	Argentina	Uruguay	Brazil
Quantity (1,000 pounds)				
1931	19,531	8,912	9,731	220
1932	24,638	8,255	15,798	34
1933	41,343	18,908	21,278	-
1934	46,673	17,462	28,593	12
1935	76,258	31,743	41,101	1,807
1936	87,803	39,973	45,772	1,243
1937	88,091	41,360	34,751	9,786
1938	78,592	33,902	25,772	14,594
1939	85,863	34,723	27,364	17,885
1940 ^{2/}	61,316	29,873	6,739	20,038
1941 (Jan.-June) ^{2/}	38,888	25,156	2,160	8,628
Unit value (cents per pound)				
1931	11.8	11.9	11.6	9.1
1932	8.6	8.2	8.8	9.1
1933	6.5	6.6	6.2	-
1934	6.5	6.6	6.3	5.2
1935	7.3	7.6	7.1	6.4
1936	9.5	10.0	9.3	7.4
1937	10.4	10.9	10.2	9.6
1938	10.7	11.0	10.4	10.6
1939	10.0	10.5	9.5	9.7
1940 ^{2/}	11.3	12.3	12.2	9.9
1941 (Jan.-June) ^{2/}	11.0	11.2	11.6	10.6

^{1/} Excludes negligible imports free under special provisions of the tariff act, and insignificant imports dutiable at the 20 percent ad valorem rate, under the Act of 1930. ^{2/} Preliminary ^{3/} Excludes imports from Cuba amounting to 26,838 pounds, negligible in prior years.

^{4/} Excludes 247,273 pounds imported from Cuba and 61,466 pounds imported free as supplies for vessels. ^{5/} Imports from Paraguay for January-June 1941 were greater than those from Uruguay, representing 7.5 percent of total imports.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Pickled or cured beef and veal. - In the census years 1927 and 1929, the ratio of imports of pickled or cured beef and veal to domestic production in the wholesale meat-packing industry was about 10 percent, as compared with an average of 2 or 3 percent for the years 1931, 1933, 1935, 1937, and 1939. The average unit value (including the duty) of imports for each of these years was much less than the corresponding value of domestic production. This difference is accounted for partly by the superior quality of the domestic product.

Although Argentina was the principal source of imports of pickled or cured beef and veal in 1929, in more recent years that country has been an unimportant supplier (table 6), and Uruguay and Brazil have predominated. The imports from all countries in the first 6 months of 1941 were at about the same rate as in 1940, but slightly less than in 1939. In recent years from about two-thirds to three-fourths of the imports have been entered in the customs district of Puerto Rico.

Table 6. - Beef and veal, pickled or cured: United States imports for consumption, by principal sources, in specified years, 1929 to 1940 and January-June 1941

Country	1929	1931	1933	1935	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (pounds)									
Uruguay	3,812,873	1,133,157	607,402	852,203	994,740	810,741	1,531,045	1,247,690	640,495
Argentina	4,014,659	216,651	385	30,683	74,717	63,433	49,971	4,347	15,763
Canada	1,566,582	41,643	7,382	249,565	190,555	10,459	68,708	34,437	53,689
Brazil	23,562	68,144	37,993	172,007	488,712	661,143	514,387	124,474	-
All other	14,234	1,350	535	162,413	4,292	13,790	-	-	-
Total	9,431,910	1,460,945	653,697	1,466,871	1,753,016	1,559,566	2,164,111	1,410,948	709,947
Value									
Uruguay	\$514,069	\$100,302	\$35,567	\$41,077	\$72,949	\$59,532	\$102,148	\$92,696	\$50,045
Argentina	535,534	22,392	27	2,160	7,052	6,266	3,687	302	1,129
Canada	209,810	7,804	1,156	42,433	32,269	2,030	10,894	5,205	4,705
Brazil	3,097	6,345	2,105	11,203	36,158	50,126	37,463	10,748	-
All other	1,727	188	188	12,092	421	711	-	-	-
Total	1,264,237	137,031	39,043	108,965	148,849	118,665	154,192	108,951	55,879
Unit value (cents per pound)									
Uruguay	13.5	8.9	5.9	4.8	7.3	7.3	6.7	7.4	7.8
Argentina	13.3	10.3	7.0	7.0	9.4	9.9	7.4	6.9	7.2
Canada	13.4	18.7	15.7	17.0	16.9	19.4	15.9	15.1	8.8
Brazil	13.1	9.3	5.5	6.5	7.4	7.6	7.3	8.6	-
All other	12.1	13.9	35.1	7.4	9.8	5.2	-	-	-
Average	13.4	9.4	6.0	7.4	8.5	7.6	7.1	7.7	7.9
Percent of total quantity									
Uruguay	40.4	77.6	92.9	58.1	56.7	52.0	70.7	88.4	90.2
Argentina	42.6	14.8	.1	2.1	4.3	4.0	2.3	.3	2.2
Canada	16.6	2.8	1.1	17.0	10.9	.7	3.2	2.5	7.6
Brazil	.3	4.7	5.8	11.7	27.9	42.4	23.8	8.8	-
All other	.1	.1	.1	11.1	.2	.9	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Other meats. - Imports of prepared or preserved meats (not pork) other than canned beef and pickled or cured beef and veal, also affected by the agreement with Argentina, decreased from 15.6 million pounds in 1929 to 105,000 in 1934 (table 3). Nearly all of the entries in 1929 consisted of salted and frozen boned beef from Canada. When the duty was increased to 6 cents per pound but not less than 20 percent ad valorem under the Act of 1930, importations of this meat ceased. In the period 1935-40, entries of these meats ranged between 67,000 pounds (1940) and 385,000 pounds (1935), the average being 200,000. Imports consist almost entirely of liver paste, meat balls, blood puddings, veal sausage, smoked lamb, canned lamb, Oxford brawn, kidney puddings, ox tongues, kidneys, hearts, sweetbreads, brains, and other specialties. Data for the last half of 1939 and the first half of 1940 indicate that imports in those years consisted chiefly of hog-liver paste from France and Denmark, meat balls from Norway, and blood puddings from Cuba. Products of special interest to Argentina are canned lamb, Oxford-type sausages, smoked lamb, and edible animal livers, tongues, hearts, sweetbreads, tripe, and brains.

United States exports.

After 1934, and prior to 1941, average annual exports of the prepared or preserved meats under consideration amounted to about half the quantity exported in years prior to 1932. In 1929-31, exports averaged slightly more than 30 million pounds as compared with 25.7 million in 1932-34 and 16.8 million in 1935-40 (table 7). Largely because of "Lend-Lease" shipments to the United Kingdom, exports increased sharply in the first half of 1941.

Newfoundland (including Labrador) has long been the principal export market for domestic pickled or cured beef and veal. In the period 1931-39, exports to that market ranged from 62 to 90 percent of the total. The French West Indies and Norway are also important export markets.

For many years, the principal export markets for domestic horse-meat have been the Netherlands, Norway, and Sweden (in order of importance). These exports in recent years have been far smaller than in 1929-32. The principal export markets for sausage are the Republic of Panama, the Philippine Islands, and Canada. The United Kingdom is by far the principal foreign market for canned beef. For other canned meats, the principal markets are the United Kingdom, The Philippine Islands, and Venezuela (in order of importance).

1/ See footnote 1, p. 75.

Table 7. - Prepared or preserved meats (other than pork): United States exports (domestic merchandise), by kinds, 1929-40, and January-June 1941

(In thousands of pounds)

Year	Canned beef	Pickled or cured beef and veal	Horse meat	Sausage ^{1/}	Other canned meats	Sausage ingredi- ents	Total
1929	2,606	10,825	8,940	5,863	2,266	(3/)	30,500
1930	1,709	14,671	8,563	4,678	2,644	(3/)	32,265
1931	1,478	13,022	7,421	3,624	1,612	(3/)	27,157
1932	1,003	9,868	4,021	2,947	794	5,839	24,472
1933	1,202	12,734	2,695	3,553	528	4,151	24,863
1934	2,484	13,940	2,008	3,821	832	4,693	27,778
1935	2,110	5,661	1,331	2,560	920	2,251	14,833
1936	2,029	8,220	1,302	2,356	2,166	2,117	18,190
1937	2,709	5,463	1,063	2,707	2,471	1,219	15,632
1938	2,051	7,199	2,078	2,559	1,553	1,791	17,231
1939	1,589	7,360	1,845	3,087	2,100	2,550	18,531
1940 ^{2/}	745	8,049	690	3,193	1,922	1,984	16,583
1941 (Jan.-June) ^{4/}	242	3,625	-	2,674	11,993	757	19,291

^{1/} Includes exports reported under the classifications, "sausage, canned" and "sausage, not canned."

^{2/} Estimated. ^{3/} Not available. ^{4/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

Although data on foreign production of prepared or preserved meats (not pork) are not available, Argentina, Uruguay, and Brazil are known to be the principal countries producing them for export. Exports from these countries consist chiefly of canned beef, but include small quantities of preserved tongue, salted beef, jerked beef, and other prepared or preserved meat products. The principal export markets for these products as a group are the United Kingdom and the United States.

In the period 1936-40, Argentina's exports of prepared or preserved meats varied from 174 million pounds (1936) to 195 million pounds (1939), and averaged about 184 million pounds annually. Of the total quantity of these meats exported from Argentina in 1938, 56.5 percent went to the United Kingdom and 23 percent to the United States, as compared with 61.1 percent and 20.8 percent, respectively, in 1939. In the period 1936-39, exports from Uruguay of these meats ranged between 80 million pounds (1937) and 52 million pounds (1938), averaging about 67 million annually. Of the total quantity exported from Uruguay in 1938-39, 47.7 percent went to the United Kingdom and 31.3 percent to the United States. Exports of canned beef and other forms of prepared or preserved beef from Brazil in the period 1935-39 increased from 31 million pounds in 1935 to 76 million in 1939, averaging about 49 million annually. In 1938-39, 22.1 percent of the exports went to the United Kingdom as compared with 62.3 percent to the United States.

Competitive conditions.

Imports of prepared or preserved meats of the kinds on which the concession was made in the trade agreement with Argentina consist almost entirely of beef, chiefly canned corned beef. Domestic production of these meat products consists almost entirely of products other than canned beef. In 1939, about 87.8 percent of domestic production was accounted for by sausage and sausage products (other than all-pork sausage),^{1/} 4.2 percent by pickled or cured beef and veal, 2.8 percent by canned beef, and 5.2 percent by other prepared or preserved meats. Beef and pork in various proportions are the principal ingredients used in domestically produced sausage of the types affected by the agreement. Although canned beef was not reported separately in official production statistics until 1939, it is known that beginning about the middle of 1927 and for a number of years thereafter the domestic output was small and consisted largely of beef specialties. In recent years, beef from inferior cattle, which in earlier years had been used for canning, has been used almost entirely for sausage. Recently, production of canned corned beef and canned "roast" beef for the Army, the Navy, and the Civilian Conservation Corps has been substantial. Under present conditions costs of raw material and of processing and the preference for fresh meats preclude the commercial production in this country of canned corned beef, the principal concession item.

^{1/} See footnote 3 (table 2, p. 77).

Imports of pickled or cured beef and veal are much smaller in volume than entries of canned beef. They are also small in quantity and inferior in quality as compared with the beef and veal pickled or cured in the United States. The United States has for many years been on an export basis with regard to pickled or cured beef and veal. From two-thirds to three-fourths of the imports into the United States enter into Puerto Rico, where purchasing power is relatively low. A substantial part of the rest is imported into Hawaii and the Virgin Islands.

Imports of other meat products affected by the agreement with Argentina have been unimportant for many years, and consist almost entirely of miscellaneous prepared or preserved meat specialties.

Imports of beef and veal in all forms (including live cattle in terms of dressed weight) tend to increase when domestic slaughter is small and prices are high, and to decrease when the opposite prevails. In the period 1929-32, the domestic production of beef and veal was fairly stable, at about 6.7 billion pounds annually (table 7). In the years 1933-36, production increased and, as a result of the reduction in herds which became necessary after the droughts in 1934 and 1936, reached a peak of 8.6 billion pounds in 1936. For the 2 years 1939-40, production averaged about 8 billion pounds in 1936. For the 2 years 1939-40, production averaged about 8 billion pounds annually. In 1929, when production was low and domestic prices for cattle and beef were high, total imports of beef and veal in all forms (including dressed weight of live cattle but taking imports of canned beef at actual weight, not dressed beef equivalent) amounted to 234 million pounds. By 1931, imports had declined to 36 million pounds and in the period 1931-34 averaged about 48 million annually, the decrease being due in part to increased duties on cattle and beef under the Tariff Act of 1930 and in part to decreased purchasing power and lower prices in the United States. In 1934, total imports rose to 59 million pounds, and in 1935 they rose sharply to 191 million. Live cattle (equivalent dressed weight) accounted for most of this increase, more cattle being imported because of the higher prices for cattle and beef in the United States as a result of the drought of 1934. In the period 1936-40, total imports ranged between 203 million pounds in 1938 and 306 million in 1939. This increase in imports was brought about by a number of factors including (1) continued high prices for cattle and beef in the United States which in turn were due in part to increased purchasing power in the United States and in part to droughts in the United States and Canada, (2) reductions in duty on calves and heavy cattle through the trade agreements with Canada.

In 1936-40, the ratio of total imports of beef and veal, calculated in the manner above described to domestic production of beef and veal (dressed weight) was 3 percent; the ratio of imports of the prepared or preserved meats on which concessions were granted in the agreement with Argentina to domestic production of beef and veal was 1 percent. On the basis of canned beef in terms of carcass beef, total imports of cattle and calves (dressed weight equivalent) and beef and veal amounted to about 354 million pounds in 1929, 65 million in 1931, 129 million in 1934, and 305 million in 1935, and in the years 1936-40 ranged from a low of 321 million pounds (1938) to

a high of 435 million pounds (1939). On this basis the ratio to production of beef and veal was 4.2 percent for total imports and 2.6 percent for imports of items on which concessions were granted to Argentina.

Because of the embargo on fresh beef, pork, and mutton from countries where foot-and-mouth disease exists, United States imports of meats from South America consist entirely of canned and prepared or preserved meats. Most of the beef exported from these countries normally consists of frozen and chilled carcass beef. The United States is a relatively unimportant market for South American exports of beef and veal in all forms combined, and it ranks considerably below the United Kingdom as a market for South American canned, prepared or preserved meats.

Table 7. - Beef and veal: United States production, imports, and exports, 1929-40

Year	Production of -		(In millions of pounds)										Total exports
	Beef	Veal	Beef and veal		Imports for consumption					Exports			
			Weight as imported	Carcases as weight	1(a) Fresh, chilled, or dressed (weight)	1(a) Cattle, (equivalent weight)	2 Total imports/ including canned beef as imported	2 Total imports/ including canned beef as imported	3 Beef and veal (domestic)	3 Beef and veal ship-ments to noncontigu-ous territo-ries	3 Live cattle (equivalent weight)		
1929	5,871	761	6,632	89.3	209.1	35.9	108.6	233.8	353.6	16.3	5.7	4.0	26.0
1930	5,917	792	6,709	58.5	142.7	10.9	50.1	119.5	203.7	19.2	6.0	3.7	29.0
1931	6,009	823	6,832	20.6	49.9	5/4.1	19.6	36.1	65.4	16.6	7.2	2.4	26.2
1932	5,789	822	6,611	24.9	61.9	.1	20.7	45.7	82.7	12.5	6.8	2.1	21.4
1933	6,440	891	7,331	41.5	103.5	(6/)	10.7	52.2	114.2	16.8	7.8	1.6	26.3
1934	7,066	1,065	8,131	46.9	116.9	(6/)	12.5	59.4	129.4	21.9	11.8	5.2	36.9
1935	6,644	1,023	7,667	76.7	191.1	6.5	107.8	191.0	305.4	12.6	15.0	2.1	29.8
1936	7,487	1,098	8,585	86.5	220.2	1.8	129.1	219.4	331.1	14.4	15.8	2.6	34.9
1937	6,834	1,096	7,930	87.1	219.2	2.5	155.0	244.6	376.7	12.7	14.9	2.6	30.1
1938	6,942	985	7,927	76.4	194.3	1.4	125.5	203.3	321.2	14.0	17.2	2.2	33.4
1939	7,001	961	7,962	84.9	213.8	.5	220.4	305.8	434.7	15.2	15.8	2.2	33.2
1940 ^{7/}	7,216	961	8,177	60.5	152.5	10.4	176.8	247.7	339.7	16.7	17.8	2.6	37.0

1/ Includes pickled or cured beef and veal, and canned beef. 1(a) Excludes imports for supply of ships, imports entered free under special provisions of the tariff acts, foreign merchandise exported, and imports into noncontiguous territories (except small quantities of canned beef prior to 1937).

2/ Includes imports of cattle for breeding and other cattle and, in 1935-40, shipments from the Virgin Islands to the United States. Excludes foreign merchandise exported in 1929-32. Average dressed weight taken as 53 percent of average live weight of dutiable cattle from Canada and Mexico.

3/ Includes beef and veal, fresh, chilled, or frozen; pickled or cured beef and veal; and canned beef (weight as imported).

4/ Includes domestic exports of live cattle of all kinds and shipments of live cattle to noncontiguous territories. Equivalent dressed weight assumed to be 500 pounds per head.

5/ Exports of foreign merchandise exceeded imports for consumption.

6/ Less than 50,000 pounds.

7/ Preliminary.

Sources: Data on production from the U. S. Department of Agriculture; data on imports and exports compiled from official statistics of the U. S. Department of Commerce.

GRAPES

United States Tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 742. Grapes in bulk, crates, barrels or other packages —	25¢ per cubic foot of such bulk or the capacity of the packages, according as imported ^{1/}	

Reclassification.

Grapes (including hothouse grapes) in bulk, crates, barrels or other packages, if entered for consumption during the period February 15 to June 30, inclusive, in any year -----	12½¢ per cu. ft. of such bulk or the capacity of the packages, according as imported.
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Tariff history.

Trade agreement with Belgium, effective May 1, 1935, - Hothouse grapes only -----	25¢ per cu. ft. (Rate bound against increase)
Act of 1930, par. 742 -	25¢ per cu. ft.
Act of 1922, par. 742 -	25¢ per cu. ft.
Act of 1913, par. 219 -	25¢ per cu. ft.

Ad valorem equivalent.

The average ad valorem equivalent of the specific rate of duty, based on imports into the United States in recent years has ranged from 16 to 19 percent.

Description and uses.

Most of the grapes produced in the United States are of the vinifera or European type, but about 10 percent are of the native American slip-skin type (e.g., Concords). International trade in grapes is limited almost entirely to the vinifera type. Grapes of this type may be classified, according to their customary uses, as wine, raisin, and table grapes. However, grapes of either of the last two classifications are frequently diverted to the other uses.

^{1/} Rate bound against increase with respect to hothouse grapes in the trade agreement with Belgium, effective May 1, 1935.

The ultimate use of the domestic production of grapes, regardless of the use for which they were originally marketed, is divided in approximately the following proportions: One-half for wine, one-third for raisins, and one-sixth for fresh table grapes. Almost all of the grapes entering the import and export trade are of the table varieties.

Summary of United States production, imports, and exports.

The United States is on an export basis with regard to fresh grapes. Both imports and exports are small in comparison with production, as shown by table 1.

Table 1. - Grapes: United States production, imports, and exports, 5-year average, 1931-35, and in specified years, 1935 to 1940

	: Annual average :	1935 :	1937 :	1938 :	1939 :	1940 ^{1/}
	: 1931-35 :					
	Quantity (1,000 pounds)					
Total United States production ---	4,048,172	4,909,230	5,553,540	5,407,120	5,051,660	4,964,220
California production (mkt'd. fresh), rail shipments ^{2/} -----	930,843	896,336	999,068	874,888	879,816	959,056
Imports ^{3/} -----	10,954	9,494	13,907	12,925	13,246	11,808
Exports -----	31,551	37,680	69,789	80,166	59,116	61,069
	Value (1,000 dollars)					
Total United States farm value ---	33,995	35,796	57,203	36,611	41,673	43,649
California shipments -----	41,888	38,542	45,957	40,244	40,472	46,035
Imports ^{3/} -----	474	397	499	512	522	491
Exports -----	1,329	1,604	3,281	3,674	2,184	1,938
	Unit value (cents per pound)					
Total United States farm price ---	0.9	0.8	1.0	0.7	0.8	0.9
California (auction price) -----	4.5	4.3	4.6	4.6	4.6	4.8
Imports -----	4.6	4.2	3.6	4.0	3.8	4.1
Exports -----	4.2	4.3	4.7	4.6	3.7	3.2

^{1/} Preliminary.

^{2/} Used as table fruit and for home winemaking.

^{3/} Reported in cubic feet. Converted to pounds at the following rates: Argentina and Chile, 36 pounds; Union of South Africa, 16 pounds; Belgium, 10 pounds; and Italy, 40 pounds per cubic foot.

Sources: Production from Crops and Markets, U. S. Department of Agriculture; imports and exports compiled from official statistics of U. S. Department of Commerce; California shipments from Agricultural Statistics, U. S. Department of Agriculture.

United States production.

About 90 percent of the domestic production of grapes is of the vinifera type, grown in California. The less important slip-skin grapes, although grown in nearly every State, come for the most part from the Great Lakes areas. Production in California and in all other States is shown in table 2.

Table 2.- Grapes: United States production in specified years, 1925 to 1940

(In millions of pounds)			
Year	California	All other States	Total United States
1925	4,100	302	4,402
1927	4,812	368	5,180
1929	3,654	508	4,162
1931	2,640	603	3,243
1932	3,852	556	4,408
1933	3,320	499	3,819
1934	3,400	462	3,862
1935	4,388	521	4,909
1936	3,428	404	3,832
1937	4,908	646	5,554
1938	5,062	346	5,408
1939	4,456	596	5,052
1940 ^{1/}	4,372	592	4,964

^{1/} Preliminary

Sources: 1925-33 figures from "Revised Peach, Pear, and Grape Productions, 1919-29", U. S. Department of Agriculture, July 23, 1934; later data from Crops and Markets, United States Department of Agriculture.

United States imports.

Table grapes of the vinifera type from Argentina, Chile, and the Union of South Africa enter the United States in the early spring months - the off-season for domestic grapes. Imports from these countries now constitute the bulk of total imports of fresh grapes. Belgium, the only other important supplier, normally ships fancy table grapes grown in hothouses and arriving every month of the year. These are a luxury product and are higher priced than any domestic or other imported grapes. In the trade agreement with Belgium, the tariff rate on these hot house grapes was bound against increase.

As shown in table 3, Argentina in recent years has been the principal source of United States imports of grapes. Chile is usually the second-ranking source, and South Africa the third, but in 1940 South Africa became the second supplier. During the first 6 months of 1941, imports were entirely from Argentina and Chile.

Table 3.- Grapes: United States imports for consumption,
by principal sources, in specified years, 1933
to 1940, and January-June 1941

Country of origin	1933	1937	1938	1939	1940	^{1/} 1941 (6 mos.)
Quantity (cubic feet)						
Belgium (hothouse)	11,174	6,838	5,004	5,058	598	-
Argentina	211,986	327,653	294,661	318,541	245,879	229,984
Chile	35,945	52,378	38,824	43,682	41,982	42,087
Union of S. Africa	-	8,834	38,049	9,513	87,049	-
All other	1,130	427	6,769	-	1,159	-
Total	260,225	396,130	383,317	376,894	376,667	272,071
Value						
Belgium	\$29,573	\$25,120	\$17,902	\$18,573	\$2,244	-
Argentina	290,372	433,816	396,163	455,584	373,212	\$409,125
Chile	36,110	28,458	27,547	33,820	44,948	45,785
Union of S. Africa	-	11,042	58,939	14,265	69,485	-
All other	2,957	838	11,100	-	1,376	-
Total	359,022	499,284	511,691	522,242	491,265	454,910
Unit value (per cubic foot)						
Belgium	\$2.65	\$3.68	\$3.68	\$3.67	\$3.75	-
Argentina	1.37	1.32	1.34	1.43	1.52	\$1.78
Chile	1.00	.54	.71	.77	1.07	1.09
Union of S. Africa	-	1.25	1.55	1.50	.80	-
All other	2.62	1.96	1.65	-	1.19	-
Average	1.38	1.26	1.33	1.39	1.30	1.67

^{1/}Preliminary.

^{2/}Imports from "all other" in the years shown were mostly from Italy and included small quantities of hothouse grapes.

Source: Compiled from official statistics of the United States Department of Commerce.

Marketing season of United States and imported grapes.

United States grapes, both the vinifera type of California and the native slip-skin type of the Eastern States, first enter the market in the summer months, attain their greatest volume in September, October, and November, and disappear from the market in January or February. Imported grapes from Chile, Argentina, and the Union of South Africa, coming from the Southern Hemisphere, enter the United States market in February and March, attain their greatest volume in April, and disappear after June.

United States exports.

Exports of fresh grapes from the United States, mostly of the vinifera type, have ranged in value from \$979,000 in 1933 to \$3,674,000 in 1938, or from three to seven times as much as the value of imports. Before 1937, Canada was the principal foreign market for United States grapes, in terms of value, ordinarily receiving from 50 to 70 percent of the exports; the United Kingdom was the most important market in 1937 (value basis) and again in 1938 (in both value and quantity).

World production and trade.

Most of the world's grapes are produced in southern Europe, chiefly in Spain, France, and Italy. Between 5 and 6 percent of the world total is grown in North America (principally the United States), and about the same quantity in South America (principally Argentina and Chile). Only about 10 percent of world production is consumed as table grapes; nearly 85 percent is used for wine and brandy. In general, fresh grapes are shipped from the producing countries to regions in the North Temperate Zone and the Tropics. Wine grapes and raisin grapes are usually processed in the areas where grown and only grapes for table use enter international trade. In the domestic off season, the United States and, to a lesser degree, the United Kingdom and other northern European countries import considerable quantities of fresh grapes from countries in the Southern Hemisphere. The principal supplier of this northern off-season market is Argentina, exports from which are shown in table 4. In recent years, however, South Africa has ranked first as a supplier to the United Kingdom, largely because of British Empire preference.

Table 4.- Fresh grapes: Exports from Argentina by principal markets, in specified years, 1933 and 1935-40 ^{1/}

Country	(In thousands of pounds)						
	1933	1935	1936	1937	1938	1939	1940 ^{1/}
United States	7,206	8,253	11,058	10,988	9,894	10,990	
Canada	-	72	190	119	191	162	
Brazil	3,884	4,666	4,543	5,364	3,887	4,571	
United Kingdom	859	1,339	1,267	442	669	541	
Sweden	-	46	1,150	1,671	2,148	2,545	
Norway	5	25	10	85	107	302	
Germany	1	483	437	415	620	152	
All other	183	463	1,003	552	956	1,144	
Total	12,138	15,347	19,658	19,636	18,472	20,407	13,583

^{1/}Details by countries not available.

Source: Compiled from official statistics of Argentina.

Competitive conditions.

The United States is on an export basis in the annual trade but imports table grapes from the Southern Hemisphere between February 15 and June 15. The imported grapes are not on the market at the same time as the domestic grapes and therefore do not contribute directly to surpluses such as have existed in the United States in recent years. Apart from table grapes from the Southern Hemisphere, the only imports of importance are hothouse grapes from Belgium, a high-priced, luxury product entered in small quantities throughout the year.



PLUMS, PRUNES, AND PRUNELLES, GREEN OR RIPE, NOT IN BRINE

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 748. Plums, prunes, and prunelles, green, ripe, or in brine	-----	1/2¢ per lb.

Reclassification.

Par. 748. Plums, prunes, and prunelles, green or ripe, not in brine, if entered for consumption during the period from February 1 to May 31, inclusive, in any year ----- 1/4¢ per lb.

Tariff history.

Act of 1930, par. 748 ----- 1/2¢ per lb.
 Act of 1922, par. 747 ----- 1/2¢ per lb.
 Act of 1913:
 Plums, par. 217 ----- 10¢ bu. of 50 lbs.
 Prunes and prunelles, par. 218 -- 1¢ lb.

Ad valorem equivalent.

During the period 1931 to 1940 the ad valorem equivalent of the duty of 1/2 cent per pound on imports of plums and prunes, fresh and in brine, ranged from 7.3 percent in 1931 to 14.2 percent in 1936; in 1940, it was 11.8 percent. On the fresh fruit of different origins, the ad valorem equivalent of the duty in 1940 was as follows: Chile, 10.4 percent; Argentina, 10.2 percent; and Canada, 21.7 percent.

General statement.

Fresh plums and prunes imported in this classification are for table use. As a rule, the imports occur during the months to which the concession is confined, December to May, inclusive, when the domestic fruit is out of season. Before the outbreak of the first World War, prunelles, small yellow prunes, were imported in the dried state from the Bosnia region of Austria. There is no production or marketing of fresh prunelles in the United States, nor have there been any recent imports.

Summary of United States production, imports, and exports.

Domestic production of plums and prunes amounts to about 1,400 million pounds a year. Of this quantity, only about 300 million pounds, or 20 percent, are produced for marketing fresh or for canning, the remainder being prunes for drying. Imports of fresh fruit average 700,000 pounds a year, or less than one-half of 1 percent of production. Exports are many times greater than imports; they amounted in 1940 to 10,073,000 pounds, valued at \$399,000 (see table 1).

Table 1. - Fresh plums and prunes: United States production, imports, and exports, annually, 1935-40

	1935	1936	1937	1938	1939	1940 ^{1/}
Quantity (1,000 pounds)						
Production ^{2/}	236,800	270,200	263,200	253,600	323,400	270,000
Imports ^{3/}	359	354	456	553	1,031	1,105
Exports ^{4/}	9,420	14,495	11,208	16,129	13,938	10,073
Value (1,000 dollars)						
Production ^{5/}	3,388	3,455	4,373	2,661	3,876	4,862
Imports	14	12	17	25	40	46
Exports	(6)	564	589	808	522	399
Unit value (cents per pound)						
Production ^{5/}	1.4	1.3	1.7	1.0	1.2	1.8
Imports	3.9	3.5	3.8	4.5	3.9	4.2
Exports	(5)	3.9	5.3	5.0	6.4	4.0

^{1/} Preliminary.

^{2/} California plums and Northwest prunes for marketing fresh and for canning.

^{3/} Includes imports in brine.

^{4/} Exports prior to 1936 are not available; the figure for 1935 represents imports into the United Kingdom and Canada from the United States.

^{5/} Farm value; farm prices are not comparable with those for exports and imports, which are wholesale prices.

^{6/} Not available.

Sources: Production compiled from official statistics of the U. S. Department of Agriculture; exports and imports compiled from official statistics of the U. S. Department of Commerce.

United States production.

Production of plums and prunes, marketed fresh and for canning, amounts to about 275 million pounds annually in the Pacific Coast States and Idaho; this is about 90 percent of the total domestic crop used for that purpose. In addition, about 12 million pounds are produced in Michigan, and an approximately equal quantity in other Eastern States, especially in New York. Production in California and in the Eastern States for marketing fresh and for canning consists chiefly of plums, whereas production for these purposes in the three Northwestern States (Oregon, Washington, and Idaho) consists chiefly of prunes. Practically all of the crop used fresh or for canning is harvested and marketed during the 4 months June-September.

United States imports.

Until 1937, imports into the United States of "plums, prunes, and prunelles, green, ripe, or in brine" amounted to less than 500,000 pounds annually. Since that year, imports of these fruits have steadily increased and in 1940 amounted to 1,105,000 pounds as compared with 456,000

pounds in 1937. Plums and prunes in brine, not included under the concession granted to Argentina, are imported only from China and Japan. Entries from all other countries are fresh fruit, supplied principally by countries of the Southern Hemisphere (Argentina, Chile, and sometimes South Africa). These imports enter the United States when the domestic fruit is out of season, being received from Chile mostly in January, from South Africa in February, and from Argentina in March. In 1939 and 1940, however, considerable quantities of fresh fruit were also imported from Canada, principally in September, during the domestic season (see table 2.) Imports from Chile and South Africa consist exclusively of plums, and those from Argentina of both plums and prunes.

Table 2. - Plums and prunes, green, ripe, or in brine:^{1/} United States imports,
by principal sources, 1935-40, and January-June 1941

Country	1935	1936	1937	1938	1939	1940 ^{2/}	1941 ^{2/} (Jan.-June)
Quantity (pounds)							
Argentina	51,370	33,323	62,934	206,126	540,464	262,199	669,162
Chile	37,495	78,759	101,205	108,922	104,885	155,778	187,665
China and Hong Kong	11,790	11,272	7,918	5,820	11,580	5,620	3,875
Japan	256,702	230,085	283,892	210,832	247,634	254,422	110,961
All other	1,161	572	300	2/ 21,311	4/ 126,586	4/ 427,167	-
Total	358,518	354,011	456,249	553,011	1,031,149	1,105,186	971,663
Value (dollars)							
Argentina	1,695	1,250	2,621	7,386	19,944	12,945	30,367
Chile	1,586	2,101	2,738	3,478	3,177	7,467	9,206
China and Hong Kong	807	546	386	257	830	239	413
Japan	9,698	8,573	11,517	11,574	13,744	15,764	6,562
All other	51	29	13	2/ 2,105	4/ 2,262	4/ 9,629	-
Total	13,837	12,499	17,275	24,800	39,957	46,044	46,548
Unit value (cents per pound)							
Argentina	3.3	3.8	4.2	3.6	3.7	4.9	4.5
Chile	4.2	2.7	2.7	3.2	3.0	4.8	4.9
China and Hong Kong	6.8	4.8	4.9	4.4	7.2	4.3	10.7
Japan	3.8	3.7	4.1	5.5	5.6	6.2	5.9
All other	4.4	5.1	4.3	9.9	1.8	2.3	-
Average	3.9	3.5	3.8	4.5	3.9	4.2	4.8

^{1/} Imports from Canada, Argentina, Chile, and the Union of South Africa are fresh fruit, those from China, Hong Kong, and Japan are in brine.

^{2/} Includes 21,061 pounds, valued at \$2,083, from the Union of South Africa.

^{2/} Preliminary.

^{4/} All from Canada.

Source: Official statistics of the U. S. Department of Commerce.

United States exports.

Exports of fresh plums and prunes in the 5-year period 1936-40 averaged 13 million pounds annually, valued at \$576,000. Exports amount to about 5 percent of that part of Pacific coast production which is marketed fresh or for canning. Canada and the United Kingdom usually take about 90 percent of the exports.

Foreign production and trade.

Plums and prunes are grown in all countries of the Temperate Zone, chiefly for domestic consumption. The fresh plums and prunes exported from Chile, South Africa, and Argentina although marketed during a different season, are similar to those shipped from California. South Africa's principal market is the United Kingdom. Argentina and Chile export principally to the United States, but Chile also exports considerable quantities to other countries on the west coast of South America, and Argentina also exports to Brazil and the United Kingdom. Exports from Argentina to principal markets are shown in table 3.

Table 3. - Fresh plums and prunes: Exports from Argentina to principal markets, 1935-40

(In pounds)							
Country	1935	1936	1937	1938	1939	1940	
United States	30,234	35,377	65,596	205,451	752,558		(1)
Brazil	244,737	269,120	331,759	205,358	433,964		(1)
United Kingdom	122,997	31,821	71,090	109,425	143,158		(1)
All other	32,116	10,142	3,939	18,429	32,701		(1)
Total	430,084	346,460	472,384	538,663	1,362,381	2/454,492	

1/ Not available.

2/ Preliminary.

Sources: Comercio Exterior de la República Argentina, 1937-39.

Competitive conditions.

Fresh plums and prunes from domestic sources are marketed between June and October. The reduction of duty provided in the present agreement applies only to the months February to May, inclusive, when the domestic fruit is not on the market and when consumers in the United States are wholly dependent upon imports from the Southern Hemisphere.



PEARS

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 749. Pears: Green, ripe, or in brine -----	1/2¢ lb.	1/2¢ lb. (Bound against increase)

Tariff history.

Act of 1930, par. 749 - 1/2¢ lb.

Act of 1922, par. 745 - 1/2¢ lb.

Act of 1913:

Green or ripe, par. 217 - 10¢ per bushel of 50 lbs.

In brine, par. 488 - Free

Ad valorem equivalent.

Since 1934, the ad valorem equivalent rate has been as follows: 1935, 12.3 percent; 1936, 13.8 percent; 1937, 15.2 percent; 1939, 16.3 percent; 1940, 19.6 percent.

Description and uses.

Approximately three-fourths of the pears produced in the United States are marketed fresh, the remainder being canned or dried. The Bartlett, a late summer or early fall pear, constitutes more than three-quarters of total domestic production. The Kieffer, which is important in eastern United States, and the Anjou, Bosc, and Winter Nelis, all leading varieties in western United States, are the important late commercial varieties.

Summary of United States production, imports, and exports.

The production of pears of all varieties in the United States averages about 1.5 billion pounds annually, valued at \$20,000,000 (table 1). Of this total, fall and winter pears, with which imports compete, constitute about 20 percent. The production of fall and winter pears in this country expanded considerably from 1933 to 1938. This movement led to a growing export trade, shipments to foreign countries amounting to nearly 40 percent of the entire production in 1938. Since the outbreak of war in Europe, exports have declined to negligible proportions, while, for the first time, imports have been substantial, representing in part the shipments to this country by Argentina of supplies formerly marketed in Europe. Imports in the season 1940-41 were 15.4 million pounds, equivalent to about 5 percent of the production of fall and winter pears in the United States. These shipments were received in the first 6 months of 1941, and were sold in competition with hold-overs in cold storage (amounting to 51.1 million pounds) from the preceding domestic crop.

Table 1. - Pears: United States production, imports, and exports, years beginning July 1, 1933-34 to 1941-42

	1933-34	1935-36	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42
Quantity (1,000 pounds)								
Productions:								
Total, all pears ^{1/}	1,176,300	1,264,950	1,358,250	1,477,400	1,623,650	1,522,350	1,581,100	1,541,000
Fall and winter pears ^{2/}	190,040	203,840	226,000	258,760	344,600	298,380	324,750	277,520
Canned and dried pears ^{3/}	388,800	315,850	429,850	377,150	380,550	477,050	515,150	4/
Gold storage holdings								
January 1	38,824	46,046	37,168	51,428	60,582	54,372	51,075	4/
Imports	21	719	3,291	2,054	4,229	11,021	15,427	4/
Exports:								
Canned and dried pears ^{3/}	137,942	137,856	118,682	99,853	138,329	99,539	4/	4/
Fresh pears:								
Total, all pears	111,008	124,144	131,318	134,747	170,971	93,061	4/	4/
Fall and winter pears	4/	77,200	85,800	90,000	127,600	60,600	8,600	4/
Value (1,000 dollars)								
Production:								
Total, all pears ^{5/}	12,207	16,150	21,388	19,707	15,404	20,537	21,176	4/
Fall and winter pears ^{5/}	4/	4/	4/	4/	4,377	3,612	4,703	4/
Imports	1	28	108	72	130	289	442	4/

^{1/} Includes the following quantities unharvested: 1933-34, 122,350,000 pounds; 1937-38, 48,350,000 pounds; 1938-39, 142,050,000 pounds; 1939-40, 59,650,000 pounds, and 1940-41, 20,016,000 pounds.

^{2/} Includes the following quantities unharvested: 1933-34, 53,000,000 pounds; 1937-38, 11,860,000 pounds; 1938-39, 26,940,000 pounds; 1939-40, 28,840,000 pounds; and 1940-41, 10,030,000 pounds.

^{3/} Canned and dried pears in terms of fresh pears.

^{4/} Not available.

^{5/} Harvested production only.

Source: Data on imports and total exports of fresh pears compiled from official statistics of the U. S. Department of Commerce; all other data from United States Department of Agriculture.

United States production.

Domestic production of pears, including all varieties, increased from 1.2 billion pounds in 1933-34 to 1.6 billion pounds in 1938-39 and averaged about 1.5 billion pounds in the 3 years 1939-40 to 1941-42 (table 1). Production of fall and winter varieties, which account for about 19 percent of the total output, increased from 190 million pounds in 1933-34 to 345 million pounds in 1938-39. In the period 1939-40 to 1941-42, production of fall and winter pears ranged between 325 million pounds in 1940-41 and 278 million pounds in 1941-42. Pears are grown in every State of the Union, but important commercial production is confined to about 5 States - the 3 Pacific Coast States leading with nearly 70 percent of the total production; New York and Michigan in the East together produce nearly 10 percent. The Bartlett predominates in western plantings, and the Kieffer in eastern. Nearly all of the fall and winter pears are produced in California, Washington, and Oregon. In California about 16 percent of the total acreage planted in pear trees is in late varieties such as Anjou, Winter Nellis, and Bosc as compared with 55 percent in Oregon and 31 percent in Washington. A substantial percentage of fall and winter pear trees in the 3 Pacific States have not yet reached bearing age.

The rapid increase in production of all varieties of pears in recent years has resulted in low prices for pears and in the failure to harvest part of the crop in some seasons. In 1933-34, slightly more than 10 percent of the total output was unharvested. Although substantial quantities were not harvested in each season of the period 1937-41, the percentage of the total crop accounted for by unharvested pears in each season, except 1938-39, was much less than in 1933-34. Fall and winter pears accounted for a large part of the unharvested crop. In 1933-34, about 27 percent of the fall and winter pear crop was not harvested. In the period 1937-41, the unharvested ranged between about 3.7 percent (1938-39) and 9 percent (1939-40 and 1940-41). Fall and winter pears in cold storage on January 1 represented about 20 percent of the season's crop of these varieties in 1933-34 as compared with 22.6 percent in 1935-36. Although cold storage holdings on January 1 were larger in subsequent years (except 1936-37), they represented a smaller percentage of the season's crop.

Under an agreement between the Secretary of Agriculture and the Oregon-Washington-California Pear League, Inc., the Federal Government has aided growers of fall and winter pears through a "diversion" program, effective beginning with the 1936-37 season. Members of the League receive a subsidy of 50 cents per box on pears exported to foreign markets that normally do not import pears from this country in any appreciable quantity and also on those marketed in domestic areas where per capita consumption of winter pears is low. In the seasons 1936-37 to 1940-41, inclusive, payments to League members totaled \$455,000 on 48.5 million pounds of pears. In addition to subsidies under the diversion program, the pear industry has received aid in the form of direct purchases by the Federal Surplus Commodities Corporation for distribution to persons on relief. In the seasons 1937-38 to 1940-41, inclusive, the Corporation purchased 62.3 million pounds of pears at a cost of \$1,928,000 (including shipping charges).

United States imports.

Before 1935, imports of pears into the United States were insignificant, averaging only 14,000 pounds annually during the period 1931-34. These were mainly pears in brine from China and Hong Kong. Since 1935, imports in appreciable quantities have been coming from South America. Imports of fresh pears from Argentina increased from 151,000 pounds in 1935 to almost 12 million pounds in 1940 and to 14 million pounds in 1941 (table 2; practically all imports of pears are entered in the first 6 months of the year). This increase was due primarily to the closing of Argentina's export markets by the war in Europe. Although Chile is the second largest source of imports of pears, the trade is unimportant.

Until recently, imports from Argentina, consisting mainly of Bartlett pears, arrived almost entirely in February and March (table 3). In 1937, however, imports of pears occurred as late as June. In each year of the period 1939-41, the import season continued without interruption into June, and in 1939-40 imports entered even later. Most imports from Argentina and Chile enter at New York City, with about 10 percent entering at New Orleans.

Table 2. - Fresh pears: United States imports for consumption, by principal sources, 1935-40, and January-June 1941

Country	1935	1936	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (1,000 pounds)							
Argentina	151	592	3,222	1,904	4,218	11,895	14,429
Chile	13	119	59	145	-	36	-
Hong Kong	6	7	6	3	2	8	-
All other	-	4	1	8	8	18	53
Total	170	722	3,288	2,060	4,228	11,957	14,482
Value (1,000 dollars)							
Argentina	7	23	107	68	130	303	422
Chile	(2/)	3	1	4	-	1	-
Hong Kong	(2/)	(2/)	(2/)	(2/)	(2/)	(2/)	-
All other	-	(2/)	(2/)	(2/)	(2/)	1	4
Total	7	26	108	73	130	305	426

^{1/} Preliminary.

^{2/} Less than \$500.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table 3. - Fresh pears: United States imports for consumption, by months, 1937-40, and January-June 1941

Month	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (pounds)					
January	576	-	44,092	-	88,184
February	948,928	611,437	2,551,408	3,856,105	1,166,830
March	2,154,867	1,437,652	880,555	4,112,355	5,674,391
April	31,404	200	367,768	704,201	1,259,610
May	13,646	-	309,520	1,304,206	2,664,998
June	133,604	-	64,845	1,034,606	3,627,594
July	-	-	-	936,426	-
August	3,500	-	5,800	-	-
September	1,000	4,165	1,500	6,400	-
October	200	3,300	1,800	2,900	-
November	-	-	600	-	-
December	-	3,086	300	-	-
Total	3,287,725	2,059,840	4,228,188	11,957,199	14,481,607
Value					
January	\$34	-	\$1,178	-	\$2,537
February	27,135	\$21,180	81,887	\$111,325	28,043
March	71,584	51,124	22,303	99,848	160,404
April	946	7	15,139	20,235	39,561
May	316	-	8,164	33,041	84,476
June	7,950	-	969	24,570	110,485
July	-	-	-	15,684	-
August	141	-	208	-	-
September	36	183	47	336	-
October	8	127	55	155	-
November	-	-	21	-	-
December	-	125	10	-	-
Total	108,150	72,746	129,981	305,194	425,506

1/ Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States exports.

Until recently exports have greatly exceeded imports. Between 1929 and 1938 exports increased from 70 million to 177 million pounds; with the outbreak of war in Europe, however, there was a rapid decline in the export trade (table 4). Before 1940, the United Kingdom normally took about 50 percent of United States exports and France and Canada were the other major markets. Exports to Argentina declined steadily from nearly 4 million pounds in 1929 (less than 6 percent of the total exported) to 337,000 pounds in 1937 (less than 0.3 percent of the total exported). Exports to Argentina increased in 1938, but decreased in 1939 and 1940, the decline being due to the rapid development of pear production in Argentina. In 1938, as a part of the diversion program, the United States Secretary of Agriculture initiated an export subsidy on shipments of pears to foreign countries which did not normally import pears from the United States in any appreciable quantity. This program resulted in increased exports to certain countries of Central and South America, principally Brazil.

Table 4. - Fresh pears: United States exports of domestic merchandise, by principal markets, in specified years, 1929 to 1940

Year	Argentina	United Kingdom	France	Canada	All other countries	Total, all countries
Quantity (1,000 pounds)						
1929	3,978	28,185	39	23,648	14,333	70,183
1930	3,340	60,044	1,507	29,338	26,982	121,211
1931	1,478	57,049	9,502	16,708	18,679	103,416
1933	1,160	57,275	14,853	9,450	22,472	105,210
1935	713	59,510	18,620	19,115	24,807	122,765
1936	414	52,958	21,297	27,726	31,256	133,651
1937	337	59,479	17,726	18,018	34,890	130,450
1938	508	95,939	18,310	13,192	49,185	177,134
1939	59	45,773	1,782	25,714	23,865	97,193
1940 ^{1/2}	131	412	-	12,576	13,529	26,648
Value (1,000 dollars)						
1929	336	2,090	3	1,195	1,208	4,832
1930	206	3,469	89	910	1,496	6,170
1931	71	2,508	411	627	893	4,510
1933	50	2,093	501	235	817	3,696
1935	30	2,454	749	503	1,078	4,814
1936	18	2,098	838	687	1,237	4,878
1937	16	2,335	697	483	1,432	4,963
1938	19	3,434	610	317	1,801	6,181
1939	7	1,789	72	564	852	3,284
1940 ^{2/}	6	19	-	361	574	960

^{1/} Includes 6,301,000 pounds, valued at \$238,000, exported to Brazil, and 6,135,000 pounds, valued at \$171,000, exported to Sweden.

^{2/} Preliminary.

^{3/} Includes 5,993,000 pounds, valued at \$265,000, exported to Brazil, and 1,454,000 pounds, valued at \$63,000, exported to Cuba.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

Pears are grown in nearly all countries of the Temperate Zone in both Northern and Southern Hemispheres. There is a large production in continental Europe, but chiefly for domestic consumption. Australia, New Zealand, South Africa, Chile, and Argentina all export pears, principally to the United Kingdom and Canada in the off season.

The exportation of pears from Argentina began in the middle 1920's, first to Brazil, then to the United Kingdom and other countries, and in 1935 to the United States. Total exports from Argentina, consisting largely of Bartletts, increased from 643,000 pounds in 1929 to nearly 62 million pounds in 1939, but decreased to 28 million pounds in 1940 (table 5). Owing to wartime obstacles to shipping and to the blockade of continental Europe, Argentina, like the United States, has lost a large part of its normal market. Larger supplies are therefore available for shipment to the United States and other markets in the Western Hemisphere. Early in the 1941 season, the Argentine Ministry of Agriculture limited exports of pears to the United States prior to April 1 (the normal season in Argentina for pears) to 300,000 boxes (13.8 million pounds) a quantity only slightly more than went to the United States in the preceding season. Actual imports into the United States in the first 4 months of 1941 amounted to about 178,000 boxes (8.2 million pounds), and in the period January to June to about 316,000 boxes (14.5 million pounds).

Table 5. - Fresh pears: Exports from Argentina to principal countries, in specified years, 1929 to 1940

Country	(In thousands of pounds)						
	1929	1933	1935	1937	1938	1939	1940 ^{1/}
Brazil	569	1,586	4,494	6,331	8,232	10,557	
United Kingdom	52	1,054	3,299	7,432	11,698	14,685	
France	-	63	49	6,119	9,459	14,804	
Spain	-	51	166	(2/)	-	-	
Sweden	-	6	73	2,630	5,347	9,783	
United States	-	-	3/ 146	3,126	1,888	4,065	
Netherlands	-	-	161	414	1,097	3,963	
All other	22	32	747	1,632	1,940	3,964	
Total	643	2,792	9,135	27,684	39,661	61,821	28,149

^{1/} Preliminary; country detail not available.

^{2/} Less than 500 pounds.

^{3/} First commercial exports to the United States. A trial shipment of 871 pounds was made in 1934.

Source: Compiled from official statistics of Argentina.

Competitive conditions.

Pears from Argentina arrive in New York City chiefly in the 3 months February to April, and consist of the Bartlett or Williams variety, which in the United States is in season only in August to October. In 1940 and 1941, a substantial part of the season's imports entered in May and June. The Bartletts from Argentina arrive when the principal domestic winter varieties (Anjou, Bosc, and Winter Nellis) on the market consist of carry-overs in cold storage. Competition is principally between the imported Bartlett and the Anjou with which the Bartlett most nearly compares in size and general appearance. In February 1938, imports constituted 12 percent of the total unloads of pears at New York, and in March, 29 percent; in the corresponding months of 1940, the percentages were 44 and 71, respectively (table 6). The import season was also much longer in 1940, imports constituting an average of 25 percent of total unloads in the 4 months April to July.

Both Argentina and the United States are large producers of pears, and both countries have lost their European markets through the present war. Under these new conditions, a large part of the Argentine exportable surplus has been diverted to the United States. In the 1941 season, Argentina limited its shipment of pears to the United States in the months February and March to 300,000 boxes. Largely because of the lack of shipping facilities, United States imports of pears from Argentina in the period January to April, inclusive, amounted to only 178,000 boxes, and total entries in the 1941 season were a little more than 316,000 boxes. In a note dated October 14, 1941, the Argentine Government agreed to limit the total exports of pears to the United States during the 1942 marketing season in order to facilitate the orderly marketing of pears in this country. The matter is now being considered by the mixed commission established pursuant to the provisions of paragraph 2 of article XIII of the general provisions of the trade agreement.

In addition to the commitment to limit shipments of fresh pears to the United States in the 1942 season, and a 50 percent reduction in the Argentine duty on pears, the concessions made by Argentina on fresh fruits included 50 percent reductions in the duties on fresh apples and grapes. Prior to the agreement, the Argentine duties on apples and pears were each about 1½ cents per pound and the duty on grapes was about 1 cent per pound. The reduced duty on apples applies to imports into Argentina from October 1 to January 31; the reduced duty on grapes applies to imports from September 1 to November 30; and the reduced duty on pears applies to imports from October 1 to December 1. In each case, the period covered by the reduction is the off season for fresh fruit in Argentina, when fresh fruits from this country usually enjoy the best markets there.

Table 6. - Fresh pears: Carlot unloads,^{1/} domestic and imported, at New York City, by months, 1938 and 1940

Year and month	Domestic from -		Imported from -		Total
	Pacific Coast States	All other States	Argentina	Chile	
<u>1938</u>					
January	202	4	-	-	206
February	166	3	20	2	191
March	127	1	49	3	180
April	139	1	-	-	140
May	105	-	-	-	105
June	27	-	-	-	27
July	155	15	-	-	170
August	593	128	-	-	721
September	543	154	-	-	697
October	463	107	-	-	570
November	423	30	-	-	453
December	308	17	-	-	325
Total	3,251	460	69	5	3,785
<u>1940</u>					
January	180	2	-	-	182
February	114	-	90	1	205
March	80	-	200	-	280
April	108	-	33	-	141
May	73	-	39	-	112
June	14	-	37	-	51
July	214	-	29	-	243
August	467	50	-	-	517
September	537	190	-	-	727
October	458	180	-	-	638
November	341	65	-	-	406
December	295	18	-	-	313
Total	2,881	505	428	1	3,815

^{1/} Including boat and truck receipts converted to carlot equivalents.

Source: Unloads of Fruits and Vegetables at New York City, 1940; mimeographed annual report, U. S. Department of Agriculture.



QUINCE JELLY, JAM, MARMALADE OR BUTTER

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 751. All jellies, jams, marmalades, and fruit butters -----	20%	ad val.

Reclassification.

Par. 751. Jellies, jams, marmalades, and fruit butters: Quince ----- 17 $\frac{1}{2}$ % ad val.

Tariff history.

Trade agreement with the United Kingdom, effective January 1, 1939 ----- 20% ad val.
 Act of 1930, par. 751 ----- 35% ad val.
 Act of 1922, par. 748 ----- 35% ad val.
 Act of 1913, par. 217 ----- 20% ad val.

General statement.

Quince products are esteemed for their quality and flavor. The most important of them, quince jelly, was a favorite household preparation in the United States 30 or 40 years ago. The home production of quince jelly and preserves almost ceased, for two reasons: First, the quince tree, being highly susceptible to pests, has gradually disappeared from home gardens and orchards; and secondly, home preserving has been almost entirely superseded by commercial canning. There is some cultivation of quince trees in New York, California, and Ohio, but the fruit is now utilized almost wholly by commercial preservers, in whose total output quince products are an unimportant item.

Quince trees are cultivated in Argentina, where quinces are used for preserving more than any other fruit except peaches. The principal quince product of Argentina is a stiff paste known as "marmelada," a very popular dessert throughout South America. Probably no exact counterpart of this product is made in the United States.

The United States production of jellies, jams, marmalades, and fruit butters made by commercial preserving establishments from all kinds of fruit was valued at 38 million dollars in 1939, compared with imports of such products valued at \$420,000. The value of imports from Argentina, which probably consisted largely of quince preparations, averaged \$230 per year between 1936 and 1940.



FLAXSEED

United States tariff.

	Rate of duty	
	Before agreement	Under agreement
Par. 762. Oil-bearing seeds and materials: *** flaxseed -----	65¢ bu. of 56 lbs.	32½¢ bu. of 56 lbs. until the thirtieth day following a proclamation by the President of the United States of America, after consultation with the Argentine Government, that the existing abnormal situa- tion in respect of the trade in flaxseed has terminated. The rate of duty shall then be 50¢ bu. of 56 lbs.

Comparison of tariff rates.

Act of 1930, par. 762 -----	65¢ per bu.
Presidential proclamation, effective June 13, 1929 -----	56¢ " "
Act of 1922, par. 760 -----	40¢ " "
Act of 1921, par. 3 -----	30¢ " "
Act of 1913, par. 212 -----	20¢ " "

Ad valorem equivalent of the duty.^{1/}

	1933	1935	1937	1938	1939	1940 ^{2/}	1941 ^{2/} (Jan.-June)
All United States imports -----	67%	73%	52%	50%	57%	54%	90%
Imports from Argentina -----	68%	75%	52%	50%	57%	55%	91%

^{1/} Calculated without regard to the drawback of flaxseed duty paid on exports of linseed cake, which ranges from 8 to 19 cents per bushel of all flaxseed imported (see p. 123).

^{2/} Preliminary.

Description and uses.

In the United States, flax is one of the minor grain crops and is grown chiefly for the seed, which is used almost exclusively in the manu-

facture of linseed oil, and which usually yields from 30 to 35 percent of its weight in oil. Linseed oil is used chiefly in paints and varnishes. Linseed cake and meal, which are byproducts, are used chiefly as cattle feed by dairy farmers, although most of the linseed cake and meal produced from imported flaxseed is exported.

Summary of United States production, imports, and exports.

Table 1 compares production and imports of flaxseed, and shows average prices of flaxseed at Minneapolis. Because the domestic flaxseed crop of a given year has less effect on imports of that year than on imports of the next calendar year, the table compares imports of each calendar year with the crop of the preceding year. During the period 1933-38 (except in 1935), domestic production was unusually small, principally because of droughts in the principal producing areas. Although imports, normally, supply about 50 percent of the domestic consumption of flaxseed, the proportion of consumption supplied by imports during the period 1933-38 exceeded 50 percent, even though the annual average of imports was considerably below the average for the period 1926-29. Domestic production increased sharply in 1939 and 1940, and in 1940, imports supplied only 37 percent of consumption. Prices in 1936 and subsequent years were much higher than in 1932, but were still below average in each year from 1924 to 1929. Exports of flaxseed are not reported separately, but are known to be small.

Imports of linseed oil (in terms of flaxseed equivalent) have been relatively unimportant since 1925 and negligible since 1937.

Table 1. - Flaxseed: United States production, imports, and other basic statistics, 1923-41

Year	:Production: : in the : preceding : year : 1/		: Sum of : produc- : tion and : imports : 1/		: Percent of con- : sumption sup- : plied by - : Produc- : Imports: : tion 2/ : 2/		: Average: : unit : : value: : of : : imports: : 3/		: Average : price : No. 1 : of flaxseed at : Minneapolis 3/ : valorem 3/		: Equiva- : lent : : ad : : oil imports 4/ : 1,000 bushels	
	: 1,000 bushels		: 1,000 bushels		: 1,000 bushels		: Per bushel		: Percent		: 1,000 bushels	
1923	10,520	24,333	34,853	30	70	\$2.01		19.9		2,289		
1924	16,563	16,589	33,152	50	50	1.81	\$2.49	22.1		727		
1925	31,220	16,510	47,730	65	35	2.40	2.74	16.6		745		
1926	22,334	22,316	44,650	50	50	1.83	2.34	21.8		515		
1927	18,531	22,008	40,539	46	54	1.75	2.22	22.9		341		
1928	25,174	17,579	42,753	59	41	1.78	2.28	22.5		9		
1929	19,118	23,848	42,966	44	56	1.91	2.70	24.3		489		
1930	15,924	12,662	28,586	56	44	2.11	2.39	27.1		138		
1931	21,673	14,476	36,149	60	40	.98	1.50	66.6		12		
1932	11,755	7,672	19,427	61	39	.65	1.18	99.5		1		
1933	11,511	13,966	25,477	45	55	.97	1.58	66.9		502		
1934	6,904	14,170	21,074	33	67	1.06	1.91	61.3		148		
1935	5,661	17,560	23,221	24	76	.89	1.77	73.1		119		
1936	14,520	15,365	29,885	49	51	1.15	1.96	56.6		41		
1937	5,273	28,032	33,305	16	84	1.26	2.12	58.8		22		
1938	7,089	15,364	22,453	32	68	1.29	1.91	50.3		7		
1939	8,171	16,028	24,199	34	66	1.15	1.84	56.5		3		
1940 ^{5/}	20,152	11,825	31,977	63	37	1.19	1.91	54.4		1		
1941 ^{5/} (Jan.-June)-	31,217	7,320				.72		90.3		3		

1/ Although the crop is harvested in July, it does not enter into consumption at once. Part of it is marketed later in the same year, but a considerable portion is "carried over" into the following year. The crop of a given year has less effect on imports of that year than on imports of the next calendar year.

2/ The figures for individual years are not strictly accurate because they do not take into account the carry-over and stocks at the beginning and end of the year. Moreover, the crop year does not coincide with the calendar year, which is the basis for import data.

3/ Simple average of monthly prices.

4/ Equivalent calculated on basis that 3 pounds of flax are required to produce 1 pound of linseed oil.

5/ Preliminary.

United States production.

Several drought years greatly reduced the flax yield during the period 1931-37. The average annual abandonment of seeded acreage, which had been 5 percent in the period 1925-29, ranged from 12 to 56 percent in 1931-37 (see table 2). Production declined to 5.2 million bushels in 1936, as compared with an average of 20 million bushels in the 1925-29 period and a harvest of 31 million bushels, valued at 41 million dollars, in 1940.

The sharp increase in production in 1939, 1940, and 1941 was due (1) to a relatively higher money return from flaxseed than from spring wheat in the North Central States; (2) to favorable weather for growing and harvesting the crop; (3) to the spread of flax cultivation to newer areas, especially California; and (4) to encouragement by the Government under the soil-conservation program.

In the North Central States, flaxseed competes with spring wheat, the costs per acre of the two crops being about equal. The yield of flaxseed, however, is normally about one-half that of wheat, and when the price of flaxseed is more than twice that of wheat, the acreage of flaxseed tends to increase. This was particularly true in the spring of 1939, when the price of flaxseed at Minneapolis was about two and one-half times the price of wheat. In the spring of both 1940 and 1941 the price of flaxseed was about twice that of wheat.

Table 2. - Flaxseed: Acreage seeded and harvested, average yield per acre, and production in the United States, in specified years, 1921 to 1941

Year	Acreage			Average yield:	Total production
	Seeded	Harvested	Abandoned	per acre	
	:1,000 acres:	:1,000 acres:	: Percent :	: Bushels	
1921	1,180	1,143	3.1	7.1	8,107
1923	2,045	2,015	1.5	8.2	16,563
1925	3,100	3,022	2.5	7.4	22,334
1926	2,923	2,736	6.4	6.8	18,531
1927	2,819	2,763	2.0	9.1	25,174
1928	2,702	2,611	3.4	7.3	19,118
1929	3,363	3,049	9.3	5.2	15,924
1930	4,446	3,780	15.0	5.7	21,673
1931	3,724	2,431	34.7	4.8	11,755
1932	2,691	1,988	26.1	5.8	11,511
1933	1,812	1,341	26.0	5.1	6,904
1934	1,588	995	37.3	5.7	5,661
1935	2,392	2,096	12.3	6.9	14,520
1936	2,548	1,126	55.8	4.7	5,273
1937	1,346	934	29.0	7.5	6,974
1938	1,067	936	12.3	8.7	8,152
1939	2,424	2,250	7.2	9.0	20,152
1940 ^{1/}	3,403	3,234	5.0	9.7	31,217
1941 ^{2/}	3,341	3,228	3.4	9.9	31,900

^{1/} Preliminary.

^{2/} September 1.

In the late 1920's, more than 95 percent of United States flaxseed was produced in four States, namely, in order of importance, North Dakota, Minnesota, South Dakota, and Montana (see table 3). In the 1930's, Minnesota replaced North Dakota as the chief producing State, the importance of South Dakota and Montana declined substantially, and that of California, Iowa, and Kansas increased greatly. At present (1941), these seven States account for more than 95 percent of production, California and Iowa outranking both South Dakota and Montana. Minnesota alone usually produces about 50 percent of the crop. Production has spread to several other States, including Arizona, Texas, Oklahoma, Oregon, Washington, and Idaho, but the combined output of these States is only a small part of total domestic production.

Table 3. - Flaxseed: Acreage and production in principal States, 5-year averages 1925-29 and 1933-37, and annually 1938-41

State	Average, 1925-29	Average, 1933-37	1938	1939	1940	1941 ^{1/}
Acreage harvested (1,000 acres)						
Minnesota	710	622	453	1,223	1,590	1,415
North Dakota	1,329	454	274	386	648	745
California	-	33	36	108	134	198
Iowa	15	13	11	100	180	234
South Dakota	570	72	45	162	293	243
Kansas	33	49	51	93	146	136
Montana	209	35	32	100	132	150
Wisconsin	10	5	4	11	19	15
Arizona	-	-	-	5	13	15
Texas	-	-	-	18	29	16
Oklahoma	-	-	-	6	17	20
All other ^{2/}	33	8	30	38	33	41
Total	2,909	1,291	936	2,250	3,234	3,228
Yield per acre (bushels)						
Minnesota	9.2	7.0	10.5	10.0	10.5	10.5
North Dakota	6.3	4.6	5.0	5.0	6.0	7.0
California	-	15.6	19.0	16.0	21.0	16.0
Iowa	11.0	7.1	13.3	10.0	14.0	13.0
South Dakota	6.8	4.1	8.5	8.0	6.5	9.0
Kansas	6.3	5.5	7.4	7.9	9.0	8.0
Montana	5.9	3.4	5.0	4.0	7.5	7.5
Wisconsin	12.3	10.0	11.0	11.0	13.0	12.0
Arizona	-	-	-	22.0	18.5	21.0
Texas	-	-	-	11.5	6.0	6.5
Oklahoma	-	-	-	9.0	7.0	7.0
All other ^{2/}	4.4	1.8	7.8	9.0	9.5	10.5
Average	7.1	6.0	8.7	9.0	9.7	9.9
Production (1,000 bushels)						
Minnesota	6,562	4,355	4,756	12,230	16,695	14,858
North Dakota	8,402	2,103	1,370	1,930	3,888	5,215
California	-	515	684	1,728	2,814	3,168
Iowa	165	92	146	1,000	2,520	3,042
South Dakota	3,848	293	382	1,296	1,904	2,187
Kansas	207	269	377	735	1,314	1,088
Montana	1,237	118	160	400	990	1,125
Wisconsin	123	49	44	121	247	180
Arizona	-	-	-	110	240	315
Texas	-	-	-	207	174	104
Oklahoma	-	-	-	54	119	140
All other ^{2/}	145	14	233	341	312	432
Total	20,689	7,808	8,152	20,152	31,217	31,900

^{1/} September 1 forecast by U. S. Department of Agriculture.^{2/} Includes Oregon, Washington, Idaho, Michigan, Missouri, Nebraska, and Illinois.

Source: U. S. Department of Agriculture, Agricultural Statistics.

United States imports.

In the years 1923-29, annual imports of flaxseed varied between 24.3 million bushels in 1923 and 16.5 million in 1925, averaging about 20.5 million bushels (see table 1). In this period, the percentage of consumption supplied by imports ranged between 70 percent in 1923 and 35 percent in 1925, averaging about 50 percent. The principal factor affecting imports during this period was the variation from year to year in domestic production.

Between 1929 and 1932, imports declined from 23.8 million bushels to 7.7 million. This decline resulted partly from the higher duty imposed by the act of 1930 and partly from the decrease in demand for linseed oil during the depression. In this period, imports supplied about 43 percent of the domestic consumption of flaxseed. From 1933 to 1938, when a domestic shortage existed, the greater demand for flaxseed was supplied largely by imports, which averaged about 17.4 million bushels annually and accounted for about 67 percent of domestic consumption. In 1940, imports amounted to 11.8 million bushels.

Table 4 shows United States imports of flaxseed by principal sources. Chief among these is Argentina, which supplied over 80 percent of total imports in most years shown in the table. Before 1933, Canada was the second-ranking supplier, but during the period 1933-37, was outranked by British India. Since 1937, Uruguay has been the second most important source.

Table 4. - Flaxseed: United States imports for consumption, by principal sources, 5-year averages 1925-29 and 1931-35, and annually 1936-40

Country	Average		Annual				
	1925-29	1931-35	1936	1937	1938	1939	1940
Quantity (1,000 bushels)							
Argentina ---	17,481	11,318	13,167	27,385	14,342	15,277	9,872
Uruguay -----	22	164	-	120	893	661	1,881
Canada -----	3,007	503	530	2	31	3/	55
British India:	12	1,439	1,295	362	95	30	-
All other ---	19	145	374	163	3	90	18
Total -----	20,541	13,569	15,365	28,032	15,364	16,028	11,825
Value (1,000 dollars)							
Argentina ---	32,695	10,080	14,287	34,109	18,559	17,542	11,735
Uruguay -----	44	181	-	172	1,095	786	2,294
Canada -----	6,575	536	840	3	47	3/	70
British India:	35	1,720	2,107	714	168	-	-
All other ---	34	156	419	209	3	96	22
Total -----	39,383	12,673	17,653	35,207	19,872	18,424	14,121
Unit value (per bushel)							
Argentina ---	\$1.87	\$0.89	\$1.09	\$1.25	\$1.29	\$1.15	\$1.19
Uruguay -----	2.05	1.11	-	1.43	1.23	1.19	1.22
Canada -----	2.19	1.33	1.58	1.32	1.48	-	1.27
British India:	2.97	1.20	1.63	1.97	1.77	-	-
All other ---	1.79	1.07	1.12	1.28	1.02	1.07	1.22
Average ---	1.92	.93	1.15	1.26	1.29	1.15	1.19
Percent of total quantity							
Argentina ---	85.1	83.4	85.7	97.7	93.4	95.3	83.5
Uruguay -----	.1	1.2	-	.4	5.8	4.1	15.9
Canada -----	14.6	3.7	3.5	4/	.2	4/	.5
British India:	.1	10.6	8.4	1.3	.6	.1	-
All other ---	.1	1.1	2.4	.6	4/	.5	.1
Total -----	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ General imports.

2/ Preliminary.

3/ Less than 500 bushels or dollars.

4/ Less than one-tenth of 1 percent.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table 5. - Flaxseed: United States imports for consumption, by months 1931-40,
and January-June 1941

Month	(In thousands of bushels)								
	Average, 1931-34	1935	1936	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)	
January	618	770	886	1,139	1,457	2,111	1,058	1,482	
February	1,054	1,997	1,414	3,727	1,799	2,248	1,763	1,285	
March	1,095	1,970	1,496	4,084	1,463	2,031	1,972	1,224	
April	956	1,160	1,036	2,280	1,024	1,416	1,199	1,286	
May	1,166	1,360	1,244	3,662	876	1,155	1,434	1,177	
June	880	1,738	747	2,661	764	1,802	521	866	
July	1,000	2,240	117	2,063	927	1,123	661		
August	958	1,129	671	1,254	1,288	1,511	628		
September	1,438	1,322	1,812	2,009	1,346	452	23		
October	1,435	930	1,774	1,707	1,381	874	704		
November	1,106	1,254	2,706	1,774	1,565	682	1,093		
December	865	1,690	1,489	1,671	1,474	623	769		
Total	12,571	17,560	15,365	28,032	15,364	16,028	11,825	7,320	

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

In Argentina, flaxseed is harvested from about November 25 to January 15. As a result, importations into the United States of flaxseed from Argentina begin late in the winter or early in the spring and continue throughout the summer. (See table 5.) Flaxseed from Canada enters chiefly in the fall season. Substantial quantities of flaxseed produced in Uruguay are exported from Argentina and are credited to Argentina in United States statistics of imports. In November 1940, because of the loss of European markets and the accumulation of a large supply of flaxseed, the Argentine Government set a minimum price of about 70 cents per bushel for flaxseed. Between November 1940 and April 1941, the ocean-transportation costs from Buenos Aires to New York increased from about 25 cents to 55 cents per bushel.

Drawback from exports of flaxseed products. - Under the Tariff Acts of 1922 and 1930, domestic producers who export linseed oil, linseed cake and meal, and other products made from imported flaxseed are entitled to a drawback equal to 99 percent of the duty paid on that portion of the imported seed used in making the exported products. The drawback paid on exports of linseed cake accounts for over 90 percent of the total amount of drawback paid on all exports of flaxseed products. Although domestic exports of linseed oil are small, exports of linseed cake are large. Prior to 1941, practically all of the cake and meal produced from imported flaxseed was exported with benefit of drawback. Data in table 6 show the extent to which the drawback is claimed.

Table 6. - Flaxseed: Drawback paid on exported articles produced from imported flaxseed, 1927-40, and January-June 1941

Year	Duty collected on imports of flaxseed	Drawback of flaxseed duty paid	Ratio of drawback to total duty collected	Amount of drawback per bushel of seed imported
			Percent	Cents
1927	\$8,803,345	\$2,013,408	22.9	9.1
1928	7,031,444	1,886,631	26.8	10.7
1929	11,064,683	2,457,423	22.2	10.3
1930	7,753,250	1,739,813	22.4	13.7
1931	9,409,708	1,718,331	18.3	11.9
1932	4,986,966	1,435,253	28.8	18.7
1933	9,077,754	1,088,612	12.0	7.8
1934	9,210,501	1,817,082	19.7	12.8
1935	11,413,780	1,453,166	12.7	8.3
1936	9,987,263	1,530,733	15.3	10.0
1937	18,220,641	2,929,204	16.1	10.4
1938	9,986,318	2,510,990	25.1	16.3
1939	10,418,286	2,676,054	25.7	16.7
1940 ^{1/}	7,686,535	2,007,251	26.1	17.0
1941				
(Jan.-June) ^{1/}	4,757,818	151,931	3.2	2.1

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

Table 7 shows data on world production of flaxseed. The peak in world production was the crop year 1931-32, when 166 million bushels were produced. On the average, Argentina produced about 50 percent of the estimated world total.

Table 7. - Flaxseed: World production and production in principal countries, average 1930-34, and annually, 1935-40

(In thousands of bushels)

Country	Average, 1930-34	1935	1936	1937	1938	1939	1940
World total ^{1/}	145,400	135,336	144,000	130,000	128,000	2/	2/
Argentina ---	74,346	59,445	76,200	60,604	55,509	39,935	57,461
Soviet Union	29,836	29,133	29,526	2/	2/	2/	2/
United States	11,501	14,520	5,273	6,974	8,152	20,152	31,217
India -----	17,064	17,920	16,670	17,800	19,480	17,680	19,833
Canada -----	2,225	1,667	1,795	775	1,259	2,169	3,406
Uruguay -----	3,530	3,007	3,011	3,728	4,425	5,296	2,165

^{1/} Excluding China.

^{2/} Not available.

Source: U. S. Department of Agriculture, Agricultural Statistics, and Foreign Crops and Markets.

The United States, the Netherlands, Germany, France, and the United Kingdom account for the bulk of world imports (see table 8). Argentina is by far the principal exporting country, and British India ranks second.

Table 8. - Flaxseed: World imports and exports by principal countries,
5-year average, 1930-34, and annually, 1934-40

Country	Average, 1930-34	1935	1936	1937	1938	1939	1940
Imports (1,000 bushels)							
Total, all countries	75,544	81,156	73,789	86,395	66,253	1/	1/
United States	12,611	17,560	15,365	28,032	15,364	16,028	11,826
Netherlands	13,715	15,842	13,012	12,622	11,735	12,201)
Germany	13,366	9,737	8,617	7,100	6,112	2/4,320)
France	9,377	9,973	11,121	10,788	8,000	2/4,900)
United Kingdom	10,837	10,273	10,905	11,439	11,055	4/7,995)
Exports (1,000 bushels)							
Total, all countries	76,439	80,460	77,632	85,031	65,627	62,875	1/
Argentina	61,763	69,982	58,576	70,943	49,805	46,581	29,613
British India	8,594	5,171	12,381	8,691	11,472	10,629	1/
Uruguay	3,333	2,779	3,029	2,951	2,849	4,288	3,991

1/ Not available.
2/ Includes Austria beginning Jan. 1, 1938.
3/ January-July.
4/ January-August.

Source: U. S. Department of Agriculture, Agricultural Statistics, annually 1930-38; International Institute of Agriculture, Monthly Crop Report and Agricultural Statistics, Rome, 1938-40.

Prices.

Table 9 shows prices of flaxseed at Minneapolis and Buenos Aires. The excess of the Minneapolis price over the Buenos Aires price has been uniformly above the rate of duty on flaxseed even when no account is taken of the considerable fraction of the duty which is repaid as drawback in connection with the exportation of linseed cake. Most, if not all, of the difference between the excess and the duty is normally absorbed by transportation costs. In 1939, this excess steadily declined because of falling domestic and increased Argentine prices, and was less than the duty from June to November. Since then the excess has risen to the highest point attained in any recent year.

Table 9. - Flaxseed: Price per bushel at Minneapolis and Buenos Aires, by years, 1929-40, and by months, August 1939 to August 1941

	U. S. No. 1 at Minneapolis : Weighted av.	Export grade at Buenos Aires	Excess of Minneapolis over Buenos Aires
Year beginning August:			
1929 -----	\$3.11	\$2.02	\$1.09
1930 -----	1.76	1.04	.72
1931 -----	1.36	.64	.72
1932 -----	1.18	.70	.43
1933 -----	1.87	1.07	.80
1934 -----	1.90	1.02	.82
1935 -----	1.73	1.15	.58
1936 -----	2.14	1.25	.89
1937 -----	2.07	1.29	.78
1938 -----	1.78	1.11	.67
1939 -----	1.65	1.26	.39
1940 -----			
Monthly average:			
1939:			
August -----	1.53	1.14	.39
September -----	1.75	1.28	.47
October -----	1.86	1.25	.61
November -----	1.84	1.23	.61
December -----	2.07	1.28	.79
1940:			
January -----	2.18	1.28	.90
February -----	2.14	1.23	.91
March -----	2.08	1.32	.76
April -----	2.11	1.42	.69
May -----	1.96	1.25	.72
June -----	1.78	1.15	.63
July -----	1.58	1/	-
Average -----	1.65	1.26	.39
1941:			
August -----	1.50	.81	.69
September -----	1.48	.77	.71
October -----	1.47	.67	.80
November -----	1.59	.70	.89
December -----	1.64	.71	.93
January -----	1.78	.71	1.07
February -----	1.75	.71	1.04
March -----	1.80	.71	1.09
April -----	1.93	.71	1.22
May -----	1.87	.71	1.16
June -----	1.87	.71	1.16
July -----	1.92	2/	2/
Average -----	1.65		
August -----	1.89		

1/ No quotations.

2/ Not available.

Source: U. S. Department of Agriculture, Agricultural Statistics.

Competitive conditions.

Since 1908, the United States has not produced enough flaxseed for domestic requirements. During the period 1925-38, United States consumption of flaxseed ranged from 19 million (1932) to 48 million (1925) bushels, of which an average of about 50 percent was imported annually. In 1940, about 37 percent of consumption was imported. The recent increase in United States production has been due to favorable weather, the soil-conservation program, and the favorable price of flaxseed relative to that of wheat.

Practically all United States imports of flaxseed come from Latin American countries, particularly Argentina and Uruguay, Argentina supplying about 80 percent. In some years, small quantities have come from Canada and British India. Before the outbreak of the present war in Europe, the United States usually took from 20 to 40 percent of Latin American exports, the remainder going to European countries. The large Argentine crop of 57 million bushels in 1940-41, together with the loss of the European markets, the substantial increase in costs of ocean transportation, and the shortage of shipping has caused the accumulation of a large supply of flaxseed in Argentina. The ocean-transportation costs from Buenos Aires to New York increased from about 25 to 55 cents per bushel between November 1940 and April 1941. During this period the excess of the price of No. 1 flaxseed at Minneapolis over the price of flaxseed at Buenos Aires increased from 89 cents to \$1.22 per bushel.

Of United States imports, about 86 percent enter the New York and Philadelphia customs districts; 7 percent at the Buffalo and Ohio customs districts; and 3 percent on the Pacific Coast. The remainder enters at various other points. Imported flaxseed is crushed near the points of entry. The large flaxseed-crushing companies of the United States have plants in the producing areas as well as in the New York and Philadelphia districts. Only under unusual conditions does domestic flaxseed reach the New York plants for crushing, and, on the other hand, imports seldom reach plants in the producing areas. Plants at Cleveland and Buffalo use both domestic and imported flaxseed.

In 1940, the total drawback paid on exports of products made from imported flaxseed amounted to about 17 cents per bushel of all the flaxseed imported that year, equal to over one-fourth of the then effective rate of duty. The exports consisted chiefly of linseed cake and some linseed meal, shipped principally to Belgium and the Netherlands, the extracted linseed oil remaining in the United States. The European market for the byproducts of linseed oil has been cut off by the war. These byproducts are now marketed to a large extent in the dairy regions of the Northeastern States at a slightly lower price per ton than cottonseed meal as compared with a higher price than cottonseed meal before the loss of European markets.

Because of the increased building activity in 1940 and 1941, flaxseed crushings in the United States were about 35 percent higher during the 6 months ended June 30, 1941, than during the corresponding period of the previous year. The increased demand has enabled imports to enter in spite of the large United States production.



ALFALFA SEED

United States tariff.

	<u>Rate or duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 763. Grass seeds and other forage crop seeds: Alfalfa ———	4¢ per lb.	4¢ per lb. (bound against increase)

Tariff history.

Trade agreements with Canada, effective January 1, 1936 and January 1, 1939 —————	4¢ per lb.
Act of 1930, par. 763 —————	8¢ per lb.
Act of 1922, par. 761 —————	4¢ per lb.
Act of 1913, par. 595 —————	Free

Ad valorem equivalent.

The average ad valorem equivalent of the duty of 8 cents per pound under the act of 1930 ranged from a high of 108 percent (1933) to a low of 40 percent (1935). The ad valorem equivalent of the present 4-cent rate has fluctuated between 29 percent (1936) and 21 percent (1937).

Description and uses.

Alfalfa, sometimes known as lucerna, is grown in all sections of the United States except most of the lower South. It is one of the heaviest-yielding of the hay-producing crops, in some areas yielding as many as eight cuttings in one season. Special varieties or strains have been developed for resistance to low winter temperatures, and others for resistance to bacterial wilt as well; alfalfa of these strains is grown in the Northern States. In general, United States imports of seed consist mostly of special hardy varieties or "northern-grown" common alfalfa, and exports mostly of semihardy or nonhardy seed.

Investigations by the United States Department of Agriculture demonstrated that strains of alfalfa from certain countries, when grown in certain domestic areas, were inferior to hardy domestic strains in productiveness, and resistance to cold and disease. As a result, Congress in 1926 passed an amendment to the Federal Seed Act requiring the staining of imported alfalfa seed. The amendment requires that imports of alfalfa seed from Africa, South America, and Turkestan, or from unknown sources, be stained a reddish shade (10 percent of each lot). This identifying stain signifies that the various strains of seeds "are not adapted to general agricultural use in the United States" and this fact tends to restrict their sale to areas where the winters are mild. Seed from Canada must be stained violet (1 percent), and that from all known sources other than those mentioned must be stained green (5 percent).

Summary of United States production, imports, and exports.

Domestic production increased from about 60 million pounds (1 million bushels) annually in earlier years to nearly 90 million pounds (1.5 million bushels) in 1939 and 1940. From 50 to 70 percent

of domestic production is of the semihardy or nonhardy seed. For the 6 years 1923-29, under a 4-cent duty, imports averaged about 4.5 million pounds annually, equivalent to approximately 8 percent of the domestic production. Under the 8-cent rate of the act of 1930, imports were very low. In the period 1936-40, under the 4-cent rate pursuant to the United States-Canadian agreements, imports were again considerable, ranging between 2.1 and 4 million pounds annually, or between 3 and 6 percent of domestic production. Exports have been variable; in 1937 they amounted to 3.1 million pounds, but in 1938 to only 355,000 pounds. In 1939 and 1940, exports amounted to 449,000 and 485,000 pounds, respectively.

United States production, imports, and exports of alfalfa seed are shown in table 1.

Table 1. - Alfalfa seed: Summary of United States production, imports, and exports, in specified years, 1933 to 1940, and January-June 1941

	1933	1935	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (1,000 pounds)							
Production	64,434	60,252	58,860	62,040	89,292	87,180	(2/)
Imports	4	43	3,990	3,615	3,165	2,608	1,034
Exports	1,199	509	3,098	355	449	485	(2/)
Value (1,000 dollars)							
Production ^{3/}	6,420	7,920	13,439	10,918	13,810	(2/)	(2/)
Imports	(4/)	9	766	659	509	407	138
Exports	123	71	852	68	84	61	(2/)

^{1/} Preliminary.

^{2/} Not available.

^{3/} Values are based on farm prices and are therefore not directly comparable with values shown for imports and exports.

^{4/} Less than \$500.

Source: U. S. Agricultural Marketing Service, and official statistics of the U. S. Department of Commerce.

United States production.

The production of alfalfa seed is, for the most part, scattered sparsely over a very large territory, including the North Central States as far east as Ohio, and nearly all of the Western and far-Western States. Except in certain irrigated areas, the crop is commonly a byproduct of alfalfa hay; usually one or more cuttings of hay, in addition to the seed cutting, are obtained in a season. The total production depends largely upon the weather at seed-setting time and upon growers' need for hay. Because of conditions not yet fully understood by specialists, alfalfa is not a reliable seed producer, especially under the humid atmospheric conditions that prevail east of the 95th meridian. Though the total United States output varies less from year

to year than that of some other seed crops, the output of individual States fluctuates greatly. An example of extreme fluctuation may be found in the production of Idaho, which averaged 114,000 bushels annually during the period 1927-36, but amounted to only 70,000 bushels in 1938.

Alfalfa seed grown in the northern tier of States is generally considered winter-hardy in the general meaning of the term, but the bulk of the crop of the other States is either semihardy or nonhardy, though there may be exceptions with respect to certain localities. The production of winter-hardy and of semihardy and nonhardy seed, determined as indicated above, has been as follows:

(In thousands of pounds)			
	Average	1939	1940 ^{1/}
	1929-38		
Semihardy and nonhardy	34,302	53,118	52,374
Winter-hardy ^{2/}	24,438	36,174	34,806
Total	58,740	89,292	87,180

^{1/} Preliminary.

^{2/} Product of Michigan, Wisconsin, Minnesota, North Dakota, South Dakota, Montana, Idaho, and Wyoming.

Source: U. S. Department of Agriculture, Crops and Markets, December 1940.

United States imports.

In the early 1920's, imports of alfalfa seed were much higher than they have been since, and Argentina was an important source. In 1926, however, the United States Department of Agriculture issued regulations under the Federal Seed Act requiring that alfalfa seed from South America be stained orange-red to indicate its lack of resistance to low winter temperatures. As the demand for foreign seed of this kind is limited to areas having mild winters, imports decreased sharply. Since 1926, Canada has been the principal source of imports, although Argentina supplied 17 percent of the imports in 1938, 25 percent in 1939, and 16 percent in 1940 (table 2). The unit value of the seed from Canada is normally much higher than that from other sources, reflecting the greater winter-hardiness of the Canadian seed.

Trade Agreement With Argentina

Table 2. - Alfalfa seed: United States imports for consumption, by principal sources, in specified years, 1929 to 1940 and January-June 1941

	1929	1935	1936	1937	1938	1939	1940 ^{1/2}	1941 ^{1/} (Jan.-June)
Quantity (1,000 pounds)								
Canada	126	43	1,100	2,647	2,324	2,259	2,188	998
Argentina	453	-	729	865	601	803	420	36
France	-	-	200	172	242	4	-	-
All other	2/420	-	56	306	448	99	-	(3/)
Total	999	43	2,095	3,990	3,615	3,165	2,608	1,034
Value (1,000 dollars)								
Canada	31	9	218	642	522	422	370	135
Argentina	60	-	60	80	62	77	37	3
France	-	-	11	18	30	1	-	-
All other	2/50	-	5	26	45	9	-	(3/)
Total	141	9	294	766	659	509	407	138
Unit value (cents per pound)								
Canada	24.6:20.9	19.6	24.2	22.5	18.7	16.9	13.6	
Argentina	13.2	-	8.2	9.2	10.3	9.5	8.9	8.8
France	-	-	5.5	10.5	12.4	11.3	-	-
All other	11.9	-	8.9	8.5	10.0	9.8	-	32.5
Average	14.1:20.9	14.0	19.2	18.2	16.1	15.6	13.4	
Percent of total quantity								
Canada	13	100	53	66	64	72	84	97
Argentina	45	-	35	22	17	25	16	3
France	-	-	9	4	7	(4/)	-	-
All other	42	-	3	8	12	3	-	(4/)
Total	100	100	100	100	100	100	100	100

^{1/} Preliminary.^{2/} Includes 353,035 pounds valued at \$41,883, imported from the Soviet Union.^{3/} Less than 500.^{4/} Less than 0.05 percent.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States exports.

Exports of alfalfa seed have seldom exceeded 1.5 million pounds; in 1937, however, they amounted to 3.1 million pounds, equivalent to three-fourths the quantity imported in that year. Normally, most of the exports go to Mexico and France, although several other countries have been important markets in some years; in 1937 the Soviet Union took 2.3 million pounds, valued at \$689,000. Exports to Canada probably consist mostly of the hardy Grimm variety, and those to countries having mild winters probably of semihardy or nonhardy strains. Ordinarily little or none is exported to Argentina; in 1925, however,

Argentina took 758,000 pounds, valued at \$113,000. Exports during the 3 years 1938-40 were 355,000, 449,000, and 485,000 pounds, valued at \$68,000, \$84,000, and \$61,000, respectively. In 1940, 457,000 pounds of the total exports of 485,000 pounds went to Mexico.

Foreign production and trade.

Production of alfalfa seed in Argentina is not reported but is believed to be large. Exports from that country are extremely variable; in 1931 they amounted to 50,000 pounds, in 1934 to 8,500,000 pounds, and in 1940 to 591,000 pounds. Before 1935 Argentine exports were principally to Italy; since that year they have been principally to the United States.

Canadian exports were small before 1937, but beginning in that year, they exceeded exports from Argentina. From 73 to 95 percent of the exports from Canada have come to the United States. Exports from Canada and Argentina to principal countries are shown in table 3.

Table 3. - Alfalfa seed: Exports from Argentina and Canada to principal countries, annually 1933-40

Year	From Argentina						From Canada					
	To Italy		To United States		To all countries		To Denmark		To United States		To all countries	
	1,000 lbs.	Percent	1,000 lbs.	Percent	1,000 lbs.	1,000 lbs.	Percent	1,000 lbs.	Percent	1,000 lbs.	Percent	
1933	4,755	74.8	-	-	6,357	1/	1.1	21	98.9	-	22	
1934	4,893	57.4	-	-	8,514	104	72.6	20	14.1	-	143	
1935	1,013	60.3	-	-	1,680	156	60.8	91	35.6	-	256	
1936	-	-	1,188	87.3	1,362	189	81.0	44	18.8	-	233	
1937	-	-	593	59.9	989	117	4.3	2,006	74.5	-	2,692	
1938	-	-	399	59.4	671	114	3.1	3,444	95.3	-	3,613	
1939	-	-	808	68.2	1,185	80	2.5	2,348	73.2	-	3,207	
1940	2/	-	2/	-	591	2/	-	2/	-	-	2/	

1/ Less than 500 pounds.

2/ Not available for publication.

Source: Compiled from official statistics of Argentina and Canada.

Competitive conditions.

Alfalfa seed from Argentina is for the most part inferior in winter-hardiness to that grown in northern United States and in Canada, and is ordinarily sown in the United States only in areas having mild winters. It is, therefore, comparable and competitive with only the semihardy and nonhardy portion of the United States crop, which amounts to from 50 to 70 percent of the total. In United States markets, the Argentine seed ordinarily sells at a discount under domestic seed, although this discount was less in 1941 than in 1939.

In March 1941 a large eastern seed house quoted Argentine alfalfa seed in wholesale quantities at \$17 per 100 pounds, as compared with \$17.50 per 100 pounds for Oklahoma seed (nonhardy) and \$20 per 100 pounds for Kansas seed (semihardy).



CANARY SEED

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 764. Other garden and field seeds:		
Canary -----	3/4¢ per lb.	1/2¢ per lb.

Tariff history.

Trade agreement with Turkey, effective May 5, 1939 -----	3/4¢ per lb.
Act of 1930, par. 764 -----	1¢ per lb.
Act of 1922, par. 762 -----	1¢ per lb.
Act of 1913, par. 212 -----	1/2¢ per lb.

Ad valorem equivalent.

The ad valorem equivalent of the duty under the act of 1930 ranged from a low of 26 percent in 1936 to a high of 74 percent in 1933. In 1940, at the reduced rate of 3/4 cent per pound, the ad valorem equivalent was 47 percent.

Description and uses.

Canary seed is the product of an annual grass, *Phalaris canariensis*, cultivated principally in Argentina and in several of the Mediterranean countries. It is used for bird feed, either alone or mixed with other seeds, such as rape, hemp, and millet.

United States production.

Canary seed has been produced sporadically in various localities in the United States, but the output has been small in relation to imports. In 1931, 370,000 pounds were produced in Montana, but no production has since been reported in that State. It is reported that 400,000 pounds were produced in California in 1935, 700,000 pounds in 1936, approximately 1,000,000 pounds in 1938, 2,000,000 pounds in 1939, and 1,500,000 pounds in 1940.

United States imports.

Annual imports of canary seed in most recent years have ranged between 15 and 20 million pounds, valued at from \$300,000 to \$700,000. Imports declined in 1940 to 10 million pounds valued at \$167,000, but at least a partial recovery is indicated from statistics for the first six months of 1941.

Imports come almost entirely from Argentina, Turkey, and Morocco. Argentina has usually supplied approximately one-half of the total. A reduction in the United States duty from 1 cent to 3/4 cent per pound became effective May 5, 1939, pursuant to the trade agreement with Turkey. During the calendar year 1939, United States imports from Turkey decreased nearly 50 percent, whereas those from Argentina increased moderately, and those from Morocco quadrupled as compared with 1938. During 1940 and the first 6 months of 1941, imports from Turkey and Morocco were either suspended, or very sharply reduced, while

Argentina became, to an increasing extent, the only source of imports into the United States, 80 percent of total imports being supplied by Argentina in 1940, and 97 percent in the first 6 months of 1941. Import statistics are contained in table 1.

Foreign production and trade.

Argentina, Turkey, and Morocco are normally the principal producers and exporters of canary seed. Argentina produces about one-half the total world output, while Turkey produces more than one-third. During the years immediately preceding the present European war, an increasing proportion of total world production was supplied by Turkey and Morocco, while production in Argentina was declining (table 2). Accompanying these changes in production, there were changes in trade, Turkey actually displacing Argentina as the principal world exporter of canary seed in the 4 years beginning 1936.

Table 1. - Canary seed: United States imports for consumption by principal sources, in specified years, 1929 to 1940, and January-June 1941

Country	1929	1933	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (1,000 pounds)							
Argentina	5,209	12,309	9,749	7,333	8,145	8,329	8,717
Turkey	1,232	5,139	5,523	6,210	3,298	53	-
Morocco	7,954	3,460	1,565	1,037	3,939	1,500	234
All other	2,898	516	1,396	534	502	516	-
Total	17,293	21,424	18,233	15,114	15,884	10,403	8,951
Value							
Argentina	\$192,650	\$145,182	\$352,443	\$190,998	\$153,078	\$132,349	\$112,359
Turkey	49,105	71,655	222,154	163,871	61,804	1,800	-
Morocco	327,606	61,132	57,461	28,843	69,797	25,182	4,357
All other	131,105	12,983	64,168	17,840	11,165	8,158	-
Total	700,466	290,952	696,226	401,552	295,844	167,489	116,716
Unit value (per pound)							
Argentina	\$0.037	\$0.012	\$0.036	\$0.026	\$0.019	\$0.016	\$0.013
Turkey	.040	.014	.040	.026	.019	.031	-
Morocco	.041	.018	.037	.028	.028	.017	.019
All other	.045	.025	.046	.033	.022	.016	-
Total	.041	.014	.038	.027	.019	.016	.013

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table 2. - Canary seed: Production in Argentina, Turkey, and Morocco, 1935-39

(In thousands of pounds)				
Crop year	Argentina	Turkey	Morocco	Three country total
1935	86,401	12,980	3,696	103,077
1936	52,800	32,780	11,660	97,240
1937	65,560	40,260	18,920	124,740
1938	55,220	36,520	17,820	109,560
1939	55,000	(1/)	(1/)	(1/)

1/ Not available.

Source: International Yearbook of Agriculture Statistics.

In 1935, Germany was the principal foreign market for Argentine canary seed, but exports to Germany as well as to other European countries declined after 1935, and the United States became the principal remaining market. The share of the United States in total exports of canary seed from Argentina increased from 25 percent in 1935 to 54 percent in 1939. The United States, in some years, has been the principal market for exports from Turkey as well as from Argentina, but this has not been the case in late years, as Turkey has since 1937 exported more canary seed to European countries than to the United States. Moroccan exports have gone principally to France and the United Kingdom.

Competitive conditions.

As compared with imports of 15 to 20 million pounds annually, domestic production reached a peak of 2 million pounds in 1939, virtually all of which was produced in one locality (Stockton, Calif.) under contract with one seed firm.

Canary seed is considered a desirable feed for birds, partly because of its spicy flavor. Other seeds, namely, millet, rape, and hemp, are mixed with it, to reduce the price and give variety to the diet. Of these seeds, millet is the only one produced in the United States in significant quantities. Imports of canary seed supplement rather than compete with the small part of the domestic millet-seed crop used for bird feed.

The quality of canary seed varies according to the hardness of the seed and the thickness of the seed coat; the size, color, and "gloss" of the seed; and the proportion of foreign material. Reports from the trade indicate that the order of preference is Moroccan seed first, Turkish second, and Argentine last. This is the usual ranking in average unit value of imports. However, the differences between the seed from the several countries are not great.



ASPARAGUS

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 774. Vegetables in their natural state:***all other, not specially provided for -----		50% ad val.

Reclassification.

Par. 774. Asparagus in its natural state, if entered for consumption during the period from November 16 in any year to the following February 15, inclusive ----- 25% ad val.

Tariff history.

Act of 1930, par. 774 - 50% ad val.
 Act of 1922, par. 772 - 25% ad val.
 Act of 1913, par. 215 - 15% ad val.

Equivalent specific rate.

The computed equivalent specific duty on imports of asparagus from Argentina was about 1 cent per pound in 1936, 1.4 cents in 1937, and 1.5 cents in 1938, 1939, and 1940.

Summary of United States production, imports, and exports.

The commercial production of asparagus grown for marketing fresh amounted to about 178 million pounds valued at more than 10 million dollars annually in 1939 and 1940. Imports from Argentina have been small and very irregular, ranging from 11,000 to 79,000 pounds annually valued at \$350 to \$1,900. United States statistics of exports are not available, but Canadian statistics show imports from the United States in the 5-year period 1935-39 of nearly 1,600,000 pounds annually valued at about \$100,000. Exports of canned asparagus from the United States range from \$700,000 to \$2,500,000 a year.

United States production.

Average annual production of asparagus for all purposes in the United States in 1939 and 1940 amounted to 278 million pounds valued at over 14 million dollars. The canning industry, located largely in California, used 40 percent of the total crop. Production of asparagus for marketing in the fresh state amounted to 178 million pounds, valued at over 10 million dollars. Over one-third of the fresh crop is produced in California, the remainder being distributed over 11 States, New Jersey and South Carolina together producing nearly as much as California.

Asparagus is a cool-weather crop, and the domestic marketing season begins in February and ends in June. Shipments are heaviest in March and April, about 80 percent of total rail shipments in 1940 having been in April. The shipping season in the Imperial Valley is short, being confined to October and November. Such shipments

amounted to less than 2 percent of total California rail shipments in 1940.

United States imports.

Imports of fresh asparagus into the United States are not separately recorded by the United States Department of Commerce. Records of the Bureau of Plant Quarantine, however, show that imports from Argentina of fresh vegetables not separately provided for (table 1) consist entirely of asparagus. Entries from that country are very small, amounting to less than \$2,000 in each year since 1933. Occasional shipments are also received from Canada, Chile, and Mexico.

The imports from Argentina enter in about equal quantities in the three months November to January, with occasional shipments in early February. The season for imports from Canada is May, June, and July. Imports from Chile are believed to occur during the same months as those from Argentina, but the quantities received have been comparatively insignificant.

Table 1. - Fresh vegetables, n.s.p.f.:^{1/} United States imports from Argentina, 1934-40 and January-June 1941

Year	Quantity	Value	
		Total	Per pound
	Pounds		Cents
1934	(2/)	\$1,903	-
1935	(2/)	1,223	-
1936	78,587	1,643	2.1
1937	61,263	1,731	2.8
1938	17,225	536	3.1
1939	11,164	350	3.1
1940	59,490	1,869	3.1
1941 ^{3/} (Jan.-June)	-	-	-

^{1/} Imports from Argentina under this classification consist largely if not entirely of asparagus.

^{2/} Not available.

^{3/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States exports.

Official statistics of the Department of Commerce do not show separately the exports of fresh asparagus from the United States. Canadian statistics, however, show the following imports, all from the United States:

Trade Agreement With Argentina

	<u>Quantity</u> <u>Pounds</u>	<u>Total value</u> <u>Canadian dollars</u>	<u>Unit value</u> <u>Cents per pound</u>
1936	2,302,373	\$145,033	6.3
1937	1,674,165	101,589	6.1
1938	1,288,324	75,725	5.9
1939	1,883,871	103,501	5.5
1940 ^{1/}	-	-	-

^{1/} Not available for publication.

Exports of fresh asparagus from the United States to countries other than Canada are probably insignificant.

Competitive conditions.

Most of the imports of asparagus from Argentina, the principal supplier, enter at New York City in the three months, November to January; in some years, however, small quantities are also entered early in February. Total imports of asparagus from Argentina amount to about one carload equivalent each month. New York City consumes the equivalent of 1,100 to 1,750 carloads of asparagus annually, 95 percent of which arrives in the period March to June. The concession to Argentina on asparagus applies only from November 16 to February 15 inclusive, a period when the domestic product is not available in adequate quantities.



CORNED-BEEF HASH

United States tariff.

	<u>Rate of duty</u>
	<u>Before agreement</u> <u>Under agreement</u>

Par. 775. *** hash *** composed of vegetables and meat *** not specially provided for _____ 35% ad val.

Reclassification.

Par. 775. Corned-beef hash _____ 20% ad val.

Tariff history.

Act of 1930, par. 775 - 35 percent
 Act of 1922, par. 773 - 35 percent
 Act of 1913, par. 385 - 15 percent^{1/}

Equivalent specific rate.

The rate of 20 percent ad valorem under the agreement is equivalent to about 1 cent per pound.

Description and uses.

Corned-beef hash as manufactured in the United States must, under Federal meat-inspection regulations, contain a minimum of 35 percent corned beef; the remainder consists largely of potatoes, with some onion, and with or without seasoning, but usually with pepper. Imports from Argentina must comply with the same regulations.

Summary of United States production, imports, and exports.

It is estimated that the value of United States production of corned-beef hash amounts to several million dollars annually. Imports are reported in a class that includes a number of articles other than corned-beef hash; the value of the entire class averaged \$12,000 annually from 1935 to 1939 and increased to \$37,000 in 1940 and to \$27,000 in the first half of 1941, as shown in table 1.

Shipments from Argentina of "pastes, balls, puddings, hash, and similar mixtures of vegetables, meats, or fish, not specially provided for" began in 1937 and are believed to consist largely, if not entirely, of corned-beef hash. Argentina supplied 80 percent of the imports of this class in 1940 and 97 percent in the first 6 months of 1941. Imports from countries other than Argentina consist of a great variety of meat and vegetable mixtures, some containing fish or poultry. Japan supplied 65 percent of the total imports during the period 1935-39, but these imports probably did not include corned-beef hash.

^{1/} Classified free of duty under par. 545, as "meat prepared or preserved", until March 1919. Classified thereafter as a nonenumerated manufactured article under par. 385, dutiable at 15 percent.

Table 1. - Pastes, balls, puddings, hash, and similar mixtures of vegetables, meats, or fish, not specially provided for: United States imports for consumption, by principal sources, 1935-40, and January-June 1941

Country	: 1935	: 1936	: 1937	: 1938	: 1939	: 1940 ^{1/}	: 1941 ^{1/}
							(Jan.-June)
Argentina	-	-	\$38	-	\$447	\$29,105	\$26,268
United Kingdom	\$1,387	\$1,449	643	\$266	44	408	23
Japan	6,689	7,591	11,671	8,189	3,291	5,761	167
All other	5,276	2,748	2,507	3,300	3,549	1,307	659
Total	13,352	11,788	14,859	11,755	7,331	36,581	27,117

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Competitive conditions.

Imports of corned-beef hash, although increasing, are still too small to offer serious competition to the domestic product.



BROOMCORN

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 779 - Broomcorn ———	\$20 per ton of 2,000 lbs.	\$10 per ton of 2,000 lbs.

Tariff history.

Act of 1930, par. 779 - \$20 per ton of 2,000 lbs.
 Act of 1922, par. 1538 - Free
 Act of 1913, par. 434 - Free

Imports of broomcorn are subject to fumigation or sterilization regulations, or to both, under the provisions of Quarantine No. 41 proclaimed by the Secretary of Agriculture. At present the cost of disinfection ranges between \$3 and \$10 per short ton. Since 1936, the ad valorem equivalent of the duty has fluctuated between 30 and 40 percent.

Description and uses.

Broomcorn belongs to the sorghum group of cereals, but it differs from the sweet and grain sorghums in that it produces heads having long strands, or brush, used for brooms.

In the United States broomcorn is grown exclusively for the brush, which varies from coarse brush for barn and warehouse brooms to fine brush for whisk brooms. It is harvested before maturity when the brush is pea-green in color and the seeds are without value, having developed only to the milk stage.

In Europe, and to an unknown extent in Argentina, broomcorn is allowed to mature in order that the seed may be used for feed. The brush, however, is not so desirable as when cut green; consequently, imports are generally inferior in quality to the domestic product.

Broomcorn, being drought resistant, can be grown on semiarid land.

Summary of United States production, imports, and exports.

During the period 1934-40, domestic production in the important regions ranged from 29,000 to 61,000 short tons annually; exports, from 1,900 to 2,900 tons; and imports, from negligible quantities to 3,400 tons. After a low of 28,700 tons in 1934 and a peak of 61,300 in 1935, production became fairly uniform for the remainder of the period, the average annual in the years 1936-40 being 38,500 tons. Imports have been negligible except for the period 1934-37, during which there were two very small domestic crops. Most of the imports in 1933 and 1937 entered before the large crops of those years were harvested. Domestic production, imports, and exports are shown in table 1.

Table 1. - Broomcorn: United States production, imports, and exports, 1934-40

Item	1934	1935	1936	1937	1938	1939	1940 ^{1/}
Quantity (short tons)							
Production ^{2/}	28,700	61,300	38,000	45,500	37,000	30,800	41,400
Imports	3,398	2,646	969	363	96	104	23
Exports	2,651	2,243	2,890	1,950	1,902	2,186	2,685
Value (1,000 dollars)							
Production ^{2/}	4,719	4,531	4,444	3,197	2,327	3,299	3
Imports	301	242	51	22	5	6	1
Exports	413	273	291	212	181	224	226
Unit value per ton							
Production ^{2/}	\$164	\$74	\$117	\$70	\$63	\$107	3
Imports	89	91	53	71	54	59	\$65
Exports	156	122	101	109	95	103	84

^{1/} Preliminary.^{2/} For the three important regions, comprising six States.^{3/} Not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture and the U.S. Department of Commerce.

United States production by States.

The principal centers of production are (1) east central Illinois; (2) the Washita Valley in south-central Oklahoma; (3) an area comprising western Oklahoma, southwestern Kansas, southeastern Colorado, and eastern New Mexico, known as the western district; and (4) Bee County in southern Texas. Largely because of greater rainfall, the yield per acre in the Illinois district is about twice that of the other three districts, where it is usually between 200 and 300 pounds per acre.

Oklahoma and Illinois are the principal producing States, usually producing 50 to 60 percent of the total crop. Other prominent States, in order of importance, are New Mexico, Colorado, Texas, and Kansas (see table 2). A few other States produce small quantities, but are not included in this table.

Table 2. - Broomcorn: United States production by six principal States, averages 1928-37, annually 1938-41

State	Average		1938	1939	1940 ^{1/}	1941 ^{1/}
	1928-32	1933-37				
Oklahoma	17,800	14,400	12,500	8,800	13,500	8,200
Illinois	6,800	11,800	8,300	7,500	8,800	7,100
New Mexico	5,600	4,500	6,400	6,200	4,700	7,600
Colorado	8,000	3,100	3,800	4,600	6,100	6,100
Kansas	6,500	2,100	2,000	1,500	4,500	2,600
Texas	1,300	5,200	4,000	2,200	3,800	4,000
Total	2/46,000	2/41,100	37,000	30,800	41,400	35,600

^{1/} Preliminary.^{2/} Unrevised statistics, by States.

Source: Agricultural Statistics and Crops and Markets.

United States imports.

Broomcorn may be imported only under regulations of Quarantine No. 41 proclaimed by the Secretary of Agriculture. The imported product must be disinfected either by steam sterilization or by vacuum fumigation.^{1/} The entry of imports is limited to New York and Boston, these being the only ports that have facilities for disinfecting broomcorn.

Imports consist principally of mature broomcorn, grown for seed as well as for the brush, and such broomcorn is less desirable than that cut before maturity, as is the bulk of the domestic crop. Prior to May 1938, only the steam method of sterilization was allowed - a method that is reported to have lowered materially the quality of the broomcorn. However, the vacuum, or gas, fumigation method introduced in May 1938, causes no deterioration. The cost of disinfecting a ton of broomcorn by either method ranges from \$8 to \$10.

During the period 1924-29, when there was no duty on broomcorn, imports averaged 268 tons annually. From 1931 to 1933, there were no imports. During the years 1934-37, however, within which there were two short domestic crops, imports averaged 1,844 tons. From 1938 to 1940, inclusive, they averaged only 74 tons annually.

Argentina was the principal source of imports during the years 1935-37 and the sole source in 1939 and 1940. Hungary was the principal source in 1934 and the sole source in 1938. However, total imports from Hungary in the period 1934-38 about equaled those from Argentina. Other sources of imports have been Italy, Mexico, and Germany. The value per ton of broomcorn from the several countries varies considerably.

^{1/} U.S. Bureau of Entomology and Plant Quarantine, No. 474.

Table 3. - Broomcorn: United States imports for consumption by principal sources, 1934-40

Country	1934	1935	1936	1937	1938	1939	1940 ^{1/}
Quantity (short tons)							
Hungary	2,090	744	110	142	96	-	-
Argentina	755	1,434	800	182	-	104	23
Italy	415	432	11	-	-	-	-
Mexico	82	36	27	-	-	-	-
Germany ^{2/}	56	-	-	-	-	-	-
All other	-	-	21	39	-	-	-
Total	3,398	2,646	969	363	96	104	23
Value							
Hungary	\$178,791	\$80,438	\$6,662	\$9,740	\$5,166	-	-
Argentina	55,256	105,614	40,443	9,528	-	\$6,147	\$1,486
Italy	53,503	53,566	1,029	-	-	-	-
Mexico	9,545	2,387	1,349	-	-	-	-
Germany ^{2/}	4,323	-	-	-	-	-	-
All other	-	-	1,854	2,782	-	-	-
Total	301,418	242,005	51,337	22,050	5,166	6,147	1,486
Unit value (per short ton)							
Hungary	\$85.55	\$108.12	\$60.56	\$68.59	\$53.81	-	-
Argentina	73.19	73.65	50.55	52.35	-	\$59.11	\$64.61
Italy	128.92	124.00	93.54	-	-	-	-
Mexico	116.40	66.30	49.96	-	-	-	-
Germany ^{2/}	77.20	-	-	-	-	-	-
All other	-	-	88.29	71.33	-	-	-
Average	88.70	91.46	52.98	60.74	53.71	59.11	64.61

^{1/} Preliminary. Preliminary data for January-June 1941, show no imports.

^{2/} Includes Austria in 1938 and thereafter.

Source: Compiled from official statistics of the U.S. Department of Commerce.

United States exports.

The United States is normally on an export basis with regard to broomcorn. The annual exports, about 4,500 tons, were almost uniform from 1923 through 1933. Because of short crops in later years, exports declined greatly; in 1934 and 1935 they were even less than imports.

During the period 1934-38, more than 90 percent of domestic exports went to Canada; small quantities went to Mexico and to Central American countries. Before 1934, about 20 percent went to Cuba, but in 1934 and 1935 exports to Cuba decreased rapidly, and, after a number of short crops here, ceased entirely in 1936.

Table 4. - Broomcorn: United States exports of domestic merchandise to principal markets, in specified years, 1931 to 1940

Country	1931	1933	1935	1937	1939	1940 ^{1/}
Quantity (short tons)						
Canada -----	3,395	3,087	2,154	1,876	2,082	2,557
Cuba -----	1,068	623	32	-	-	28
Mexico -----	13	-	-	-	15	6
Panama ^{2/} -----	20	25	12	17	22	27
All other -----	21	56	45	57	67	67
Total -----	4,517	3,791	2,243	1,950	2,186	2,685
Value						
Canada -----	\$224,320	\$244,709	\$259,496	\$202,285	\$210,973	\$210,853
Cuba -----	80,306	50,569	2,882	-	-	2,765
Mexico -----	628	-	-	-	1,261	338
Panama ^{2/} -----	2,548	3,218	3,198	2,476	2,822	4,220
All other -----	1,793	5,527	7,823	7,487	9,088	8,229
Total -----	309,595	304,023	273,399	212,248	224,144	226,405
Unit value (per short ton)						
Canada -----	\$66.07	\$79.27	\$120.47	\$107.83	\$101.33	\$82.46
Cuba -----	75.19	81.17	90.06	-	-	98.75
Mexico -----	48.31	-	-	-	84.07	56.33
Panama ^{2/} -----	127.40	128.72	266.50	145.65	128.27	156.30
All other -----	85.30	98.70	173.34	131.35	135.64	122.82
Average -----	68.54	80.20	121.89	108.05	102.54	84.32

^{1/} Preliminary.

^{2/} Includes Panama Canal Zone.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Prices.

The price of broomcorn varies with the length and quality of the brush and the supply available. Self-working brush, on which prices are usually quoted, is broomcorn which contains, in approximately the proportions needed, the materials for making a complete broom; that is, the inside, cover, and hurl. Prices are usually quoted as a range, the lower part of the range being for the poorer qualities.

The December quotations are normally typical of the price range for the crop of the current year.

Table 5. - Broomcorn: December price range in the Wichita broomcorn market, 1931-40

		(Per short ton)					
Year	Self- working and hurl, Lindsay	Self- working Western dwarf	Year	Self- working and hurl, Lindsay	Self- working Western dwarf		
	1931	\$75 - \$120	\$50 - \$80	1936	\$190 - \$240	\$120 - \$180	
1932	75 - 110	50 - 80	1937	90 - 125	40 - 65		
1933	150 - 180	120 - 150	1938	110 - 135	60 - 80		
1934	275 - 300	190 - 250	1939	145 - 160	100 - 125		
1935	130 - 160	80 - 125	1940	100 - 120	60 - 80		

Source: Compiled from the monthly publication, "Brooms, Brushes, and Mops."

Competitive conditions.

Imports of broomcorn are very small in comparison with domestic production and are generally inferior in quality. They enter chiefly in periods when the domestic crop is short and prices are relatively high; for example, following the 1933, 1934, and 1936 crops. During the 5-year period preceding 1934, imports were negligible. Since 1936, owing to a fairly stable domestic production, there has been a steady decline in imports, in fact, a complete cessation in the first 6 months of 1941. Argentina has been the principal source of imports since 1935, except for 1938, when all imports were from Hungary.



WOOLS NOT FINER THAN 44s

United States tariff.Rate of duty
(on clean-content basis)Before agreement Under agreement

Par. 1101 (a). - Wools: Donskoi, Smyrna, Cordova, Valparaiso, Ecuadorean, Syrian, Aleppo, Georgian, Turkestan, Arabian, Bagdad, Persian, Sistan, East Indian, Thibetan, Chinese, Manchurian, Mongolian, Egyptian, Sudan, Cyprus, Sardinian, Pyrenean, Oporto, Iceland, Scotch Blackface, Black Spanish, Kerry, Haslock, and Welsh Mountain; similar wools without merino or English blood; all other wools of whatever blood or origin not finer than 40s; ***all the foregoing,

In the grease or washed -----	24¢ lb. /	13¢ lb.
Scoured -----	27¢ lb.	16¢ lb.
On the skin -----	22¢ lb.	11¢ lb.
Sorted, or matchings, if not scoured	25¢ lb.	14¢ lb.

Par. 1101 (b). - Any of the foregoing entered, or withdrawn from warehouse, under bond and used in the manufacture of press cloth, camel's hair belting, knit or felt boots, heavy fulled lumbermen's socks, rugs, carpets, or any other floor coverings

Free, subject
to provisions
of par. 1101

Free, subject
to provisions
of par. 1101
(bound)

Par. 1102 (a). - Wools, not specially provided for, not finer than 44s,

In the grease or washed -----	29¢ lb.	17¢ lb.
Scoured -----	32¢ lb.	20¢ lb.
On the skin -----	27¢ lb.	15¢ lb.
Sorted, or matchings, if not scoured	30¢ lb.	18¢ lb.

Ad valorem equivalents.

	<u>In the</u> <u>grease</u>	<u>On the</u> <u>skin</u>	<u>Washed</u>	<u>Sorted or</u> <u>matchings</u>	<u>Scoured</u>
	Percent				
<u>Unimproved wools and other wools not finer than 40s:</u>					
1935 -----	126	68	100	94	113
1936 -----	98	50	85	86	113
1937 -----	66	43	57	50	71
1938 -----	74	70	63	66	86
1939 -----	89	88	76	71	95
1940 -----	75	86	64	59	76
1941 (Jan.-June) ---	91	66	55	48	102
<u>Improved wools finer than 40s but not finer than 44s:</u>					
1935 -----	134	88	100	101	120
1936 -----	108	63	107	91	105
1937 -----	82	52	62	69	80
1938 -----	76	87	64	55	68
1939 -----	90	106	65	63	61
1940 -----	73	108	66	59	83
1941 (Jan.-June) ---	82	105	70	90	93

General statement.

This digest covers wools provided for under paragraphs 1101(a) and (b) and under paragraph 1102(a) of the tariff act. Those provided for under paragraph 1101 include all of the "unimproved" and some of the coarser "improved" or apparel wools not finer than 40s. The principal imports under this class in the past 2 or 3 years have been wools imported for use in the manufacture of carpets, and hence, free of duty; these are commonly referred to in the trade as "carpet wools." Paragraph 1102(a) provides for the improved or apparel (clothing and combing) wools finer than 40s but not finer than 44s.

Description and uses.

Unimproved wools are from "native" sheep, that is, sheep whose fleeces give no evidence of merino or "English" blood. Unimproved and coarser improved wools are imported chiefly for use in carpets, and for this use are entered under paragraph 1101(b) free of duty, under bond. Such wools, when entered under paragraph 1101(a) for use in the manufacture of tweeds, low-priced overcoatings, blankets, and most felts, are dutiable.

Improved or apparel (clothing and combing) wools finer than 40s but not finer than 44s are of higher grade than the improved wools dutiable under paragraph 1101(a). They are used for the same general purposes, although they are not suitable for the manufacture of carpets.

United States production.

Production of true carpet wools has virtually ceased in the United States; it totals only about 100,000 pounds a year and is shorn from flocks owned by the Indians in the Southwest. Domestic production of coarse improved wools not finer than 40s is also relatively small, the annual production during the last 6 years being estimated at about 2,000,000 pounds. Similar coarse wools are produced chiefly by the larger growers of the far West, many of whom keep some coarse crossbred sheep chiefly for the production of stud animals and of crossbred range sheep. The United States production of wools finer than 40s but not finer than 44s is estimated at about 4,000,000 pounds annually, or about 1 percent of the total production of wool in this country. Production of all the low-grade wools has declined for the past 20 years because of unfavorable prices.

United States imports.

Most of the wool of the types considered in this digest is imported free of duty for use in the manufacture of carpets. Total dutiable and duty-free entries under paragraphs 1101 and 1102 in recent years were as follows:

Table 1. - Unimproved and other wools not finer than 44s: United States imports for consumption, annually, 1939 and 1940, and January-June 1941

Year	Actual weight	Clean content	Value
	: 1,000 pounds	: 1,000 pounds	:
1939:			
Total dutiable -----	31,878	21,596	\$6,108,512
Total free -----	143,374	102,714	25,685,440
Total -----	175,252	124,310	31,793,952
1940: ^{1/}			
Total dutiable -----	29,292	19,478	6,504,336
Total free -----	134,640	95,732	31,088,895
Total -----	163,932	115,210	37,593,231
1941 (Jan.-June): ^{1/}			
Total dutiable -----	27,729	17,859	5,081,833
Total free -----	121,804	82,608	24,444,668
Total -----	149,533	100,467	29,526,501

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Argentina has been the principal supplier of the dutiable wools not finer than 44s, its share in the total imports increasing from 44.2 percent in 1936 to 71.5 percent in 1940 (table 2). In the first 6 months of 1941, imports from Argentina constituted 76.2 percent of total imports. The United Kingdom, which for several years before 1937 ranked second as a source of these types of wool, has since that year, been outranked by New Zealand and Uruguay. The former substantial imports from the United Kingdom probably consisted in part of transshipments of wools produced in other countries. Because of the present war, imports from the United Kingdom and New Zealand declined sharply in 1940, and Uruguay now ranks second in importance as a source of dutiable wools not finer than 44s.

Imports of wools not finer than 40s, entered free under bond for use in the manufacture of carpets and certain other specified products, were formerly supplied chiefly by China, but imports from that country have declined greatly since its invasion by Japan in 1937 (table 3). Argentina, which has always been an important source for these wools, has already become the principal supplier in 1936. Considerable quantities have also been imported from the United Kingdom, British India, and New Zealand; since 1938, British India has been the second most important source. The present war has caused a drastic decline in imports from British Empire sources, and those from New Zealand have become negligible. In the first 6 months of 1941, imports from Argentina constituted 67 percent of total imports, the United Kingdom ranking second, with 8.5 percent, and British India third, with 3.6 percent.

Table 2. - Wools: United States dutiable imports for consumption of unimproved wools and of improved wools not finer than 44s, by principal sources, in specified years, 1931 to 1940, and January-June 1941.

Country of origin and grade of wool	(In thousands of pounds, clean content)						
	1931	1935	1936	1937	1939	1940	1941 2/ (Jan.-June)
United Kingdom:							
Unimproved wools	285	1,422	2,459	1,223	891	287	21
Improved wools not finer than 40s	481	1,323	1,944	808	983	196	201
Clothing wool, 40-44s	51	51	86	80	21	50	10
Combing wool, 40-44s	284	507	797	303	141	20	17
Total	1,781	3,303	5,286	2,414	2,034	545	249
Percent of grand total	24.5	21.8	27.3	9.0	9.4	8.8	1.4
Argentina:							
Unimproved wools	962	2,178	4,896	3,459	2,016	2,418	1,907
Improved wools not finer than 40s	1,178	3,899	6,167	6,977	7,634	10,009	10,100
Clothing wool, 40-44s	93	43	236	163	142	199	209
Combing wool, 40-44s	423	828	840	1,281	451	1,307	1,384
Total	2,656	7,018	13,229	11,904	10,245	13,933	13,600
Percent of grand total	36.5	45.7	64.8	44.4	47.5	71.5	76.2
Uruguay:							
Unimproved wools	111	34	232	119	80	45	75
Improved wools not finer than 40s	659	2,212	1,359	2,178	390	759	700
Clothing wool, 40-44s	8	1	132	38	170	156	130
Combing wool, 40-44s	46	70	2,021	1,613	1,421	1,366	1,277
Total	1,224	1,997	4,314	3,948	2,071	2,266	2,182
Percent of grand total	17.1	13.0	14.1	11.7	9.6	11.3	15.5
British India:							
Unimproved wools	69	369	562	827	1,097	476	48
Improved wools not finer than 40s	-	57	181	120	246	50	-
Clothing wool, 40-44s	-	-	-	-	-	-	-
Combing wool, 40-44s	-	-	-	-	-	-	-
Total	69	426	743	947	1,343	526	48
Percent of grand total	9.0	2.8	3.4	3.5	6.2	2.7	0.3
China:							
Unimproved wools	69	358	650	267	96	199	130
Improved wools not finer than 40s	8	121	349	210	59	89	3
Clothing wool, 40-44s	-	-	-	4	-	-	-
Combing wool, 40-44s	-	-	-	-	-	-	-
Total	77	479	1,009	481	155	288	133
Percent of grand total	1.0	3.1	3.4	1.8	0.7	1.4	0.7

New Zealand:									
Unimproved wools	70	2	392	480	839	94	18		
Improved wools not finer than 40s	58	114	1,610	2,886	2,041	210	56		
Clothing wool, 40-44s	189	31	116	484	685	178	44		
Combing wool, 40-44s	451	791	1,304	2,258	1,265	325	121		
Total	768	940	3,422	6,108	4,830	877	259		
Percent of grand total	10.6	6.1	11.2	22.8	22.4	4.5	1.5		
Australia:									
Unimproved wools	4	-	-	32	4	-	-		
Improved wools not finer than 40s	15	100	127	334	151	77	16		
Clothing wool, 40-44s	93	1	3	24	1	-	-		
Combing wool, 40-44s	38	162	193	176	21	19	2		
Total	150	263	323	560	177	96	18		
Percent of grand total	2.1	1.7	1.0	2.1	0.8	0.5	0.1		
All other countries:									
Unimproved wools	212	101	646	275	238	337	246		
Improved wools not finer than 40s	50	259	641	591	146	358	332		
Clothing wool, 40-44s	28	63	51	130	111	44	64		
Combing wool, 40-44s	239	521	619	278	241	288	133		
Total	529	944	1,957	1,274	736	1,027	775		
Percent of grand total	7.3	6.1	6.4	4.7	3.4	5.3	4.3		
Total all countries:									
Unimproved wools	1,782	4,464	9,237	6,682	5,261	3,856	2,445		
Improved wools not finer than 40s	2,446	7,085	14,398	13,104	11,650	11,728	11,408		
Clothing wool, 40-44s	462	190	614	943	1,130	667	457		
Combing wool, 40-44s	2,584	3,631	6,346	6,139	3,555	3,227	3,549		
Grand total	7,274	15,370	30,595	26,848	21,596	19,478	17,859		
Percent of grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0		

1/ Improved wools not finer than 40s enter under the import classification "Carpet wool: All other not finer than 40s."

2/ Preliminary.

Sources: Compiled from official statistics of the U. S. Department of Commerce.

Table 3. - Wools: United States imports for consumption (free under bond) of unimproved wools and of improved wools not finer than 40s^{1/2} by principal sources, in specified years, 1931 to 1940, and January-June 1941

Country of origin and grade of wool	(Thousands of pounds, clean content)							
	1931	1935	1936	1937	1939 ^{2/}	1940 ^{2/}	1941 ^{2/} (Jan.-June)	
United Kingdom:								
Unimproved wools	11,797	18,039	14,431	7,065	6,189	4,812	6,970	
Improved wools not finer than 40s	-	55	225	56	24	26	41	
Total	11,797	18,104	14,656	7,121	6,213	4,838	7,011	
Percent of grand total	16.0	16.4	15.2	5.9	6.0	5.1	8.5	
Argentina:								
Unimproved wools	14,975	26,024	21,995	26,394	28,327	42,549	51,130	
Improved wools not finer than 40s	8	783	1,251	1,433	1,308	1,611	4,183	
Total	14,983	26,767	23,243	27,827	29,240	44,160	55,313	
Percent of grand total	17.9	24.3	24.0	22.9	29.4	48.2	67.0	
Uruguay:								
Unimproved wools	-	287	321	412	420	144	369	
Improved wools not finer than 40s	15	-	21	87	58	55	97	
Total	15	287	342	499	478	199	466	
Percent of grand total	(1/)	0.3	0.3	0.4	0.5	0.2	0.6	
British India:								
Unimproved wools	6,236	14,996	12,554	18,164	26,834	14,783	2,994	
Improved wools not finer than 40s	-	115	162	119	175	43	3	
Total	6,236	15,111	12,716	18,283	27,009	14,826	2,997	
Percent of grand total	7.5	13.7	13.2	15.1	26.3	15.5	3.6	
China:								
Unimproved wools	25,335	33,293	18,948	20,445	1,448	3,887	2,228	
Improved wools not finer than 40s	-	97	30	32	-	-	32	
Total	25,335	33,390	18,978	20,477	1,448	3,887	2,260	
Percent of grand total	30.2	30.3	19.6	16.9	1.4	4.1	2.7	
New Zealand:								
Unimproved wools	78	2,138	5,225	12,070	4,729	459	-	
Improved wools not finer than 40s	-	535	1,407	952	1,482	136	34	
Total	78	2,673	6,632	13,022	6,211	595	34	
Percent of grand total	0.1	2.4	6.9	10.7	6.1	0.6	(1/)	
Australia:								
Unimproved wools	1	225	291	289	19	-	-	
Improved wools not finer than 40s	-	-	97	92	3	-	-	
Total	1	225	388	381	22	-	-	
Percent of grand total	(2/)	6.2	0.4	0.3	(2/)	-	-	
All other countries:								
Unimproved wools	25,314	13,443	19,648	33,496	30,531	25,037	14,429	
Improved wools not finer than 40s	82	101	101	187	538	130	98	
Total	25,396	13,544	19,749	33,683	31,069	25,167	14,527	
Percent of grand total	30.3	12.4	20.4	27.8	30.3	26.3	17.4	
Total, all countries:								
Unimproved wools	83,696	106,445	93,013	118,335	98,502	91,670	78,120	
Improved wools not finer than 40s	112	1,658	3,602	2,928	4,212	4,951	4,458	
Grand total	83,808	110,101	96,613	121,263	102,714	96,621	82,578	
Percent of grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

^{1/} Improved wools not finer than 40s enter under the import classification "carpet wool - other wools not finer than 40s." ^{2/} Preliminary. ^{3/} Less than 0.05 percent.

Sources: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

Data on the foreign production of and trade in the types of wool covered by the agreement are not available. Asia, eastern, central and southern Europe, and South America produce most of the world's carpet wools. Argentina is the principal producing country in South America. It is estimated that world production in recent years has not exceeded 900 million pounds annually; of this amount, less than half enters world trade channels in the form of raw wool.

Argentina, New Zealand, Australia, Uruguay, and the United Kingdom are the principal producers of improved coarse wools, the world output of which has declined about 50 percent since 1920, mainly because of lower prices. It is estimated that in recent years world production of improved wools not finer than 44s, of which about 50 percent consist of 40/44s, has not exceeded 250 million pounds annually.

The largest consumers of wool in the manufacture of floor coverings are the United States, the United Kingdom, France, Germany, Belgium, India, and China. In addition, most producing countries consume large quantities of carpet wools in the form of coarse clothing and blankets.

Competitive conditions.

There is practically no production of true carpet wools in the United States. Domestic production of improved wools coarser than 40s is also small, averaging about 2 million pounds annually, and the annual United States production of improved wools finer than 40s but not finer than 44s is estimated at about 4 million pounds. These quantities together represent less than 1.5 percent of total United States wool production, about 90 percent of domestic consumption of the grades described being supplied by imports. In effect, all the wool used in making carpets is of foreign origin. In the United States, the wool produced is almost entirely of the finer grades, partly because of the greater meat value of lambs from the finer-wooled ewes.



BOVINE HIDES AND SKINS (EXCEPT INDIA WATER BUFFALO HIDES AND
SKINS FOR USE IN THE MANUFACTURE OF RAWHIDE ARTICLES)

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>

Par. 1530(a). Hides and skins of cattle of the bovine species (except hides and skins of the India water buffalo imported to be used in the manufacture of rawhide articles), raw or uncured, or dried, salted, or pickled -----	10% ad val.	5% ad val.
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Tariff history.

Act of 1930, par. 1530(a) -----	10 percent
Act of 1922, par. 1589 -----	Free
Act of 1913, par. 506 and 604 -----	Free

Description and uses.

This concession includes cattle hides, calfskins, kipskins, and all buffalo hides other than those specially excepted.

Cattle hides, calfskins, and kipskins are distinguished by weight, cattle hides weighing more than 25 pounds when wet or more than 12 pounds when dry, and calfskins weighing less than the minimum for kipskins. Buffalo hides are coarser, thicker, and more porous than cattle hides.

Imported hides and skins are shipped either unsalted or salted, and each type may be either wet or dry. Domestic hides are of two types: Packer hides, practically all of which are wet or wet salted, and country hides, most of which are wet salted. Packer hides are expertly removed from the carcass of the animal, carefully trimmed, and properly cured or preserved; those removed by large packers are of better quality than those taken off by small packers. Country hides are taken off principally on farms or ranches or by local butchers. They are often unskillfully removed, not well trimmed, and improperly cured or preserved.

In Argentina, cattle hides are obtained principally from four sources: Frigoríficos (large fresh-meat-packing establishments), saladeros (dried-meat-producing plants), public mataderos (large municipal slaughterhouses), and small country butchers. Frigorífico and saladero hides are similar, respectively, to packer hides produced by the large and small meat packers in the United States, and the other Argentine types resemble the country hides produced in this country.

Although calf and kipskins differ somewhat from cattle hides in grade nomenclature, they are also generally graded according to the type of establishment where they are produced.

Over 90 percent of the leather made from bovine hides and skins is used in footwear. Cattle-hide leather is used chiefly in making soles, heels, counters, and welting for shoes; substantial quantities

are also consumed in shoe uppers, harness and saddlery, gloves, machinery belting, luggage, and numerous other articles. The principal use for calf and kip leather is in shoe uppers, but it is also manufactured into fancy leather goods, gloves, and sweat bands for hats. Buffalo hides included in the concession are used chiefly in making low-grade upper and sole leather and luggage leather.

Summary of United States Production, imports and exports.

Since 1935 domestic production of bovine hides and skins of all types has totaled from 27 to 30 million annually. During the same period, imports of these hides and skins have ranged annually from $4\frac{1}{2}$ to 7 million, and exports from one-half to $1\frac{1}{2}$ million.

Cattle hides have accounted for about 60 percent, by number, of the total domestic production of bovine hides and skins, and for about 50 percent, by number, of United States imports and exports. On the basis of either weight or value, cattle hides account for considerably higher percentages than on the basis of number.

Table 1 shows United States production, imports, exports, and consumption of all types of bovine hides and skins combined, and of cattle hides and other bovine skins separately. Included in the totals are imports of buffalo hides dutiable under paragraph 1530(a), which have averaged about 75,000 hides annually in recent years and which account for the entire United States consumption of this type of hide. The American bison is not a buffalo and the hides are not used for leather.

In normal times the United States consumes from 30 to 35 million bovine hides and skins annually. Imports vary more widely than does domestic production, which depends on the demand for beef and veal rather than on the price of hides. In 1929 consumption was large (35.5 million hides and skins) and imports supplied 39.6 percent of the total. Feed shortages in the drought year 1934 caused farmers to send more cattle to slaughter and imports supplied only 10.2 percent of consumption. Production declined between 1936 and 1940 but in 1941 both production and imports increased and imports supplied 28.7 percent of consumption in the first 6 months of that year.

United States imports.

All bovine hides and skins. - Although cattle hides constitute about half the total number of bovine hides and skins imported, they represent about three-fourths of the value of imports, as indicated in table 2. The increase in imports in the first 6 months of 1941 consisted chiefly of cattle hides. Imports of buffalo hides were insignificant compared with total imports in most years but in the first 6 months of 1941 they amounted to nearly $2\frac{1}{2}$ percent of the number of hides and skins imported and nearly 1 percent of the value.

Argentina is the principal source of United States imports of bovine hides and skins, supplying, on the basis of value, 46 percent of the total in 1939, 60 percent in 1940, and 57 percent in the first 6 months of 1941 (table 3). Prior to 1939, Argentina was the source of 27 to 41 percent of the imports of these hides and skins. Canada ranks second and Brazil third as sources of United States imports of bovine hides and skins, averaging about 12 and 8 percent, respectively, in recent years. Imports from these three countries consist mostly of cattle hides.

Cattle hides. - In 1929, United States imports of cattle hides amounted to 5.5 million hides valued at 42.6 million dollars. During the period 1931-40, imports ranged from a low of 1.3 million hides, valued at 5.2 million dollars, in 1938 to 4.6 million hides, valued at 17 million dollars, in 1940. Imports in the first 6 months of 1941 showed a sharp increase over the same period in recent years, amounting to 3.8 million hides, valued at 15.5 million dollars.

The bulk of United States imports of cattle hides come from Argentina; Canada is the second-ranking source, and Brazil the third. On the basis of value, Argentina usually supplies about 60 percent of the total, Canada about 15 percent, and Brazil about 10 percent. (See the first part of table 4.)

Buffalo hides. - United States imports of buffalo hides other than for rawhide purposes, although small compared with imports of other bovine hides and skins, have ranged in recent years from 7,000 to 172,000 hides, valued at \$36,000 to \$542,000. They were highest in 1937 and 1940, and in the first 6 months of 1941 about equaled the total imports in 1940. Since 1935, British India has usually been the principal source, although the Netherlands Indies, the Philippine Islands, and China have also been important suppliers. China was, in fact, the principal source until the war with Japan. In the first 6 months of 1941, imports from China declined greatly, but imports from the other three countries mentioned were about equal. (See the second part of table 4.)

Calf and kip skins. - In 1929, United States imports of calf and kip skins amounted to 8.7 million skins, valued at 16.4 million dollars. During the period 1931-40, imports ranged from a low of 2.3 million skins, valued at 2.5 million dollars (1940), to 6.2 million skins, valued at 6.2 million dollars (1933).

European countries were formerly the principal sources of these skins, and New Zealand, Australia, and Canada were important secondary suppliers. Since 1939, however, Canada has ranked first, on the basis of value, supplying 24 percent of the total, and the other important sources have been New Zealand, British East Africa, Uruguay, Argentina, and British India. (See table 5.)

United States exports.

In the past decade, the total number of bovine hides and skins exported annually from the United States has ranged from 638,000 to 1,693,000. These hides and skins were valued at 1.5 million to 4.6 million dollars. Since 1938 there has been a consistent decline in exports. On the basis of number, the exports of cattle hides and of calf and kip skins have been about equal; but on the basis of value, cattle hides accounted for about two-thirds of the total value prior to 1937, and for a much higher proportion since that time, partly because the exportation of cattle hides has not decreased as much as that of skins. During the period covered by table 6, Japan and Canada were by far the principal markets. Exports to Japan consisted chiefly of steer hides and calfskins produced on the Pacific coast.

By Presidential proclamation, cattle hides were placed under export control in July 1940, and calf and kip skins in January 1941.

Competitive conditions.

The United States production of bovine hides and skins is insufficient to meet the requirements of the domestic tanning industry. Owing to the fact that these hides and skins are byproducts and account for only a small percentage of the value of the live animal, their production is little influenced by the prices received for them. At present, the United States is dependent upon foreign sources for about 30 percent of its requirements of cattle hides and for more than 20 percent of those of calf and kip skins. The United States has a net deficit of the higher-grade cattle hides but exports substantial quantities of the lower grades.

Imports of hides and skins depend upon the domestic production, but the quantity produced in the United States is affected little or not at all by the quantity imported. United States production depends upon the number of cattle and calves slaughtered, and variations in the number slaughtered are due chiefly to the demand for beef and veal, which in turn is affected by consumer purchasing power, and by the number of cattle on farms available for slaughter.

Bovine hides and skins are imported from many foreign sources, and vary widely in grade, weight, and quality according to the condition and size of the animal, the skill of take-off, and the season of the year when the animal is slaughtered. Domestic hides are best when the animals are slaughtered during the late summer and early fall, but in South America, where the seasons are the reverse of those in the United States, hides are in their prime when taken off during the months from December to April.

In general, imported bovine hides and skins compete with similar types produced in the United States. The numerous branches of the domestic tanning industry produce various classes of bovine leather and demand special grades, weights, and qualities of hides and skins to meet their individual requirements. The domestic supply of certain special grades and weights is not sufficient, however, to fill the needs of the tanning industry, hence supplementary imports from foreign sources are necessary.

Table 1.- Bovine hides and skins: United States production, imports, exports, and consumption in 1929, 1931-40, and January-June 1941

(In thousands of hides and skins)						
Year	Production (total slaughter)	Imports for consumption	Total production and imports	Domestic exports	Available for domestic consumption	Percent supplied by imports
TOTALS						
1929	22,368	14,353	36,721	1,192	35,529	39.6
1931	21,685	7,036	28,721	768	27,953	25.2
1932	20,998	5,154	26,152	1,089	25,063	20.6
1933	23,314	8,890	32,204	772	31,432	28.3
1934	32,442	3,482	35,924	1,693	34,231	10.2
1935	30,134	5,699	35,833	1,516	34,317	16.6
1936	30,274	6,083	36,357	985	35,372	17.2
1937	28,022	5,473	33,495	1,110	32,385	16.9
1938	27,041	4,668	31,709	1,105	30,604	15.2
1939	27,900	7,231	35,131	723	34,408	21.0
1940 ^{1/2}	26,593	6,983	33,576	638	32,938	21.1
1941 ^{2/}						
6 mos.	14,081	5,616	19,697	179	19,518	28.7
CATTLE HIDES						
1929	12,937	5,504	18,441	562	17,879	28.9
1931	12,915	1,750	14,665	430	14,235	12.3
1932	12,208	1,116	13,324	518	12,806	8.7
1933	13,714	2,703	16,417	303	16,114	16.8
1934	18,887	1,337	20,224	722	19,502	6.9
1935	16,349	2,682	19,031	527	18,504	14.5
1936	16,487	3,057	19,544	337	19,207	15.9
1937	15,604	2,616	18,220	542	17,678	14.8
1938	15,598	1,300	16,898	731	16,167	8.0
1939	16,484	3,241	19,725	527	19,198	16.9
1940 ^{1/2}	15,578	4,570	20,148	364	19,784	23.1
1941 ^{2/}						
6 mos.	8,464	3,829	12,293	104	12,189	31.4
CALF AND KIP SKINS						
1929	9,431	8,726	18,157	630	17,527	49.8
1931	8,770	5,279	14,049	338	13,711	38.5
1932	8,790	4,031	12,821	571	12,250	32.9
1933	9,600	6,177	15,777	469	15,308	40.4
1934	13,555	2,087	15,642	971	14,671	14.2
1935	13,785	2,986	16,771	989	15,782	18.9
1936	13,787	2,964	16,751	648	16,103	18.4
1937	12,418	2,685	15,103	568	14,535	18.5
1938	11,443	3,357	14,800	374	14,426	23.3
1939	11,416	3,913	15,329	196	15,133	25.9
1940 ^{1/2}	11,015	2,280	13,295	274	13,021	17.5
1941 ^{2/}						
6 mos.	5,617	1,651	7,268	75	7,193	23.0

^{1/} Does not include India water buffalo hides used for rawhide purposes, which enter free of duty under par. 1691. There is no commercial production of buffalo hides in the United States.

^{2/} Preliminary.

Sources: Production data from Trade Survey Bureau, Tanners' Council of America; trade statistics compiled from official statistics of the U. S. Department of Commerce.

Table 2. - Bovine hides and skins:^{1/} United States imports for consumption,^{2/} by kinds, in specified years, 1929 to 1940, and January-June 1941

Year	Total			Cattle hides			Calf and kip skins			Buffalo hides		
	Dry	Wet	Total	Dry	Wet	Total	Dry	Wet	Total	Dry	Wet	Total
	Quantity (1,000 hides or skins)											
1929	3,761	10,592	14,353	529	4,975	5,504	3,111	5,615	8,726	121	2	123
1931	1,329	5,707	7,036	68	1,682	1,750	1,254	4,025	5,279	7	-	7
1933	2,287	6,403	8,690	177	2,526	2,703	2,100	4,077	6,177	10	-	10
1935	850	4,849	5,699	119	2,563	2,682	700	2,286	2,986	31	3/	31
1937	999	4,474	5,473	195	2,421	2,616	638	2,047	2,685	166	6	172
1938	449	4,219	4,668	70	1,230	1,300	370	2,987	3,357	9	2	11
1939	1,685	5,546	7,231	421	2,820	3,241	1,189	2,724	3,913	75	2	77
1940	1,869	5,114	6,983	770	3,830	4,600	991	1,289	2,280	108	25	133
1941 (Jan.-June)	1,306	1,710	3,016	803	1,026	1,829	922	659	1,581	111	25	136
	Value (1,000 dollars)											
1929	7,610	52,024	59,634	2,741	39,826	42,567	4,182	12,184	16,366	687	14	701
1931	1,101	12,253	13,354	198	7,114	7,312	867	5,139	6,006	36	-	36
1933	1,610	15,278	16,888	404	10,300	10,704	1,174	4,978	6,152	32	-	32
1935	895	14,755	15,650	255	11,391	11,646	544	3,364	3,908	96	3/	96
1937	1,736	18,886	20,622	606	15,140	15,746	606	3,728	4,334	524	18	542
1938	499	8,764	9,263	158	5,022	5,180	309	3,734	4,043	32	8	40
1939	1,957	14,896	16,853	868	11,245	12,113	969	3,644	4,613	120	7	127
1940	2,429	17,206	19,635	1,482	15,433	16,915	793	1,715	2,508	154	58	212
1941 (Jan.-June)	2,312	15,022	17,334	1,317	14,021	15,338	807	932	1,801	127	62	189
	Unit value (each)											
1929	\$2.02	\$4.91	\$4.15	\$5.18	\$8.01	\$7.73	\$1.34	\$2.17	\$1.88	\$5.66	\$6.99	\$5.68
1931	.83	2.15	1.90	2.92	4.23	4.18	.69	1.28	1.14	4.83	-	4.83
1933	.70	2.31	1.90	2.28	4.08	3.96	.56	1.22	1.00	3.23	-	3.23
1935	1.05	3.04	2.75	2.15	4.45	4.34	.78	1.47	1.31	3.04	12.97	3.05
1937	1.74	4.22	3.77	3.11	6.25	6.02	.95	1.82	1.61	3.15	2.87	3.14
1938	1.11	2.08	1.98	2.27	4.08	3.99	.83	1.25	1.20	3.52	3.62	3.54
1939	1.16	2.69	2.33	2.06	3.99	3.74	.81	1.34	1.18	1.60	3.69	1.65
1940	1.30	3.37	2.81	1.92	4.06	3.70	.80	1.33	1.10	1.43	2.34	1.60
1941 (Jan.-June)	1.32	4.05	3.12	1.89	4.64	4.06	.88	1.41	1.09	1.15	2.49	1.39

^{1/} Does not include India water buffalo hides used for rawhide purposes.

^{2/} Statistics include products of Cuba. Products of the Philippine Islands are included for buffalo hides only.

^{3/} Less than 500.

^{4/} Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3. - Bovine hides and skins: ^{1/} United States imports for consumption, by principal sources, in specified years, 1929 to 1940, and January-June 1941

Country	1929	1931	1935	1937	1938	1939	1940 ^{2/}	1941 ^{2/} (Jan.-June)
Value (1,000 dollars)								
Argentina	23,991	4,471	6,251	8,451	2,484	7,796	10,597	9,915
Uruguay	2,134	182	363	894	102	122	558	671
Canada	7,288	1,358	2,269	2,468	1,977	2,365	2,420	1,918
Brazil	1,679	458	1,812	2,494	576	1,376	1,879	1,398
France	3,029	906	1,845	1,606	1,194	1,054	-	-
New Zealand	1,078	279	382	851	601	831	-	305
Australia	1,371	149	229	707	437	406	143	139
Germany	4,559	1,906	12	1	63	27	4	-
Sweden	2,525	833	357	151	365	230	-	-
Mexico	233	47	35	143	33	137	407	112
Netherlands	1,505	290	125	32	86	137	14	6
United Kingdom	921	208	288	357	174	183	2	31
South Africa	210	1	5	88	8	67	286	222
East Africa	5	-	-	14	-	45	412	646
British India ^{3/}	424	-	34	560	50	290	596	424
All other	8,672	2,266	1,663	1,809	1,111	1,729	1,648	1,721
Total	59,634	13,354	15,650	20,622	9,263	16,853	19,635	17,558
Percent of total value								
Argentina	40.3	33.4	40.0	41.0	26.8	46.2	60.0	56.6
Uruguay	3.6	1.4	2.3	4.3	1.1	.7	2.8	3.8
Canada	12.2	10.2	14.5	12.0	21.3	14.0	12.3	10.9
Brazil	2.8	3.4	11.6	12.1	6.2	8.2	9.6	8.0
France	5.1	6.8	11.8	7.8	12.9	6.3	-	-
New Zealand	1.8	2.1	2.4	4.1	6.5	4.9	3.9	1.7
Australia	2.3	1.1	1.5	3.4	4.7	2.4	.7	.8
Germany	7.7	14.3	.1	-	.7	.2	-	-
Sweden	4.2	6.2	2.3	.7	3.9	1.4	-	-
Mexico	.4	.4	.2	.7	.4	1.2	2.1	.6
Netherlands	2.5	2.2	.8	.2	1.0	.8	.1	-
United Kingdom	1.5	1.6	1.8	1.7	1.9	1.1	-	.2
South Africa	.4	-	-	.4	.1	.4	1.4	1.3
East Africa	-	-	-	.1	-	.3	2.1	3.7
British India ^{3/}	.7	-	.2	2.7	.5	1.7	3.0	2.4
All other	14.5	16.9	10.5	8.8	12.0	10.2	8.4	10.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{1/} Does not include India water buffalo used for rawhide purposes.

^{2/} Preliminary.

^{3/} Including Burma.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table 4. - Cattle and buffalo hides^{1/} United States imports for consumption^{2/} by principal sources, in specified years, 1929 to 1940 and January-June 1941

Country	1929	1931	1935	1937	1938	1939	1940 ^{3/}	1941 ^{4/} (Jan.-June)
CATTLE HIDES								
Quantity (1,000 hides)								
Argentina	2,761	936	1,262	1,239	525	1,893	2,386	2,012
Canada	879	363	564	482	489	528	475	301
Brazil	295	184	535	465	172	369	598	449
Uruguay	235	28	61	97	15	18	105	102
British East Africa	-	-	-	-	-	2	123	203
South Africa	10	-	-	12	4	16	96	96
All other	1,324	239	260	321	59	415	786	666
Total	5,504	1,750	2,682	2,616	1,300	3,241	4,570	3,829
Value (1,000 dollars)								
Argentina	23,238	4,408	6,134	8,369	2,443	7,492	10,355	9,765
Canada	5,791	1,078	1,786	2,193	1,530	1,833	1,859	1,462
Brazil	1,679	445	1,806	2,484	576	1,368	1,864	1,385
Uruguay	1,996	145	336	869	102	75	299	577
British East Africa	-	-	-	-	-	3	198	311
South Africa	82	-	-	66	4	41	198	183
All other	9,781	1,236	1,584	1,765	559	1,301	2,152	1,905
Total	42,567	7,312	11,646	15,746	5,180	12,113	16,915	15,548
Percent of total value								
Argentina	54.6	60.3	52.7	53.2	47.2	61.9	61.2	62.8
Canada	13.6	14.8	15.3	13.9	29.5	15.1	11.0	9.4
Brazil	3.9	6.1	15.5	15.8	11.1	11.3	10.9	8.9
Uruguay	4.7	2.0	2.9	5.5	2.0	.6	1.8	3.3
British East Africa	-	-	-	-	-	5/	1.2	2.2
South Africa	.2	-	-	.4	5/	.3	1.2	1.2
All other	23.0	16.8	13.6	11.2	10.2	10.8	12.7	12.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
BUFFALO HIDES^{1/}								
Quantity (1,000 hides)								
British India ^{6/}	51	-	18	118	4	57	78	72
China	34	6	10	46	2	3	6	4
Netherlands	10	1	1	-	-	-	-	-
Netherlands Indies	3	4	2	4	3	12	12	23
Philippine Islands	-	-	-	1	2	2	27	24
All other	25	4	-	3	4	3	10	17
Total	123	7	31	172	11	77	133	136
Value (1,000 dollars)								
British India ^{6/}	213	-	26	303	7	78	68	55
China	254	26	55	221	10	12	38	1
Netherlands	56	7	7	-	-	-	-	-
Netherlands Indies	11	1	8	10	17	26	32	52
Philippine Islands	-	-	-	1	6	7	62	61
All other	167	2	-	7	4	4	12	20
Total	701	36	96	542	40	127	212	189
Percent of total value								
British India ^{6/}	30.4	-	27.1	55.9	17.5	61.4	32.1	29.1
China	36.2	72.2	57.3	40.8	25.0	9.4	17.9	.5
Netherlands	8.0	19.4	7.3	-	-	-	-	-
Netherlands Indies	1.6	2.8	8.3	1.8	42.5	20.5	15.1	27.5
Philippine Islands	-	-	-	.2	15.0	5.5	29.2	32.3
All other	23.8	5.6	-	1.3	5/	3.2	5.7	10.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{1/} Does not include India water buffalo hides used for rawhide purposes.^{2/} Statistics include products of Cuba, but do not include cattle hides, if any, from the Philippine Islands.^{3/} Preliminary.^{4/} Less than 500.^{5/} Less than 0.05 percent.^{6/} Includes Burma prior to 1938.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Trade Agreement With Argentina

Table 5. - *Wool and kip skins: United States imports for consumption, by principal sources, in specified years, 1929 to 1940, and January-June 1941*

Country	1929	1931	1933	1935	1937	1938	1939	1940 ^{2/}	1941 (January- June 2/)
Quantity (1,000 skins)									
Argentina	413	116	309	163	88	22	237	167	107
Uruguay	137	95	240	42	26	-	33	161	161
France	660	429	713	654	541	556	445	3/	-
New Zealand	453	319	334	337	534	588	603	525	204
Australia	272	133	58	298	433	578	331	125	57
Canada	860	422	225	518	207	486	452	349	281
Sweden	887	577	647	164	65	204	114	-	-
Germany ^{4/}	1,353	1,163	747	2	3	26	18	3	-
British East Africa	9	-	-	-	30	-	148	320	425
British India ^{5/}	125	3/	38	14	154	35	88	292	209
Netherlands	708	230	424	36	17	92	137	13	8
United Kingdom	411	115	120	132	159	104	102	1	7
All other	2,418	1,700	2,322	536	428	666 ^{6/}	1,205	324	192
Total	8,726	5,279	6,177	2,986	2,685	3,357	3,913	2,280	1,651
Value (1,000 dollars)									
Argentina	753	63	188	117	82	41	304	242	150
Uruguay	138	37	106	27	25	-	47	259	164
France	2,031	805	1,290	1,421	1,476	1,174	1,001	3/	-
New Zealand	642	260	262	265	695	590	572	434	222
Australia	429	117	32	205	475	409	260	91	39
Canada	1,477	280	223	483	275	447	532	561	456
Sweden	1,980	746	732	323	146	336	200	-	-
Germany ^{4/}	2,732	1,495	890	5	1	63	23	4	-
British East Africa	5	-	-	-	14	-	42	214	305
British India ^{5/}	146	3/	32	8	209	40	80	220	255
Netherlands	1,197	171	322	43	25	83	132	14	6
United Kingdom	817	207	172	262	309	171	174	1	3
All other	3,399	1,825	1,903	749	602	727 ^{6/}	1,246	318	201
Total	16,366	6,006	6,152	3,908	4,334	4,043	4,613	2,508	1,801
Percent of total value									
Argentina	4.6	1.0	3.1	3.0	1.9	1.0	6.6	9.7	8.3
Uruguay	.9	.6	1.7	.7	.6	-	1.0	10.3	9.1
France	12.4	13.4	21.0	36.4	34.1	29.0	21.7	7/	-
New Zealand	3.9	4.3	4.3	6.8	16.0	13.6	12.4	19.3	12.3
Australia	2.6	2.0	.5	5.2	11.0	10.1	5.6	3.6	2.2
Canada	9.2	4.7	3.6	12.3	6.3	11.1	11.5	22.4	25.3
Sweden	12.1	12.4	11.9	8.3	3.4	8.3	4.3	-	-
Germany ^{4/}	16.7	24.9	14.5	.1	7/	1.6	.5	.2	-
British East Africa	7/	-	-	-	.3	-	.9	8.5	16.9
British India ^{5/}	.9	7/	.5	.2	4.8	1.0	1.8	12.7	14.2
Netherlands	7.3	2.9	5.2	1.1	.6	2.1	2.9	.6	.3
United Kingdom	5.0	3.4	2.8	6.7	7.1	4.2	3.8	7/	.2
All other	24.4	30.4	30.9	19.2	13.9	18.0	27.0	12.7	11.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{1/} Includes products of Cuba.^{2/} Preliminary.^{3/} Less than 500.^{4/} Includes Austria in 1938 and thereafter.^{5/} Includes Burma. Before 1940, imports reported from Burma were very small, but since that time they have been about as important as imports from India.^{6/} Principally Poland and Denmark, Latvia, Norway, and Finland.^{7/} Less than 0.05 percent.

Source: Compiled from official statistics of the U. S. Department of Commerce.

ALPARGATAS

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 1530(e). *** footwear (including athletic or sporting boots and shoes), the uppers of which are composed wholly or in chief value of wool, cotton, ramie, animal hair, fiber, rayon or other synthetic textile, silk, or substitutes for any of the foregoing, whether or not the soles are composed of leather, wood, or other materials —	35%	ad val.

Reclassification.

Par. 1530(e). Footwear known as alpargatas, the uppers of which are composed wholly or in chief value of cotton or other vegetable fiber, and with soles composed wholly or in chief value of vegetable fiber other than cotton ————— 17 $\frac{1}{2}$ % ad val.

Tariff history.

Act of 1930, par. 1530(e) ——— 35% ad val.
 Act of 1922, par. 1405 ——— 35% ad val.
 Act of 1913, par. (various) — dutiable according to component material of chief value.

Description and uses.

This type of footwear is a sandal with rope soles and uppers of cotton fabric. In the United States alpargatas are used chiefly for beach wear and to some extent for household wear. In the foreign producing countries, they are worn principally by the peasants and other low-income classes.

Summary of United States production, imports, and exports.

Statistics of United States production, imports, and exports are not available. It is known, however, that certain domestic manufacturers specializing in footwear with fabric uppers produce beach footwear somewhat similar to alpargatas. Some imports of alpargatas have come from Portugal and Spain, but in recent years Argentina has been the chief supplier of the relatively small imports. Domestic exports are believed to be negligible.

Foreign production and trade.

Argentina, Portugal, and Spain are the principal producing and consuming countries. Recent statistics of exports of alpargatas from Portugal and Spain are not available. The value of exports from Argentina was \$22,754 in 1939; the principal markets for these exports

were Panama, \$12,401; Bolivia, \$8,636; and Brazil, \$1,333. In 1940, exports from Argentina were valued at \$47,861; the principal markets were not reported.

Competitive conditions.

Compared with the large domestic production of beach footwear and of slippers and sandals, for house wear, with uppers of fabric and soles of materials other than leather, imports of alpargatas are negligible and offer little, if any, competition.



ARTICLES OF REPTILE LEATHER

United States tariff.

	<u>Rate of duty</u>
	<u>Before agreement</u> <u>Under agreement</u>

Par. 1531 - Bags, baskets, belts, satchels, cardcases, pocketbooks, jewel boxes, portfolios, and other boxes and cases, not jewelry, wholly or in chief value of leather or parchment, and manufactures of leather, rawhide, or parchment, or of which leather, rawhide or parchment is the component material of chief value, not specially provided for:

Leads, leashes, collars, muzzles, and similar dog equipment -----	20 percent
Belts and buckles designed to be worn on the person -----	17½ percent
Coin purses, change purses, billfolds, etc., and other similar flat leather goods -----	35 percent
Other articles -----	25 percent
Any of the foregoing permanently fitted and furnished with traveling, bottle, drinking, dining or luncheon, sewing, manicure, or similar sets:	
Coin purses, change purses, billfolds, etc., and similar flat leather goods -----	50 percent
Other -----	35 percent

Reclassification.

Par. 1531 - Bags, baskets, belts, satchels, cardcases, pocketbooks, jewel boxes, portfolios, and other boxes and cases, not jewelry, wholly or in chief value of reptile leather, and manufactures of reptile leather or of which reptile leather is the component material of chief value, not specially provided for -----

17½ percent

Any of the foregoing permanently fitted and furnished with traveling, bottle, drinking, dining or luncheon, sewing, manicure, or similar sets -----

25 percent

Tariff history.

Trade agreement with United Kingdom,
effective January 1, 1939:

Not fitted:

Leads, leashes, collars, muzzles, and
similar dog equipment, par. 1531 ----- 20 percent
Belts and buckles designed to be worn
on the person, par. 1531 ----- 17½ percent
Other articles (except coin purses,
change purses, billfolds, etc., and
other similar flat leather goods), par. 1531 - 25 percent

Fitted:

All articles (except coin purses, change
purses, billfolds, etc. and similar flat
leather goods), par. 1531 ----- 35 percent

Act of 1930, par. 1531:

Not fitted ----- 35 percent
Fitted ----- 50 percent

Act of 1922, par. 1432:

Not fitted ----- 30 percent
Fitted ----- 45 percent

Act of 1913, par. 360:

Not fitted ----- 30 percent
Fitted ----- 35 percent

General statement.

The Tariff Act of 1930 provides in paragraph 1531 for the duty on an enumerated list of leather articles, fitted and unfitted. The duty on these articles, except small flat-leather goods, was reduced to various extents in the trade agreement with the United Kingdom, effective January 1, 1939. Neither the act of 1930 nor the trade agreement with the United Kingdom made any distinction as to the kind of leather. The trade agreement with Argentina refers to reptile-leather articles only, and provides for reductions (or bindings against increase) on all such articles covered by paragraph 1531. Reptile-leather footwear, provided for in paragraph 1530 of the Tariff Act of 1930, is not included in the concession to Argentina, and is not covered by this digest.

United States production, imports, and exports.

Reptile-leather articles dutiable under paragraph 1531 include bags and cases, coin purses, billfolds, and similar small flat-leather goods. Reptile leather manufactured in the United States is made mostly from imported alligator, lizard, and snake skins. No statistics of production or imports of reptile leather or of articles made of such leather are available. Imports of reptile skins, which come chiefly from the Netherlands Indies, Mexico, and Brazil, were valued at \$334,000 in 1939 and at \$566,000 in 1940. These skins are used mainly in making footwear, not included in the class of products under consideration. Articles of reptile leather of the kinds dutiable under paragraph 1531 are manufactured in the United States in factories which produce also similar articles of other leathers.

Domestic production of luggage, pocketbooks, handbags, purses, and similar articles made of all kinds of leather was valued at about 100 million dollars in 1939. Imports of these articles in the same year were valued at about \$600,000, and exports at \$800,000. Imports from Argentina, although negligible compared with total imports, increased considerably in 1940 and still more in recent months. They have consisted chiefly of reptile-leather pocketbooks, coin purses, and billfolds.

Competitive conditions.

Imported articles of reptile leather are higher in price than most such articles produced domestically from other kinds of leather. These imported articles compete with similar articles produced in the United States from imported reptile skins (free of duty) and with high-quality domestic articles of other kinds of leather. The use of reptile leather depends largely on fashion. Articles of such leather are now in vogue and are copied in lower-priced goods made of embossed calf and cattle hide leathers.



DOG FOOD

<u>United States tariff.</u>	<u>Rate of duty</u>	
Par. 1558. ***articles manu- factured, in whole or in part, not specially provided for	<u>Before agreement</u>	<u>Under agreement</u> <u>with Argentina</u>
	20% ad val.	

Reclassification.

Par. 1558. Dog food, manu- factured, unfit for human consump- tion, not specially provided for	10% ad val.
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General statement.

The Tariff Act of 1930 makes no specific provision for dog food. Imports consist of the following kinds: (1) Canned dog food containing a substantial quantity of cereals and unfit for human consumption, classified as mixed feeds, dutiable at 10 percent ad valorem under paragraph 730 (reduced to 5 percent in the trade agreement with Canada, effective Jan. 1, 1939). Most imports now consist of this type. (2) Dog biscuits, classified as baked articles, dutiable at 30 percent ad valorem under paragraph 733 (reduced to 15 percent in the trade agreement with the United Kingdom, effective Jan. 1, 1939). Imports are negligible. (3) Canned and frozen dog food composed largely of meat and containing little or no cereals, classified as articles manufactured in whole or in part, not specially provided for, dutiable at 20 percent ad valorem under paragraph 1558 (reduced to 10 percent in the present agreement with Argentina). The concession granted to Argentina was on dog food imported under paragraph 1558.

Description and uses.

The canned and frozen dog foods under consideration consist chiefly of meat, with little or no cereals. The canned type is packed in tin cans, usually of 1-pound capacity, and is used principally in urban areas. Although some of the better grades may be suitable as a complete diet for dogs, most veterinaries recommend that it be supplemented with other kinds of food. The frozen dog food is prepared in 15-ounce blocks and is wrapped in paper.

United States production.

Commercial production of dog food in the United States was begun about 1923 by one of the large meat packers. Packed in cans, it consisted of meat scraps combined with cereals.

According to trade sources, expansion was gradual until about 1930, but rapid thereafter, until in 1939 there were about 200 establishments in the United States producing the various types of dog food. The number of establishments probably has not changed greatly since 1939.

The Bureau of the Census has reported production since 1935 as follows (table 1).

Table 1. - Dog and cat food, all types: United States production, 1935, 1937, and 1939

(In millions)		
Year	Quantity	Value
	Pounds	
1935	(1/)	\$19.7
1937 -		
Canned	412	20.3
Other	129	7.4
Total	541	27.7
1939 -		
Canned	495	22.8
Dog biscuits	62	4.0
Other	169	6.5
Total	726	33.3

1/ Not available.

Source: U.S. Bureau of the Census.

Virtually all of the dog foods produced in the United States contain cereals in substantial quantities and, therefore, are probably not of the type affected by the concession to Argentina.

In the early period of the industry, a considerable portion of the dog food consisted of horse meat and was produced in establishments which did not pack meat for human consumption. Since 1930 the output of dog food has increased greatly, but the use of horse meat has been curtailed and is now largely confined to the output of one establishment.

United States imports.

Imports of dog foods under paragraph 1558, composed chiefly of meat and not suitable for human consumption, are included in the statistical classification "Manufactured dutiable articles, not elsewhere specified." Such imports as occur are known to come almost entirely from Argentina, but total imports (dog food and other) from Argentina under this classification amount to only about one-tenth of 1 percent of domestic production of all types of dog foods. Imports of canned dog food have consisted chiefly of small trial shipments from Argentina and negligible quantities from other sources; the small imports of frozen dog food are principally from New Zealand.

The greater part of the dog food imported into the United States, however, is from Argentina and consists of canned dog food containing a substantial quantity of cereals. It is entered under paragraph 730 at the rate of 5 percent ad valorem.

United States exports.

Trial shipments of dog food from the United States have been made to the Philippine Islands, Cuba, Panama, Canada, and the United Kingdom. Exact data concerning these shipments are not available, but the exports were probably not of the type under consideration, and the quantities were negligible.

Argentine production and trade.

In May 1937, one company in Argentina began exporting to the United States on a commercial scale canned dog food containing a substantial quantity of cereals. By 1939, five concerns were so engaged. The companies exporting dog food from Argentina are largely owned and operated by United States concerns, and more than 90 percent of their exports have gone to the United States. Almost all of the dog food from Argentina is dutiable under paragraph 730 instead of under paragraph 1558.

Competitive conditions.

Imports of dog food of all kinds are small compared with domestic production, and imports of dog food under paragraph 1558 have been negligible, because, by the addition of sufficient amounts of cereal, dog food otherwise dutiable at 20 percent under that paragraph can be entered under paragraph 730 at 5 percent ad valorem. The addition of this cereal does not appreciably impair the quality of dog food (may even improve it), and probably does not add to the cost of production.

Imported dog food competes with domestic dog food, especially in areas near ports of entry. The reduction from 20 to 10 percent ad valorem in the duty on dog food containing little or no cereals may discourage the practice of adding cereals merely to take advantage of the lower rate of duty and may lead to some change in the composition of imports of dog food rather than an increase in the trade.



COMMODITIES BOUND FREE IN SCHEDULE II

The concessions given to Argentina by the United States included the binding on the free list of a number of commodities for which no digests of trade information are presented in this volume. Data on imports from Argentina and from all countries of the commodities bound free in schedule II are shown in table 3, page IX. All are raw materials, and most of them are commodities of which the United States produces less than its requirements, or none at all.

In 1939 total imports of the commodities bound free in schedule II of the Argentine agreement were valued at 73.8 million dollars, of which commodities that had already been bound in previous agreements accounted for 13.6 million dollars. In that year Argentina supplied 8.4 percent of the imports of schedule II commodities that had been bound free in prior agreements and 24.8 percent of the imports of those bound free for the first time in this agreement.

Measured in terms of value of imports in 1939, the most important group of commodities bound free in the Argentine agreement was raw hides and skins other than those of the bovine species. This group includes horse, colt, ass, and mule hides, sheep and lamb skins, goat and kid skins, and carpincho skins, none of which had been bound free in other agreements. Total imports in this group in 1939 were valued at 26.9 million dollars, of which Argentina supplied 3.2 million dollars. The largest item in this group is goat and kid skins, of which imports from all countries in 1939 were valued at 15.4 million dollars and those from Argentina at 1 million dollars. Total imports of sheep and lamb skins were valued at 9.9 million dollars and those from Argentina at 1.8 million dollars. Argentina has been the chief supplier of dry and dry-salted horse, colt, ass, and mule hides, supplying \$156,000 of a total of \$172,000 in the imports of 1939, and is probably the principal supplier of carpincho skins, of which imports are not reported separately.

Second in importance among the commodities bound free is wool not finer than 40s imported for use in making carpets, rugs, and certain other articles enumerated in paragraph 1101 of the Tariff Act of 1930. Such wool is imported under bond for use in the manufacture of specified articles, and if it is so used the duty is remitted. The United States agreed to continue this tariff treatment during the life of the agreement. Total imports of wool under this provision in 1939 were valued at 25.7 million dollars, more than one-third of the value for all commodities bound free in schedule II. Of these imports Argentina supplied 7.7 million dollars. Additional information on carpet wools will be found in the digest on dutiable wools not finer than 40s, beginning on page 151.

Third in importance in terms of import valuations among the commodities bound free is the group of undressed furskins of specified kinds, of which total imports were valued at 7.4 million dollars in 1939. The principal items of undressed furskins were hare, lamb and sheep (except caracul and Persian lamb), and fox (other than silver or black fox). These furskins, together with other furs, a minor item, had been bound free in prior agreements (hareskins in the Turkish agreement, effective May 5, 1939, and the others in the Canadian and

United Kingdom agreements, effective January 1, 1939), and Argentina has been a minor supplier. Of the furskins that had not been bound free in other agreements, Argentina supplied in 1939 all the imports of guanacito, three-fourths of the imports of nutria and wildcat, and small quantities of ocelot furs. Statistics of imports of undressed sealskins, another item bound free to Argentina, are not available. The United States has a net deficiency of furs of the kinds which, in the undressed state, were bound free in the trade agreement with Argentina.

Yerba maté and quebracho wood, bound free in the Argentine trade agreement, are not produced in the United States. Quebracho extract, made from quebracho wood, is an important tanning material on which the duty was reduced from 15 percent ad valorem to $7\frac{1}{2}$ percent ad valorem in schedule II. Other commodities bound free in the agreement were animal products of little importance in United States import trade: Dried blood, bones, horns, hoofs, and tannage.



DIGESTS OF TRADE DATA CONCERNING PRODUCTS
ON WHICH TARIFF CONCESSIONS WERE
GRANTED BY THE
UNITED STATES

SCHEDULE III

MEDICINAL PREPARATIONS OF ANIMAL ORIGIN
(Schedule III concession^{1/})

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 5.***Medicinal preparations, ***, obtained naturally or artificially and not specially provided for	-----	25 percent ad val.

Reclassification.

Par. 5. All medicinal preparations of animal origin, not specially provided for ----- 12½ percent ad val.

Tariff history.

Act of 1930, par. 5 - 25 percent
Act of 1922, par. 5 - 25 percent
Act of 1913, par. 5 - 15 percent

Description and uses.

Medicinal preparations of animal origin include glandular medicinals and other pharmaceutical products obtained from various animal organs. These preparations are used chiefly for supplying glandular deficiencies or for correcting other organic disorders of the human body. Pituitary, thyroid, and pancreas gland extracts are the principal glandular medicinals; liver extracts, gall preparations, urine concentrates, and corpus luteum are the chief medicinal products other than of glandular origin in this classification. The most important medicinal preparation of animal origin imported from Argentina is one derived from mare serum, used in the manufacture of sex hormone preparations.

United States production.

The United States production of medicinal preparations of animal origin is large, but no statistics are available for the total output. The manufacture of these medicinals is chiefly from byproducts of the meat-packing industry. The domestic output of glandular medicinals alone increased in value from 12.2 million dollars in 1935 to 15.2 million in 1937 and to 18.2 million in 1939.

United States imports.

Imports of medicinal preparations of animal origin include all entries of corpus luteum, urine concentrates, and derivatives, solutions of urine concentrates and derivatives, oxgall, bile compounds, gland extracts, and similar preparations, and may include lipoids (lecithins, cholesterins, phosphatides) or vitamins and vitasterols. Imports of all classes of medicinal preparations of animal origin, except lipoids and vitamins and vitasterols, increased in value from \$129,000 in 1937 to \$694,000 in 1939, and fell to \$362,000 in 1940.

^{1/} See page III

There are only two classifications of medicinal preparations of animal origin under which imports from Argentina have been entered, namely (1) urine concentrates and derivatives, and (2) oxgall, bile compounds, gland extracts, and similar preparations. The imports of all medicinal preparations of animal origin from Argentina were valued at \$15,497 in 1939, at \$15,021 in 1940, and at \$34,812 in the first 6 months of 1941. These imports consisted largely of glandular medicinals, urine concentrates and derivatives composing only a small part of the total. United States imports under the import classifications "medicinal preparations of animal origin (oxgall, bile compounds, gland extracts, etc.)" and "urine concentrates and derivatives" by principal countries, are shown in tables 1 and 2. There were no imports of these classes from Argentina in 1936, 1937 or 1938.

Table 1. - Medicinal preparations of animal origin (oxgall, bile compounds, gland extracts, etc.): United States imports for consumption, by principal sources, 1936-40, and January-June 1941

Country	1936 ^{1/}	1937 ^{1/}	1938 ^{1/}	1939	1940 ^{2/}	1941 ^{2/} (Jan.-June)
Quantity (pounds)						
Argentina	-	-	-	192	308	2,771
Belgium	-	-	-	1,492	-	-
Germany	811	1,070	8,146	8,572	400	-
Switzerland	29	2	378	156	143	26
United Kingdom	-	635	2,324	904	551	-
Canada	500	412	3,059	6	36	589
Norway	-	2,092	1,165	-	-	-
All other	110	132	899	271	156	161
Total	1,450	4,343	15,971	11,593	1,594	3,547
Value						
Argentina	-	-	-	\$15,497	\$12,363	\$33,044
Belgium	-	-	-	197,617	1,200	-
Germany	\$11,695	\$87,154	\$163,484	91,234	15,720	-
Switzerland	637	115	6,519	273,053	20,667	741
United Kingdom	-	1,565	18,183	18,835	6,301	-
Canada	188	12,892	69,337	9	1,654	251
Norway	-	26,981	13,412	-	-	-
All other	1,865	288	99,603	91,606	16,994	2,032
Total	14,385	128,995	370,538	687,851	74,899	36,068

^{1/} Includes urine concentrates and derivatives. See table 2.

^{2/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table 2. - Urine concentrates and derivatives: United States imports for consumption, by principal sources, 1939, 1940, and January-June 1941^{1/}

Country	1939 ^{2/}		1940 ^{3/}		1941 ^{4/} (January-June)	
	Value	Quantity Pounds	Value	Quantity Pounds	Value	Quantity Pounds
Argentina	-	4/	\$2,658	4/	\$1,768	
France	\$324	16	13,063	-	-	
Germany	2,438	-	-	-	-	
Hungary	-	28	74,732	8	63,193	
Netherlands	-	6	69,698	-	-	
Switzerland	-	7	85,933	5	62,142	
Japan	-	1	13,550	4/	11,856	
All other	-	22	20,020	1	9,730	
Total	2,762	80	279,654	14	148,689	

^{1/} Included in medicinal preparations of animal origin (oxgall, bile compounds, gland extracts, etc.) prior to 1939. See table 1.

^{2/} Quantity not reported.

^{3/} Preliminary.

^{4/} Less than 1 pound.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States exports.

Exports of medicinal preparations of animal origin are not reported separately in official statistics.

Foreign production and trade.

Medicinal preparations of animal origin are produced in Germany, Switzerland, Belgium, the United Kingdom, and other countries which have well-developed medicinal industries and available byproducts from meat-packing houses. Production in Argentina is small in comparison with that of the United States and the above-mentioned European countries. No production or export trade statistics are available.

Competitive conditions.

United States requirements of medicinal preparations of animal origin are supplied principally by domestic production. Imports have been equivalent to less than 5 percent of the domestic output. Of the total imports those supplied by Argentina increased from 2.3 percent in 1939 to 16.5 percent in 1940, and amounted to 91.6 percent for the first 6 months of 1941, the increase being due not so much to augmented imports from Argentina as to a drastic decline of imports from European countries.



BERYLLIUM
(Schedule III concession^{1/})

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>

Par. 5. *** chemical salts and compounds ***, obtained naturally or artificially and not specially provided for -----	25%	ad val.
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Reclassification.

Par. 5. Beryllium: Oxide or carbonate, not specially provided for -----	12 $\frac{1}{2}$ %	ad val.
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Tariff history.

Act of 1930, par. 5 -----	25%	ad val.
Act of 1922, par. 5 -----	25%	ad val.
Act of 1913, par. 5 -----	15%	ad val.

Description and uses.

Beryllium oxide, also known as glucinum oxide, is a white, amorphous powder, used as a catalyst in the manufacture of certain organic compounds and as a raw material for the production of beryllium metal and other beryllium compounds. Beryllium carbonate, likewise a white powder, is an intermediate product obtained in the manufacture of beryllium oxide and metal from beryllium ore. Beryllium metal is employed in the production of beryllium copper for use in the manufacture of nonmagnetic and nonsparking tools and springs, both of great military importance, and in the manufacture of other such special articles.

Summary of United States production, imports, and exports.

Although no production statistics are available, it is known that United States production of beryllium oxide and carbonate is small. Some of the production is from domestic ore but the larger part is from ore imported from Argentina. Imports of beryllium oxide and carbonate into the United States in recent years have been negligible, but there have been some imports of metallic beryllium and beryllium nitrate from Germany. There are no known exports of beryllium oxide and carbonate.

Foreign production and trade.

Germany is the only foreign country known to produce beryllium oxide and carbonate on a commercial scale. There is probably no production of these two compounds in Argentina at present, but it is reported that installations to produce them are being made. No production or export statistics are available for any foreign countries.

^{1/} See page III

Competitive conditions.

United States requirements of beryllium oxide and carbonate, used in the production of metallic beryllium, have been met largely, if not entirely, by domestic producers. Peacetime consumption of metallic beryllium is small because of its high cost. The war has caused a great increase in the demand for metallic beryllium and, at the same time, has resulted in the cutting off of the former source of supply in Europe.



SUNFLOWER OIL, EDIBLE
(Schedule III concession^{1/})

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 53. Oils, vegetable: *** expressed or extracted oils, not specially provided for -----	20% ad val.	

Reclassification.

Oils, vegetable:		
Sunflower oil -----		10% ad val.
Internal Revenue Code, Sec. 2491 (b):		
Sunflower oil -----	4½¢ lb. ^{2/}	2¼¢ lb. ^{2/}

Tariff history.

Internal Revenue Code, Sec. 2491 (b) -	4½¢ lb. ^{2/}	
Act of 1930, par. 53 -----		20% ad val.
Act of 1922, par. 54 -----		20% ad val.
Act of 1913, par. 45 -----		15% ad val.

Ad valorem equivalent.

On the basis of a price of 6 cents per pound for sunflower oil, the duty of 20 percent plus the 4½ cents per pound tax is equivalent to 95 percent ad valorem.

Description and uses.

Edible sunflower oil is used principally as a salad and cooking oil and in vegetable shortenings.

Summary of United States production, imports, and exports.

Little or no sunflower oil is produced in the United States. Imports have declined since 1936 to negligible proportions, and no exports are shown in official statistics.

United States imports.

Imports of sunflower oil have been negligible since the imposition of the import excise tax of 4½ cents per pound in 1936. Prior to that time, there were substantial imports, principally from the Netherlands. Imports by countries are shown in the following table.

^{1/} See page III

^{2/} The import tax imposed under the Internal Revenue Code is in addition to the duty under the tariff act.

Table 1. - Sunflower oil, edible: United States imports for consumption, by countries, 1935-40

Country	1935	1936	1937	1938	1939	1940 ^{1/}
Quantity (pounds)						
Netherlands	33,211,762	18,461,869	4,474	2,243	-	-
United Kingdom	821,664	983,822	167,549	-	-	-
Bulgaria	1,674,058	3,097,462	-	-	-	-
Germany	71,896	1,884,248	-	-	-	-
Soviet Union	-	-	-	-	-	-
Denmark	648,449	286,598	-	-	-	-
Argentina	110,559	-	-	-	-	216
Belgium	513,344	-	-	-	-	-
Total	37,051,732	24,713,999	172,023	2,243	None	216
Value						
Netherlands	\$1,972,246	\$1,217,594	\$332	\$114	-	-
United Kingdom	56,093	69,767	9,462	-	-	-
Bulgaria	102,085	186,806	-	-	-	-
Germany	4,856	128,080	-	-	-	-
Soviet Union	-	-	-	-	-	-
Denmark	45,485	19,065	-	-	-	-
Argentina	7,681	-	-	-	-	\$13
Belgium	31,233	-	-	-	-	-
Total	2,219,679	1,621,312	9,794	114	-	13
Unit value (per pound)						
Netherlands	\$0.059	\$0.066	\$0.074	\$0.051	-	-
United Kingdom	.068	.071	.056	-	-	-
Bulgaria	.061	.060	-	-	-	-
Germany	.068	.068	-	-	-	-
Soviet Union	-	-	-	-	-	-
Denmark	.070	.067	-	-	-	-
Argentina	.069	-	-	-	-	\$.060
Belgium	.061	-	-	-	-	-
Average	.060	.066	.057	.051	-	.060

^{1/} Preliminary.^{2/} Less than 0.05 percent.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

The Soviet Union is the principal producer of sunflower seed and oil. Other areas of production are in southeastern Europe, China, India, and South America. Argentina, in particular, has greatly increased its output of both sunflower seed and oil in recent years. The Soviet Union and the Netherlands have been the most important exporters of sunflower oil.

Competitive conditions.

Edible sunflower oil competes principally with cottonseed, corn, peanut, and soybean oils, all of which are produced in large quantities in the United States. Since the imposition of the import excise tax of $4\frac{1}{2}$ cents per pound in 1936, imports of sunflower oil have been negligible.



HARD ITALIAN-TYPE CHEESE
(Schedule III concession^{1/})

United States tariff.

	Rate of duty	
	Before agreement	Under agreement
Par. 710. Cheese, and substitutes therefor -----	7¢ lb. but not less than 35% ad val.	

Reclassification.

Romano, Pecorino, Reggiano, Parmesano, Provoloni, Sbrinz, and Goya cheeses, in their original loaves -----	5¢ lb. but not less than 25% ad val.
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Tariff history.

Act of 1930, par. 710 -----	7¢ lb. but not less than 35% ad val.
Act of 1922, par. 710 -----	5¢ lb. but not less than 25% ad val.
Act of 1921, par. 22 -----	23% ad val.
Act of 1913, par. 196 -----	20% ad val.

General statement.

The concession on cheese in the agreement with Argentina includes the principal Italian-type cheeses imported into the United States. Nearly all other types have been subject to concession in prior trade agreements.

Cheese may be classified as: (1) hard, (2) semihard, and (3) soft. The Italian-type cheeses (except Provoloni) included in the concession to Argentina fall in the first class, which also includes Cheddar (the principal American type, which constitutes three-fourths of United States cheese production), the Swiss cheeses (Emmenthaler and Gruyere), and the Dutch varieties (Edam and Gouda). Provoloni is a semihard cheese, but a considerable quantity is aged sufficiently to allow it to be grated, and it then in effect becomes a hard-type cheese. The characteristics of a variety of cheese depend chiefly on the kind of milk from which it is made, the coagulating agent used, and the time and conditions of curing. All the cheeses included in the concession to Argentina are made from cow's milk, except Pecorino, which is made from sheep's milk. Romano cheese is made both from sheep's milk and from cow's milk; the distinctive flavor of the better-quality cow's-milk Romano is the result of the use of kid rennet as the coagulating agent. In general, the Italian-type

^{1/} See page III.

cheeses require more processing and longer aging than most other types of cheese. They also tend to be more granular than Cheddar and, after aging, are particularly suitable for grating.

Ad valorem equivalent.

The ad valorem equivalents of the specific duties on cheese from Argentina have been, on the average, higher than those on total imports of cheese (table 1). For example, in 1940 the ad valorem equivalent for entries of Italian-type cheese from Argentina was 43 percent compared with 36 percent on the principal Italian-type cheeses imported from all countries and 33 percent on total imports of cheese of all kinds.

Table 1. - Cheese: Ad valorem equivalents of the specific duties, 1935, 1937-40, and January-June 1941
(Percent)

Year	All cheese from all sources	Hard Italian-type cheese 1/	
		From all sources	From Argentina
1935	37.3	35.4	45.2
1937	32.3	35.4	42.2
1938	31.9	35.2	44.2
1939	31.0	35.3	45.1
1940 2/	33.2	36.1	43.0
1941 (Jan.-June) 2/	37.2	38.0	38.5

1/ Includes three classes of imports: Romano or Pecorino, Reggiano or Parmesano, and Provoloni and Provallette.

2/ Preliminary.

Description and uses.

Reggiano and Parmesano are the most popular cheeses for grating and are widely used by the producers and packers of spaghetti and onion soup. Sbrinz, the variety imported in greatest volume from Argentina is similar to Parmesano and is used for the same purposes.

Most of these cheeses, particularly Provoloni, are used, when medium cured, as table cheeses and, when fully cured, for grating. Goya cheese, made only in Argentina, is imported for grating and blending and sells at a lower price than other Argentine cheeses.

United States production.

Until 1935, production of Italian-type cheese in the United States was small, and this country was dependent upon imports for nearly the entire supply. This dependence has been progressively lessened during recent years, as domestic production has been expanded. The manufacture of Italian-type cheeses in the United States, which amounted to 9 million pounds, valued at 2 million dollars in 1929, increased to 15 million pounds, valued at 2.3 million dollars, in 1935, and to 19 million pounds, valued at 3.3 million dollars, in 1939 (table 2). Reports from the trade indicate production in 1940 of 40 million pounds and an anticipated production in 1941 of 45 million pounds.

Table 2. - Hard Italian-type cheese: United States production and imports, in specified years, 1929 to 1940

	1929	1931	1933	1935	1937	1939	1940 ^{1/}
	Quantity (1,000 pounds)						
Production ^{2/}	8,579	8,384	7,095	14,714	17,647	18,783	3/
Imports ^{4/}	3/	27,888	22,175	26,031	23,751	23,411	17,632
	Value (1,000 dollars)						
Production ^{2/}	1,964	1,589	898	2,307	3,103	3,276	3/
Imports ^{4/}	3/	6,399	5,241	6,223	5,439	5,635	4,105
	Unit value (cents per pound)						
Production ^{2/}	23	19	13	16	18	17	3/
Imports ^{4/}	3/	23	24	24	23	24	23

^{1/} Preliminary.

^{2/} Italian varieties, including Jack and Monterey. U. S. Bureau of the Census.

^{3/} Comparable statistics not available.

^{4/} Including Romano or Pecorino, Reggiano or Parmesano, Provoloni and Provolotte, and cheese, n.s.p.f., from Argentina (largely Sbrinz). Compiled from official statistics of the U. S. Department of Commerce.

In the United States, most cheddar cheese is produced in small factories and is sold within a few days after manufacture for ultimate delivery to large concerns to be processed or aged. With the exception of Provoloni, Italian-type cheese generally must be aged for a period ranging from 8 months to 2 years. Although the processes of manufacture are similar, the industry producing Italian-type cheese in the United States is more highly organized and consists of larger units than in Italy or Argentina, where hard cheese is made largely on farms or in small factories. In former years, cheeses of this description were for the most part consumed by the Italian population in the United States, but with the recent expansion of production in this country, they have obtained a growing market among other consumers as well.

Cheese of the Provoloni type is produced in Wisconsin, Illinois, Michigan, New York, Ohio, and California. The Asiago, Parmesano, Reggiano, and Romano (cow's milk) varieties are produced in Wisconsin and northern Michigan.

United States imports.

Despite the rapid increase in domestic production since 1935, imports of Italian-type cheese, until the outbreak of the present European war, exceeded 23 million pounds annually, valued at 5 million dollars. They declined to 18 million pounds, valued at 4 million dollars, in 1940 (table 3).

Italy ordinarily furnished as much as 95 percent of the entire quantity of Italian-type cheese imported into the United States. Imports from Argentina, however, had been increasing for several years prior to the outbreak of hostilities in Europe, and in 1940 amounted to 5.7 million pounds, about one-third of the total imports. During the first 6 months of 1941, imports from Argentina further increased to 7.2 million pounds, about 85 percent of the total imports in this period.

Trade Agreement With Argentina

Table 3. - Hard Italian-type cheeses: United States imports for consumption from Argentina, Italy, and all countries, 1931, 1933, 1937-40, and January-June 1941

Type	From Argentina		From Italy		From all countries ^{1/}	
	Quantity	Value	Quantity	Value	Quantity	Value
1931						
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
Roseno or Pecorino	53,539	\$7,937	61,498,836	\$4,000,486	16,569,214	\$4,012,013
Raggiano or Parmesano	2,343	633	2,686,599	716,488	2,708,126	722,551
Provoloni and Provolette	31,407	5,014	8,469,732	1,643,425	8,508,414	1,649,736
Shrins and Goya ^{2/}	102,177	14,882	-	-	102,177	14,882
Total	189,466	28,466	71,645,127	6,260,399	27,887,978	6,799,282
1933						
Roseno and Pecorino	69,232	10,141	13,325,281	3,541,602	13,414,054	3,555,209
Raggiano or Parmesano	75,365	14,546	1,537,238	407,885	1,615,885	423,664
Provoloni and Provolette	103	11	6,465,099	1,161,638	6,465,292	1,161,849
Shrins and Goya ^{2/}	679,692	100,724	-	-	679,692	100,724
Total	824,292	125,422	21,227,618	5,111,325	22,176,833	5,241,446
1937						
Roseno and Pecorino	70,019	10,152	15,175,419	3,745,979	15,994,917	3,785,883
Raggiano or Parmesano	61,354	11,604	1,665,474	388,812	1,732,211	401,652
Provoloni and Provolette	88	14	5,560,221	1,116,964	5,574,721	1,119,706
Shrins and Goya ^{2/}	1,048,712	131,724	-	-	1,048,712	131,724
Total	1,180,173	153,694	22,401,114	5,251,755	23,750,561	5,438,965
1938						
Roseno and Pecorino	92,411	13,667	15,226,394	3,723,907	15,515,653	3,776,197
Raggiano or Parmesano	167,262	27,974	1,400,183	377,840	1,567,445	405,614
Provoloni and Provolette	2,763	536	5,107,129	1,050,676	5,109,892	1,051,212
Shrins and Goya ^{2/}	1,200,156	163,489	-	-	1,200,156	163,489
Total	1,462,792	204,666	21,733,906	5,154,223	23,291,246	5,296,512
1939						
Roseno and Pecorino	299,331	43,726	15,500,130	4,077,780	16,056,237	4,170,352
Raggiano or Parmesano	374,922	60,763	2,058,707	549,884	2,435,541	611,079
Provoloni and Provolette	25,584	4,897	3,266,245	658,542	3,291,929	663,437
Shrins and Goya ^{2/}	1,627,520	190,095	-	-	1,627,520	190,095
Total	2,327,357	299,491	20,825,202	5,286,206	23,411,227	5,634,965
1940						
Roseno and Pecorino	1,853,543	309,438	9,643,537	2,764,397	11,707,779	3,114,976
Raggiano or Parmesano	799,422	128,403	818,976	227,008	1,713,519	366,610
Provoloni and Provolette	165,317	26,637	1,144,524	276,081	1,309,841	302,718
Shrins and Goya ^{2/}	2,301,708	280,940	-	-	2,301,308	280,940
Total	5,729,990	754,618	11,607,037	3,267,486	17,632,447	4,105,244
1941 (Jan.-June) ^{3/}						
Roseno or Pecorino	3,107,433	600,463	265,596	76,441	3,402,506	687,742
Raggiano or Parmesano	511,701	87,390	76,075	20,984	601,612	110,498
Provoloni and Provolette	86,489	14,934	5,581	1,215	92,070	16,149
Shrins and Goya ^{2/}	3,668,292	420,892	-	-	4,181,606	528,244
Total	7,173,915	1,123,679	247,252	98,640	8,277,794	1,368,933

^{1/} Does not include small imports from Cuba.^{2/} Included in import statistics as "cheese, n.s.p.f.," practically all imports in this class from Argentina are Shrins and Goya cheese, little if any of which is received from other sources.^{3/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

The unit values of cheeses imported from Argentina are less than the unit values of the same cheeses imported from Italy. For example, in 1940, the unit value of Romano or Pecorino cheese from Argentina was 16.6 cents per pound compared with 28.7 cents for the same types from Italy. The unit value of Reggiano or Parmesano cheese from Argentina was 16.1 cents per pound compared with 27.7 cents for these varieties from Italy.

Foreign production and trade.

The production of hard cheese in Italy amounts to about 300 million pounds a year, most of which is the Parmesano and Pecorino varieties. In 1938 Italy exported 38.4 million pounds of hard cheese. Of this quantity, 59.3 percent went to the United States, 12.7 percent to France, 12.0 percent to the Italian colonies, and 6.4 percent to Germany.

Data on Argentine production of and foreign trade in cheese, which consists predominantly of Italian types, are shown in tables 4 and 5 for specified recent years. In 1933 and thereafter, exports from Argentina greatly exceeded imports. Exports have been increasing and, in 1940, amounted to nearly 10 percent of Argentine production. The United States has been the principal foreign market since 1933, accounting for about one-third of total cheese exports from Argentina.

Table 4. - Cheese: Argentine production, imports and exports, in specified years, 1929 to 1940

(In thousands of pounds)					
Year	Production		Imports	Exports	
	Estimated total ^{1/}	Factory			
1929	-	34,118	4,001		796
1931	-	32,521	1,659		1,056
1933	-	51,081	399		2,075
1935	-	49,811	86		3,285
1937	92,834	74,352	128		3,269
1938	108,790	94,010	108		5,366
1939	119,899	112,578	84		5,474
1940 ^{2/}	(3/)	117,000	30		11,559

^{1/} From Foreign Crops and Markets and compiled from official sources.

^{2/} Preliminary.

^{3/} It is estimated that factory production will be expanded from 20 to 25 percent in 1941.

Source: Compiles from official annual and monthly statistics of Argentina.

Table 5. - Cheese: Exports from Argentina to principal countries, in specified years, 1929 to 1940

(In thousands of pounds)								
Country	1929	1931	1933	1935	1937	1938	1939	1941 ^{1/}
United States	161	238	869	1,574	1,228	1,407	2,725	8,898
Italy	-	104	505	439	560	631	357	68
French Africa	-	-	29	381	313	481	287	238
Paraguay	335	346	287	179	276	337	311	373
Peru	152	108	148	214	241	311	421	276
United Kingdom	49	-	4	9	22	289	150	611
Venezuela	-	-	24	106	159	282	406	425
Egypt	-	-	4	73	132	293	401	256
Belgium	-	-	9	11	49	146	84	29
All other	99	260	196	299	289	186	332	385
Total	796	1,056	2,075	3,285	3,269	4,263	5,474	11,559

^{1/} Preliminary.

Source: Compiled from official annual statistics of Argentina.

Competitive conditions.

Hard Italian-type cheese from Argentina is used for the same purposes (chiefly for grating) as similar cheese made in the United States or imported from Italy. Cheese from Italy may enjoy a certain prestige among the Italian population of the United States, but the effect of this prestige is lessened by the fact that, in large part, cheese of the Italian type is grated before being sold for table use. The ratio of imports of Italian-type cheeses to domestic production was 77 percent in 1931, 64 percent in 1935, and 56 percent in 1939, the decline being due primarily to increased domestic production. Prior to the outbreak of the war in Europe, Italy was by far the principal source of imports of these cheeses, but with the decrease of shipments from Italy since 1938, imports from Argentina have trebled.

In recent years probably 75 percent or more of the total imports of cheese from Argentina has been Sbrinz cheese and about 5 percent has been Goya cheese; in earlier years, imports of Goya predominated. The United States produces little Sbrinz cheese. Goya cheese is not made in either the United States or Italy, and although Sbrinz is produced in Italy, little has been shipped to the United States from that country. Italian-type cheeses from Argentina are not as uniform in quality as, and sell for lower prices than those produced in the United States or imported from Italy.



ANCHOVIES
(Schedule III concession^{1/})

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 718(a). Fish other than tuna, prepared or preserved in any manner, when packed in oil or in oil and other substances.		

Of a value not exceeding 9 cents per pound including the weight of the immediate container only ----- 44% ad val.
Other ----- 30% ad val.

Reclassification.

Par. 718(a). Fish, prepared or preserved in any manner, when packed in oil or in oil and other substances:

Anchovies:

Of a value not exceeding 9 cents per pound including the weight of the immediate container only ----- 22% ad val.
Of a value exceeding 9 cents per pound including the weight of the immediate container only ----- 15% ad val.

Par. 718(b). Fish, prepared or preserved in any manner, when packed in air-tight containers weighing with their contents not more than fifteen pounds each (except fish packed in oil or in oil and other substances):

Other fish ----- 25% ad val.

Reclassification.

Par. 718(b). Fish, prepared or preserved in any manner, when packed in airtight containers weighing with their contents not more than fifteen pounds each (except fish packed in oil or in oil and other substances):

Anchovies ----- 12½% ad val.

Tariff history.

	<u>Anchovies packed in oil</u>	<u>Anchovies packed in airtight containers, not in oil</u>
Presidential proclamation, effective Jan. 13, 1934 -----	44% ad val. ^{2/}	
Act of 1930, par. 718 -----	30% ad val.	Par. 718, 25% ad val.
Act of 1922, par. 720 -----	30% ad val.	Par. 720, 25% ad val.
Act of 1913, par. 216 -----	25% ad val.	Par. 216, 15% ad val.

^{1/} See page III.

^{2/} Rate applicable only to fish valued at not exceeding 9 cents per pound including weight of immediate container only.

General statement.

This concession covers primarily salted anchovies, which are packed in two ways, in oil and not in oil. Anchovies in oil are dutiable under paragraph 718(a) of the Tariff Act of 1930; almost all of the imports are in the higher value bracket, dutiable at the lower of the two rates effective under that paragraph. Anchovies not in oil are dutiable under paragraph 718(b).

Description and uses.

Anchovies are used as an appetizer or an hors d'oeuvre. All those packed in oil and most of those not in oil are consumed without further processing. Some of the anchovies not in oil are used in making anchovy paste and fish paste.

The anchovies in oil consumed in the United States are almost entirely fillets packed in olive oil, about 80 percent being put up in tins and the remainder in glass. The skinless and boneless uncooked salted pieces of fish are either packed flat or rolled around a caper. Flat anchovies account for more than 50 percent of the quantity consumed.

Anchovies not in oil, known to the trade as "salted anchovies," also consist almost entirely of fillets, which are heavily brine-salted over an extended period. They are packed for the market in airtight cans weighing 2 kilos (4.41 pounds) and less, the 2-kilo size predominating.

United States production.

There is no domestic production of anchovies for table use. Although anchovies are abundant in the waters off the coast of California, the species found there does not react to preserving processes as satisfactorily as does the European. Most of the California catch is used as fish bait, only negligible quantities being used as food.

United States imports.

For the 10-year period ended in 1940, total imports of anchovies averaged annually nearly 5 million pounds, valued at 1 million dollars, those packed in oil amounting to about 2½ million pounds, valued at \$881,000, and those not packed in oil, to about 2-1/4 million pounds, valued at \$210,000. Thus, the value per pound of the imported anchovies in oil was three or four times the unit value of those not in oil.

Prior to 1940 Italy supplied 77 percent, by quantity, of the imports of the anchovies in oil and Spain supplied 80 percent of the anchovies not in oil.

Following the outbreak of war in Europe, imports from Italy declined sharply, imports of anchovies in oil falling from 1.7 million pounds in 1939 to 625,000 pounds in 1940. This decline, however, was more than offset by an increase in imports from Portugal from less than 60,000 pounds in years prior to 1939 to 2.1 million pounds in 1940. In 1940, therefore, total imports of this style of pack increased substantially (table 1).

Table 1. - Anchovies, packed in oil: United States imports for consumption, by principal sources, in specified years, 1931 to 1940, and January to June 1941^{1/}

Year	Country						Total imports
	Italy	Spain	France	Portugal:	Argen- tina	All other	
Quantity (1,000 pounds) ^{2/}							
1931	1,119:	627:	83:	38:	-:	21:	1,888
1935	1,753:	496:	15:	45:	-:	83:	2,392
1937	1,652:	451:	14:	17:	-:	36:	2,170
1938	1,849:	111:	17:	57:	-:	28:	2,061
1939	1,697:	64:	22:	616:	-:	50:	2,449
1940 ^{3/}	625:	132:	5:	2,150:	15:	63:	2,990
1941 (Jan.- June) ^{3/}	15:	147:	-:	1,245:	-:	-:	1,407
Value							
1931	\$375,414:	\$131,314:	\$42,169:	\$7,836:	-:	\$3,677:	\$560,410
1935	648,072:	109,901:	10,505:	11,141:	-:	8,226:	787,845
1937	718,897:	116,450:	10,423:	4,795:	-:	14,625:	865,190
1938	823,356:	37,965:	9,501:	16,556:	-:	9,549:	896,927
1939	668,136:	19,034:	11,644:	162,046:	-:	17,259:	878,119
1940 ^{3/}	272,572:	30,484:	2,443:	650,898:	\$3,169:	16,485:	976,051
1941 (Jan.- June) ^{3/}	6,072:	47,767:	-:	429,579:	-:	-:	483,418
Unit value (cents per pound)							
1931	33.5:	21.0:	50.6:	20.8:	-:	17.4:	29.7
1935	37.0:	22.2:	69.5:	24.7:	-:	9.9:	32.9
1937	43.5:	25.8:	76.0:	28.0:	-:	41.1:	39.9
1938	44.5:	34.3:	57.4:	29.0:	-:	34.3:	43.5
1939	39.4:	30.0:	53.9:	26.3:	-:	34.2:	35.9
1940 ^{3/}	43.6:	23.0:	53.6:	30.3:	21.6:	26.4:	32.6
1941 (Jan.- June) ^{3/}	40.1:	32.5:	-:	34.5:	-:	-:	34.4

^{1/} Includes 9,918 pounds imported in 1935 and 50 pounds imported in 1938, valued at 9 cents or less per pound, including the weight of the immediate container, and hence dutiable at 44 percent ad valorem. All other imports shown were valued at more than 9 cents per pound and were dutiable at 30 percent ad valorem.

^{2/} Including weight of immediate container, except in 1931, for which weights are net.

^{3/} Preliminary.

Source: Foreign Commerce and Navigation of the United States.

Table 2. - Anchovies in airtight containers, not in oil: United States imports for consumption, by principal sources, in specified years, 1931 to 1940, and January-June 1941

Year	Imported from -				Total imports
	Spain	Italy	Argentina	All other	
Quantity (pounds)					
1931	2,496,756	220,617	-	211,960	2,929,333
1935	2,598,771	89,481	-	310,171	2,998,423
1937	957,979	269,168	23,104	331,203	1,581,454
1938	1,427,934	218,613	27,382	345,753	2,019,682
1939	1,413,040	90,688	202,768	343,313	2,049,809
1940 1/	1,485,893	9,027	379,153	106,579	1,980,652
1941 (Jan.-June) 1/	281,745	-	148,264	-	430,009
Value					
1931	\$219,817	\$24,564	-	\$24,753	\$269,134
1935	225,229	9,636	-	35,621	270,486
1937	91,792	34,644	\$2,177	36,113	164,726
1938	155,357	33,369	2,493	39,408	230,627
1939	145,732	14,309	16,975	34,532	211,548
1940 1/	139,975	1,770	30,739	13,988	186,472
1941 (Jan.-June) 1/	24,739	-	11,132	-	35,871
Unit value (cents per pound)					
1931	8.8	11.1	-	11.7	9.2
1935	8.7	10.8	-	11.5	9.0
1937	9.6	12.9	9.4	10.9	10.4
1938	10.9	15.3	9.1	11.4	11.4
1939	10.3	15.8	8.4	10.1	10.3
1940	9.4	19.6	8.1	13.1	9.4
1941 (Jan.-June) -	8.8	-	7.5	-	8.3

1/ Preliminary.

Source: Foreign Commerce and Navigation of the United States.

Portugal supplied 72 percent of the imports of anchovies in oil in 1940 and 88 percent in the first 6 months of 1941, Italy supplying in those two periods only 20 percent and 11 percent, respectively. Imports from Argentina amounted to 4,281 pounds, valued at \$1,795, in January 1940, and 10,360 pounds, valued at \$1,374, in December of that year. No anchovies of this type had been imported from Argentina prior to 1940 and none were reported in the first 6 months of 1941.

Total imports of anchovies not in oil amounted to approximately 2 million pounds annually from 1937 to 1940 (table 2). In the first half of 1941, 430,000 pounds were entered. Imports from Spain, the chief supplier, averaged 1.4 million pounds annually from 1938 to 1940, inclusive; in the first 6 months of 1941, they were 282,000 pounds. Imports from Italy declined from 219,000 pounds in 1938 to 9,000 pounds in 1940, and none were reported for the first 6 months of 1941. Imports from Argentina, on the other hand, increased from 27,000 pounds in 1938

to 379,000 pounds in 1940, and in the first half of 1941 Argentina supplied 148,000 pounds. These imports represented 19 percent of the total in 1940 and 32 percent in the first 6 months of 1941.

Competitive conditions.

Imported anchovies do not compete directly with any domestic product. Although large quantities of anchovies are caught off the coast of California, they are mostly used as bait; only negligible quantities are used for food.

Except for very small quantities in the winter seasons of 1939-40 and 1940-41, Argentina has never shipped anchovies packed in oil to the United States. Portugal, rather than Argentina, supplied the deficiency when imports from Italy declined in 1940 and 1941. The smaller fish caught in the Mediterranean Sea are more suitable for packing in oil than those caught in the waters of the Western Hemisphere. Anchovies in oil are served as an appetizer in Italian restaurants. The Italian product has a prestige not only among Italians but also among other races in the United States.

Argentina is an important supplier of anchovies not in oil, its share in the United States imports having increased from 1½ percent in 1938 to 32 percent in the first 6 months of 1941. The demand for anchovies not in oil is less discriminating and less subject to personal and racial preference than is that for anchovies in oil.



MACARONI, VERMICELLI, NOODLES
(Schedule III concession)^{1/}

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 725. Macaroni, vermicelli, noodles, and similar alimentary pastes:		
Containing no eggs or egg products -	2¢ lb.	1½¢ lb.
Containing eggs or egg products —	3¢ lb.	2¢ lb.

Tariff history.

- Act of 1930, paragraph 725:
 Containing no eggs - 2 cents per pound
 Containing eggs — 3 cents per pound
Act of 1922, paragraph 725: 2 cents per pound
Act of 1913, paragraph 171: 1 cent per pound

Ad valorem equivalent of the duty.

The ad valorem equivalent of the rates of duty provided in the Tariff Act of 1930 has varied from a minimum of 21 percent in 1939 to a maximum of 30 percent in 1932 on products containing no eggs and egg products, and from 18 percent in 1934 to 24 percent in 1940 on products containing eggs and egg products.

Description and uses.

Macaroni, spaghetti, vermicelli, and similar macaroni products, particularly those from Europe, are made from semolina, which is milled from durum wheat. In the United States, these products are also made from farina obtained from other hard wheats, and from the flour of the various types of hard wheat.

Summary of United States production, imports, and exports.

The manufacture of macaroni and similar products in the United States during recent years has totaled 600 to 700 million pounds annually, valued at 45 to 50 million dollars. Plants are located in a number of States, but about 60 percent of total production is in New York, New Jersey, Pennsylvania, and Illinois.

Imports have been declining for a number of years. In 1939 they amounted to 1,070,000 pounds, valued at \$103,000, or considerably less than one-half of 1 percent of production. The average unit value of imports is considerably higher than that of the domestic products, especial value being attached to the former because of trade mark or country of origin.

Exports, although greater than imports, amount to less than 1 percent of domestic production. The principal foreign markets are the United Kingdom, Canada, Mexico, Panama, and the Canal Zone, Cuba, and the Philippine Islands. Exports in 1939 were 4,423,000 pounds, valued

^{1/} See page III.

\$307,000, their volume being higher than for several years previously; in 1940, however, they were sharply reduced, principally because of smaller shipments to the United Kingdom. Statistics for the first 6 months indicate a further reduction in 1941 (table 1).

Table 1. - Macaroni, vermicelli, noodles, and similar alimentary pastes: Summary of United States production, imports, and exports, in specified years, 1931 to 1940, and January-June 1941^{1/}

	1931	1933	1935	1937	1938	1939	1940 ^{2/}	1941 ^{3/} (Jan.- June)
Quantity (1,000 pounds)								
Production	533,021	(3/)	605,754	659,324	(3/)	684,390	(3/)	(3/)
Imports	2,465	1,647	1,390	1,691	1,160	1,070	872	269
Exports	4,613	1,931	1,987	3,048	3,130	4,423	3,590	1,475
Value (1,000 dollars)								
Production	36,094	35,892	47,441	50,328	(3/)	45,867	(3/)	(3/)
Imports	186	113	120	147	109	103	76	27
Exports	341	136	167	256	240	307	256	102
Unit value (per pound)								
Production	\$0.068	-	\$0.075	\$0.076	-	\$0.067	-	(3/)
Imports	.076	\$0.069	.086	.087	\$0.094	.096	\$0.087	\$0.101
Exports	.074	.070	.084	.084	.076	.069	.071	.069

^{1/} Includes both products containing and those not containing eggs.

^{2/} Preliminary.

^{3/} Not available.

^{4/} Unit value only for products for which both quantity and value are reported.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States imports.

More than 90 percent of imports consist of macaroni and similar alimentary pastes containing no eggs or egg products (table 2). Italy normally supplies about half of the total entries in this category, together with nearly all of the small imports containing eggs or egg products. Imports from countries other than Italy are obtained, for the most part, from China, Hong Kong, and Japan. Imports from Argentina during the entire period 1931 to 1940, inclusive, amounted to 3,363 pounds, valued at \$336. Of this, 2,695 pounds, valued at \$241, were entered in 1936. There have been no imports from Argentina since the end of 1937.

Table 2.- Macaroni, vermicelli, noodles, and similar alimentary pastes; United States imports for consumption, by principal sources, in specified years, 1931 to 1940, and January-June 1941^{1/}

Country	1931	1933	1935	1937	1938	1939	1940 ^{2/}	1941 ^{3/} (Jan.-June)
Containing no eggs:								
or egg products:								
	Quantity (1,000 pounds)							
Italy	1,631	783	668	830	628	453	260	-
China	22	23	33	74	244	288	285	175
Japan	167	221	214	218	160	153	133	14
Hong Kong	433	442	407	482	101	144	174	76
France	73	51	36	27	15	9	2	-
All other	72	79	16	3	3	3	6	-
Total	2,398	1,609	1,374	1,634	1,151	1,050	860	265
	Value (1,000 dollars)							
Italy	124	63	67	79	64	49	29	-
China	1	1	2	6	22	27	21	18
Japan	11	8	10	12	10	10	11	1
Hong Kong	29	26	33	38	10	13	13	8
France	6	4	3	2	1	1	(3/)	-
All other	6	6	2	1	(3/)	(3/)	1	-
Total	177	108	117	138	107	100	75	27
Containing eggs:								
and egg products:								
	Quantity (1,000 pounds)							
Italy	46	33	14	55	6	17	4	-
China	-	-	-	-	2	2	2	2
Japan	-	1	-	1	(3/)	1	(3/)	-
Hong Kong	1	1	1	1	1	(3/)	1	2
France	-	-	-	-	-	-	-	-
All other	4/20	2	(3/)	(3/)	(3/)	(3/)	5	-
Total	67	37	15	57	9	20	12	4
	Value (1,000 dollars)							
Italy	6	5	2	9	1	3	1	-
China	-	-	-	-	(3/)	(3/)	(3/)	(3/)
Japan	-	(3/)	-	(3/)	(3/)	(3/)	(3/)	-
Hong Kong	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)
France	-	-	-	-	-	-	-	-
All other	4/3	(3/)	(3/)	(3/)	(3/)	(3/)	(3/)	-
Total	9	5	2	9	1	3	1	(3/)

^{1/} Does not include negligible quantities of duty-free imports from the Philippine Islands.

^{2/} Preliminary.

^{3/} Less than 500.

^{4/} Includes 13,307 pounds, valued at \$2,138, imported from Germany.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

The manufacture of macaroni, vermicelli, and noodles is important in Italy, France, Japan, and China. Both Italy and France formerly bought durum wheat in considerable quantities from the United States for the manufacture of macaroni and similar products; in recent years, however, these countries have obtained hard wheat from their North African dependencies, and have imported almost negligible quantities from the United States.

Italian exports of macaroni and similar products normally amount to about 30 million pounds a year, valued at 2 million dollars, but shipments to the United States, Great Britain, and other foreign markets, which formerly accounted for most of this trade, were largely displaced, after 1937, by shipments to Italian possessions in Africa.

The production of macaroni, vermicelli, and similar products in Argentina increased from 316 million pounds, valued at 8 million dollars, in 1935, to 323 million pounds, valued at 12 million dollars in 1937. Exports from Argentina during the 5 years 1935 to 1939, inclusive, averaged annually 1,100,000 pounds, valued at \$45,000. In most years substantially more than half of the total exports from Argentina have gone to Bolivia; Italy, Greece, and the United Kingdom have been among the principal other markets (table 3).

Table 3. - Macaroni, vermicelli, and similar products: Exports from Argentina, 1935-40^{1/2}

Country	1935	1936	1937	1938	1939	1940 ^{2/}
Quantity (1,000 pounds)						
Bolivia	643	694	1,015	706	303	
Paraguay	9	11	27	34	42	
United Kingdom	71	79	40	55	59	
Italy	73	175	144	151	102	
Greece	118	109	123	54	101	
Yugoslavia	25	20	27	12	14	
All other	126	181	80	68	122	
Total	1,065	1,269	1,456	1,080	743	965
Value (1,000 dollars)						
Bolivia	22	28	38	30	10	
Paraguay	1	1	2	3	3	
United Kingdom	3	4	2	3	3	
Italy	2	10	9	13	4	
Greece	3	5	5	2	4	
Yugoslavia	1	1	1	1	(3/)	
All other	3	6	5	4	6	
Total	35	55	62	56	30	39

^{1/} Classified in Argentine statistics as "fideos" or vermicelli.

^{2/} Totals preliminary; country detail not available.

^{3/} Less than \$500.

Source: Compiled from official statistics of the Argentine Government.

Competitive conditions.

In actual use, macaroni, spaghetti, and similar products imported from abroad are virtually indistinguishable from those produced in the United States. Imports are higher in price than are the corresponding domestic products. They represent, for the most part, supplies for consumption by foreign nationals in this country.

Although the Argentine products resemble closely those from Italy, they are without an established market in the United States and would enjoy no particular advantage in supplying the very special demand upon which imports have heretofore depended.



TOMATOES, PREPARED OR PRESERVED IN ANY MANNER

(Schedule III concession^{1/})United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 772. Tomatoes, prepared or preserved in any manner -----	50% ad val.	25% ad val.

Tariff history.

Act of 1930, par. 772 -----	50%
Act of 1922, par. 770 - Paste -----	40%
Other -----	15%
Act of 1913, par. 200 -----	25%

Equivalent specific rate.

The average equivalent specific rate, in cents per pound, on canned tomatoes and tomato paste has been as follows:

	<u>1931-35</u>	<u>1936-40</u>	<u>1940</u>
Canned tomatoes -----	1.8	2.0	2.4
Tomato paste -----	3.8	4.0	4.5

Description and uses.

Tomato products covered by paragraph 772 are canned tomatoes, tomato paste, and tomato pulp or puree. Canned tomatoes consist of the peeled and cored fruits, preserved in their own juice in various proportions, or with pulp or puree added. Tomato paste is obtained by straining ripe tomatoes to remove skins and seeds and then concentrating to a minimum of 22 percent of tomato solids; it is used as a substitute for tomatoes in the preparation of soups and sauces. Tomato pulp, or puree, differs from tomato paste mainly in degree of concentration, the minimum quantity of solids required being 8.37 percent. Tomato pulp is used in the manufacture of soups, ketchup, sauces, and especially for canned beans, spaghetti, and fish. Although some pulp is sold at retail in tin containers, most of it is sold in bulk to manufacturers of other tomato products. It is of little importance in international trade, the more highly concentrated product, paste, being better suited to such trade.

Summary of United States production, imports, and exports.

In the period 1935-39, United States production of canned tomatoes averaged about 714 million pounds annually, as compared with exports of 2.2 million pounds and imports of 61.7 million pounds. Both production and exports increased sharply in 1940 and 1941, while imports have declined to an insignificant quantity (table 1).

^{1/} See page III.

In 1937 and 1939, the last 2 years for which complete statistics are available, production of tomato paste in the United States amounted to about 84 million pounds annually, as compared with exports of 5 million pounds and imports of 8 million pounds each year. Imports of tomato paste, like those of canned tomatoes, declined sharply in 1940, and were negligible in the first 6 months of 1941 (table 2).

In recent years, production of canned tomato pulp for sale has averaged 82 million pounds annually; data on imports and exports are not available. Tomato pulp, not canned, does not figure in international trade; it is stored and used by manufacturers in making other tomato products.

Table 1. - Canned tomatoes: United States production, imports, and exports,
1935-40, and January-June 1941

	1935	1936	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (1,000 pounds)							
Production ^{2/}	769,062	695,807	747,693	659,234	697,267	843,572	3/
Imports	76,793	60,019	53,807	62,520	55,400	18,054	301
Exports	1,901	2,470	2,017	1,877	2,836	11,264	20,231
Value (1,000 dollars)							
Production	37,686	3/	34,314	3/	34,188	3/	3/
Imports	3,086	2,283	2,204	2,434	2,222	863	16
Exports	139	170	127	119	148	525	975
Unit value (cents per pound)							
Production	4.9	3/	5.0	3/	4.9	3/	3/
Imports	4.0	3.8	4.1	3.9	4.0	4.8	5.2
Exports	7.3	6.9	6.3	6.3	5.2	4.7	4.8

^{1/} Preliminary.

^{2/} Net weight, from statistics of the National Cannery Association.

^{3/} Not available.

Source (except as indicated): Official statistics of the U. S. Department of Commerce.

Table 2. - Tomato paste: United States production, imports, and exports, 1935-40, and January-June 1941

	1935	1936	1937	1938	1939	1940 ^{1/}	1941 ^{2/} (Jan.-June)
	Quantity (1,000 pounds)						
Production -----	33,147	2/	85,710	2/	81,983	2/	2/
Imports ^{2/} -----	10,775	8,967	8,942	9,314	7,146	3,749	6
Exports -----	2/	2/	7,256	3,865	3,848	9,810	1,621
	Value (1,000 dollars)						
Production -----	3,524	2/	6,432	2/	6,105	2/	2/
Imports ^{2/} -----	996	788	651	624	567	334	1
Exports -----	2/	2/	313	187	248	600	113
	Unit value (cents per pound)						
Production -----	10.6	2/	7.5	2/	7.3	2/	2/
Imports ^{2/} -----	9.2	8.8	7.3	6.7	7.9	8.9	13.2
Exports -----	2/	2/	4.3	4.8	6.5	6.1	6.9

^{1/} Preliminary.^{2/} Not available.^{3/} Includes sauce, if any.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States production.

The tomato-canning industry in the United States is located in a belt of States extending from New Jersey, through Delaware, Maryland, Virginia, Ohio, Indiana, the Ozark region in Missouri and Arkansas, and certain districts in Colorado and Utah, to California. The leading tomato-canning States are Indiana, Maryland, California, and New Jersey; paste is manufactured chiefly in California, and most pulp in California and Indiana. The average annual output of canned tomatoes in recent years has been about 24 million cases (714 million pounds, valued at 35 million dollars), but in 1940 it amounted to nearly 30 million cases (844 million pounds). The output of tomato paste increased from 33 million pounds in 1935 to 86 million in 1937, but declined in 1939 to 82 million pounds. The quantity of tomato pulp manufactured and canned for sale is about equal to that of paste, but, in addition, from 50 to 60 million pounds of pulp are stored by manufacturers for their own use in the manufacture of paste, ketchup, soups, and sauces.

United States imports.

Annual imports of canned tomatoes in the years before the present war averaged 60 million pounds. However, because of the cessation of shipments from Italy, imports decreased in 1940 to 18 million pounds, and in the first 6 months of 1941 to 300,000 pounds. Imports of paste declined steadily from 11 million pounds in 1935 to less than 4 million in 1940; during the first 6 months of 1941 imports were negligible, amounting to only 6,000 pounds.

Except for occasional shipments of canned tomatoes from Canada and Spain (amounting, on the average, to less than 1 percent of total imports), Italy is practically the sole supplier of United States imports of both canned tomatoes and tomato paste. Thus far, no imports of either product have been received from Argentina.

United States exports.

Until the present war, United States exports of canned tomatoes averaged about 2 million pounds annually (table 1). Mainly because of increased shipments to the United Kingdom, exports have risen substantially since 1939, amounting to 11 million pounds in 1940 and 20 million pounds in the first 6 months of 1941. Before the present war, exports of paste averaged nearly 5 million pounds a year (table 2). In 1940 they increased to nearly 10 million pounds, but in the 6-month period January-June dropped to 1.6 million pounds.

The United Kingdom and the Panama Canal Zone are ordinarily among the principal markets for United States exports of both canned tomatoes and canned tomato paste, although substantial shipments of canned tomatoes also go to the Philippine Islands. Other than the United Kingdom, the principal foreign markets for these products are the other countries of North and South America.

Foreign production and trade.

Italy is the most important foreign producer of tomato preparations, its average annual output being 150 million pounds of canned tomatoes and 160 million pounds of tomato paste. About 85 percent of Italian

canned tomatoes are exported, as compared with 37½ percent of the paste. Until recently, the leading Italian markets for these products were the United Kingdom and the United States.

In Canada, before the present war, the average annual output of canned tomatoes was about 75 million pounds, and of tomato paste, about 6 million pounds, but in 1941 the rate of production has been more than double the former figures. Exports from Canada ordinarily amount to about 20 percent of production, and go mostly to the United Kingdom.

Tomatoes are also canned in considerable quantities in Spain, Argentina, Chile, Australia, and Bulgaria. Production in Argentina amounted to 2.5 million pounds of canned tomatoes and 2 million pounds of paste in 1935 and has increased substantially since then. Argentina was formerly a large importer of tomato products, chiefly from Italy, but in recent years imports have declined to negligible proportions and the export trade has grown.

Competitive conditions.

Canned tomatoes and canned tomato paste imported into the United States are consumed principally by persons of Italian origin, among whom preference for the imported product is largely a matter of taste and custom. The Italian pack of canned tomatoes usually runs more solid than the domestic, although it is comparable with the solid packs of Utah and California, which it most nearly resembles in composition and flavor.

Imported tomato paste is comparable with the domestic product, and is packed in tins of approximately the same size.

Available information indicates that the Argentine pack is similar to the Italian, but does not enjoy the same prestige with Italian consumers in the United States, and that, for that reason, canned tomatoes from Argentina may be at a disadvantage in competition with the more familiar domestic brands.

Tomato pulp is not imported. It is not suitable for international trade because of its low degree of concentration.



BRANDY
(Schedule III concession^{1/})

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 802. Brandy -----	\$2.50 per proof gallon	\$2.50 per proof gallon (bound against in- crease)

Tariff history.

Trade agreement with France, effective June 15, 1936	-----	\$2.50
Tariff Act of 1930, par. 802	-----	5.00
Tariff Act of 1922, par. 802	-----	5.00
Tariff Act of 1913, par. 237	-----	2.60

Note: Internal-revenue taxes imposed on domestic brandy apply also to imported brandy. On July 1, 1940, the rate was increased from \$2 to \$2.75 per proof gallon, and on October 1, 1941, was further increased to \$4.

Ad valorem equivalent.

Since 1936, the ad valorem equivalent of the duty of \$2.50 per proof gallon has ranged from 45 to 62 percent on the basis of the average value of all imports.

Description and uses.

Most brandy is distilled from grape wine, although, in its more general sense, the term "brandy" includes the distilled spirits of many other fermented fruit juices, differentiated by the name of the fruit; for example, blackberry brandy, peach brandy, and cherry brandy. Of grape brandy, the two major types are (1) brandy for fortifying wines and (2) brandy for use directly as a beverage. Fortifying brandy is seldom aged or colored, and is usually consumed in the producing country. On the other hand, the beveraged brandies, especially that of grape wine, are familiar in international trade. Brandies of the several wine-producing countries, and even those of the same country, differ widely in flavor, bouquet, color, and other characteristics, because of the varying qualities of the basic wines used for distilling, and because of differences in distilling methods and in aging. The most famous brandy is cognac, produced only in France, where it is distilled in pot stills from unfinished wine of grapes of a variety grown especially for this purpose. Beverage brandy is distilled at much lower temperatures than is the fortifying type, so that it will retain sufficient volatile matters to develop, during aging, the desired characteristics. Brandy is usually reduced in proof before it is bottled. Most domestic brandy is bottled at 84, 86, or 90 proof, although a small quantity is bottled at 100 proof. Imported brandies are mostly 84 or 86 proof, and some are as low as 80.

Summary of United States production, imports, and exports.

Most of the United States production of brandy is high-proof brandy

^{1/} See page III.

for the fortification of wines. However, as imports consist of beverage brandy, they should be compared with United States production and consumption of beverage brandy. Much of the beverage brandy produced since repeal of the eighteenth amendment has been stored for aging; hence, imports may best be compared with tax-paid withdrawals, which represent consumption of domestic brandy. In terms of quantity, about one-fourth of the beverage brandy consumed in the United States in recent years has been imported. Total consumption of beverage brandy in the calendar year 1940 was 2,612,000 gallons, of which 772,000 gallons were imported (see table 2). In terms of value, the proportion of imported to domestic brandy consumed would be considerably larger because of the much higher average value of the imported brandy.

Exports of brandy since "repeal" have been very small, and were separately recorded only during the 3 years 1936-38, when they amounted to less than \$1,000 annually.

Table 1. - Beverage brandy: Comparison of United States production and imports for consumption, 1935-41

Year ^{1/}	United States production	United States imports for consumption	
		Quantity	Value
	: 1,000 proof gallons	: 1,000 proof gallons	: 1,000 dollars
1935	1,843	443	2,687
1936	2,488	644	3,878
1937	1,929	738	4,170
1938	3,624	665	3,230
1939	10,212	769	3,435
1940 ^{2/}	1,607	771	3,103
1941 ^{3/}	2,863	3/147	3/530

^{1/} For production, fiscal year ended June 30; for imports, calendar year.

^{2/} Preliminary.

^{3/} January-June.

Source: Imports compiled from official statistics of the U. S. Department of Commerce; production compiled by Wine Institute from reports of Alcohol Tax Unit, U. S. Bureau of Internal Revenue.

Table 2. - Beverage brandy: United States
apparent consumption, 1934-40

(In thousands of proof gallons)				
Year	Produced in California ^{1/}	Produced in other States ^{1/}	Imported	Total
1934	934	622	555	2,111
1935	1,191	397	445	2,033
1936	1,332	444	645	2,421
1937	1,447	482	738	2,667
1938	1,085	501	665	2,251
1939	1,223	408	769	2,400
1940 ^{2/}	1,380	460	772	2,612

^{1/} Calculated.^{2/} Preliminary.

Source: Compiled by Wine Institute from reports of Alcohol Tax Unit, U. S. Bureau of Internal Revenue. Wine Institute Bulletin No. 108, October 1941.

United States production.

During prohibition, the domestic production of brandy was limited to a small amount intended for medicinal use, but after repeal of the prohibition amendment in December 1933, old stills were renovated and new stills of greater capacity and modern design were set up. Beginning with the fiscal year 1934, record quantities of brandy were distilled, production reaching a peak of 27,400,000 gallons in the fiscal year 1939. Most of this, however, was high-proof fortifying brandy, the increased production of which reflects the sharp rise in the output of domestic fortified wines in recent years. Before the enactment of the prohibition amendment, the total consumption of brandy was divided almost equally between beverage and fortifying uses, but since "repeal", more than 75 percent of all brandy consumed in this country has been used in fortification.

The United States consumption of beverage brandy never has been large in comparison with that of whisky or gin. In the fiscal year 1940, for example, there was withdrawn, tax-paid, more than 50 times as much domestic whisky as beverage brandy and about 4 times as much gin as brandy. The demand for low-priced distilled spirits is mostly supplied by whisky and gin. The price of beverage brandy is relatively high, and it is ordinarily chosen because of its flavor and aroma.

In contrast to the situation in the cognac region of France, most of the brandy distilling in the United States is an adjunct of the wine industry. In 1939-40, when only 92 whisky distilleries were operated in the United States, 120 brandy distilleries were in operation. Many of these are of small capacity and are operated in connection with a winery to furnish fortifying brandy for use by the winery itself. However, most grape beverage brandy is produced in California by a few large companies equipped with modern stills of large capacity. The large California wine companies and two whisky distillers who recently entered this field have sufficient capital to hold the brandy for aging and also have Nation-wide distribution facilities.

The 1938 wine-grape agricultural program in California resulted in the accumulation of unusually large stocks of brandy. On June 30, 1940, about 19 million gallons, of which 11 million were of the 1938 fall season, were in internal-revenue bonded warehouses. However, because of the increase in distributing facilities and the shutting off of the French supply, it is not anticipated that the profitable disposal of these stocks, after aging, will be difficult.

United States imports.

Brandy has always occupied an important place in the import trade of the United States, especially in the trade with France. Imports have consisted almost wholly of beverage brandy, cognac from France being the most important type. After 1936, when the duty was reduced from \$5 to \$2.50 per proof gallon in the French trade agreement, imports increased from every country except Germany, imports from which continued subject to the old rate of duty.

In 1937, the value of imports of brandy reached a peak, for the period since "repeal," of \$4,176,000, nearly 1 million dollars more than the value of imports of champagne and other sparkling wines in that year. However, even at that high point the imports of brandy were less than 8 percent, by value, of imports of whisky. After 1936, more than 90 percent of the total value of brandy imports was accounted for by direct shipments from France, and most of the brandy received from the United Kingdom originated in France. Much smaller amounts came from Spain, Greece, and Germany.

Because of the predominance of France as a source of our imports of brandy, the effect of the war - culminating in the capitulation of France in June 1940 - upon those imports has been great. Most of the cognac district is in the region occupied by Germany. The British blockade established after the fall of France practically cut off imports of brandy as well as of other commodities from that country. However, during the first full year of the war, September 1939-August 1940, imports exceeded those in the corresponding months of 1938-39 by a considerable margin, because of the efforts of importers, dealers, and consumers to build up their stocks of fine brandies, in anticipation of the interruption of supplies from Europe. In the first full year of the war, general imports (arrivals) amounted to 1,054,000 gallons, valued at \$4,124,000, compared with 757,000 gallons in the corresponding months of 1938-39 and 615,000 gallons in 1937-38. The war now prevents the importation of brandy from every European source except Spain and Portugal.

Very little brandy has been furnished by Argentina or any other non-European country. In no recent year have our imports of brandy from Argentina been valued at as much as \$500. Official statistics of Argentina show that Argentine exports of "liquors and other alcoholic beverages" to all countries had a total value of only \$1,000 in 1938 and \$2,000 in 1939; most of these went to Bolivia, Uruguay, and Paraguay.

Table 3. - Brandy (cognac and other grape brandy): United States
Imports for consumption, by principal countries, 1937-40
and January-June 1941

Country	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (proof gallons)					
France	670,070	617,111	743,376	709,340	68,250
Spain	24,008	28,675	11,424	49,978	46,915
Greece	32,056	8,898	4,932	3,264	1,027
Germany ^{2/}	6,507	5,847	6,108	931	180
Argentina	-	-	-	6	250
All other	4,945	4,084	3,042	7,824	3/30,851
Total	737,586	664,615	768,882	771,343	147,473
Value					
France	\$3,906,921	\$3,080,268	\$3,342,626	\$2,897,048	\$276,222
Spain	80,765	75,331	42,824	170,740	181,699
Greece	140,799	40,778	18,919	13,587	3,597
Germany ^{2/}	27,379	20,993	19,922	3,228	669
Argentina	-	-	-	22	800
All other	14,617	12,574	10,798	18,842	3/67,405
Total	4,170,481	3,229,944	3,435,089	3,103,467	530,392
Unit value (per gallon)					
France	\$5.83	\$4.99	\$4.50	\$4.08	\$4.05
Spain	3.36	2.63	3.75	3.42	3.87
Greece	4.39	4.58	3.84	4.16	3.50
Germany ^{2/}	4.21	3.58	3.26	3.47	3.72
Argentina	-	-	-	3.67	3.20
All other	2.96	3.08	3.55	2.41	2.18
Average	5.65	4.86	4.47	4.02	3.60

^{1/} Preliminary.

^{2/} Includes Austria in 1938 and thereafter.

^{3/} Includes 20,020 proof gallons, valued at \$43,233, imported from Portugal.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Competitive conditions.

No brandy for fortifying wines is imported; therefore, in considering the competition between imported and domestic brandies, attention need be given only to beverage brandy, which accounts for only a small part of the total consumption of brandy in the United States. In the fiscal year 1941, of 27 million gallons of domestic brandy withdrawn from bonded warehouses, 25 million gallons were used for the fortifying of wines.

French cognac is distilled in pot stills from the distinctive wines of the Departments of Charente and Charente Inférieure. It is of rather heavy body, is carefully blended, and is aged at least 4 years. The best of the more popular brands are 5 to 10 years old, and the very old from 15 to 50 years. Under United States labeling regulations, only cognac made in accordance with the laws of France may be labeled "cognac" in the

United States. Thus the great prestige value which attaches to this name is enjoyed in this country exclusively by the French.

California grape brandy, made chiefly in modern stills of the continuous type, is a standardized rather than a specialty product. However, the extensive improvements in recent years in the technique of brandy distillation have made possible the incorporation of the desired flavoring esters as well as a reduction in the time usually required for aging.

Imported brandy cannot properly be regarded as directly competitive with domestic brandy, for it is commonly sold at retail in the United States at a price which exceeds that of domestic brandy by considerably more than the amount of the duty.

The consumption of both imported and domestic brandy increased during 1940. In 1941, and subsequently, as stocks of European brandy in the United States become depleted, a part of the trade which they have supplied will undoubtedly be served with brandy from other sources.



CORDIALS AND LIQUEURS

(Schedule III concessions $\frac{1}{2}$)

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 802 *** cordials, liqueurs, ***, xirschwasser, ratafia, ***. -----	\$2.50 per proof gallon	\$2.50 per proof gallon (bound against increase)

Tariff history.

	<u>Per proof gallon</u>
Trade agreement with France, effective June 15, 1936 -----	\$2.50
Act of 1930, par. 802 -----	5.00
Act of 1922, par. 302 -----	5.00
Act of 1913, par. 240 -----	2.60

Ad valorem equivalent.

Since 1936, when the duty was reduced to \$2.50 under the French trade agreement, the ad valorem equivalent of the duty on cordials and liqueurs on the basis of the average value of imports from all sources has approximated 50 percent.

Description and uses.

Cordials and liqueurs are high in alcohol and sugar content, are often highly colored, and are made in numerous flavors, to obtain which, a wide variety of fruits, aromatic herbs, and essences are used. In the United States, little distinction is made in the use of the terms "cordial" and "liqueur." Liqueurs as a group are distinguished by their aroma and light body; cordials, by a stronger flavor heavier body.

In Europe it is customary to use cognac and other brandies as a base in fine cordials and liqueurs, but in this country a less expensive basic material, rectified alcohol, is used, with cane sugar and flavoring.

Because of their flavor and high sugar content, cordials and liqueurs are usually consumed in small quantities and when drunk unmixed serve either as appetizers or after-dinner relishes. Cordials are now in greater demand than ever before because of their use in mixed drinks.

There are 3 methods of making these beverages: (1) By distillation, (2) by infusion, and (3) by use of essences. The finest products are usually made by distillation and the cheapest by the essence method. The goal of the maker is to obtain a product in which the various constituents are so perfectly blended that only a single flavor, distinctive of the product, is tasted.

Among the cordials and liqueurs popular in the United States are apricot liqueur, triple sec, creme de cacao, cherry liqueur, creme de menthe, and curacao.

United States production.

Originally, cordials and liqueurs produced in the United States were imitations of imported products, this imitation extending even to the copying of distinctive foreign bottles. However, Federal labeling regulations now impose certain restrictions on the use of foreign names for domestic cordials and liqueurs.

Production increased from 1,590,000 proof gallons in the fiscal year 1934-35 to a peak of 3,813,000 proof gallons in the fiscal year 1936-37. Since 1937, production has been materially less, although the trend of production in the last 3 years has again been upward, largely because of increased purchasing power. In the fiscal year 1940-41, 2,539,000 proof gallons were produced.

Almost all of the basic ingredients of cordials are found in abundance in the United States. Apricots, blackberries, peaches, and many other fruits are available for fruit cordials. Most of the herbs, berries, and roots required in the formulas for European cordials and liqueurs are grown here, some having been introduced from Europe. However, for a few liqueurs, such as curacao, creme de cacao, and kummel, materials must be imported.

Since the repeal of prohibition, several European cordial makers have established plants in the United States in order to avoid the duty. In these plants, the formulas of cordial manufacture, and the equipment and processes used, are practically identical with those of the parent companies in Europe.

The centers of domestic production are Chicago and Peoria, Boston, Philadelphia, Cincinnati, Detroit, and the metropolitan New York area.

Foreign production.

Several of the European countries, especially France, Italy, the Netherlands, Germany, and Spain, and England, have been noted for many years for certain cordials and liqueurs. For example, benedictine is made at the Abbey of Fecamp and chartreuse at the Carthusian Monastery near Grenoble, and also in Florence, according to age-old formulas. Curacao is a liqueur originally made in Amsterdam from the peel of bitter oranges imported from the island of Curacao. France has been a leader in the production of and trade in liqueurs and cordials, which are of a nature particularly suited to manufacturing conditions in that country. The United States, the United Kingdom, and French possessions have been the chief markets for these specialties, which have, however, been distributed throughout the world.

With respect to cordials and liqueurs, Argentina has been in a position similar to that of the United States. It has imported fancy specialties from the same European sources that supply the United States, but has developed an industry for the supply of the domestic demand for lower-priced products.

United States imports.

Prior to the current war, nearly all United States imports of cordials and liqueurs came from European countries, although certain oriental specialties were received from China. In 1939, when total imports were at a peak of 299,000 gallons valued at \$1,522,000, France alone furnished 59 percent. Other European sources, in the order of their importance, were Greece, the Netherlands, the United Kingdom, Italy, Hungary, and Denmark. Each of these countries has its own distinctive types, among them, benedictine, creme de cacao, cherry cordial, and peach liqueur from France; advocaat, and curacao from the Netherlands; apricot liqueur and orange bitters from the United Kingdom; and kummel from Germany.

Only a few gallons of cordials and liqueurs were imported from Argentina in 1939 and 1940, but in the period January to June 1941, imports from that country amounted to 5,600 proof gallons valued at \$24,000.

United States exports.

Exports of cordials and liqueurs have been small; they are not separately reported but are included in a general class of other alcoholic beverages and compounds. Exports of this class in 1939 totaled 7,000 proof gallons valued at \$22,000.

Table 1. - Cordials, liqueurs, kirschwasser, and ratafia:
United States imports for consumption, by principal
sources, 1937-40 and January-June 1941

Country	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (proof gallons)					
France	185,494	156,202	175,030	149,821	13,359
China	26,589	26,964	30,717	29,895	15,680
Greece	8,930	20,460	28,480	31,117	13,533
Netherlands	12,008	12,412	12,928	9,691	1,140
Argentina	-	-	14	222	5,601
All other	61,448	49,703	51,767	38,810	27,864
Total	294,469	265,741	298,936	259,556	57,177
Value					
France	\$1,041,785	\$912,205	\$1,029,125	\$825,913	\$86,741
China	42,628	54,184	57,277	50,140	28,173
Greece	35,668	91,475	131,359	144,427	58,635
Netherlands	85,689	69,778	72,739	45,315	4,464
Argentina	-	-	106	995	24,061
All other	266,595	213,492	231,649	186,790	27,44,691
Total	1,472,365	1,341,134	1,522,255	1,253,580	246,765
Unit value (per gallon)					
France	\$5.62	\$5.84	\$5.88	\$5.51	\$6.49
China	1.83	2.01	1.86	1.68	1.80
Greece	3.99	4.47	4.61	4.64	4.33
Netherlands	7.13	5.62	5.63	4.68	3.92
Argentina	-	-	7.57	4.48	4.30
All other	4.34	4.30	4.47	4.81	5.68
Average	5.00	5.05	5.09	4.83	4.32

^{1/} Preliminary.

^{2/} Includes 2,757 proof gallons valued at \$24,844, imported from the United Kingdom.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Competitive conditions.

Most of cordials and liqueurs produced in the United States are lower-priced imitations of imported products. Domestic cordial makers endeavor to copy as closely as possible the name, flavor, fragrance, color, and even the distinctive bottle of the corresponding imported specialty. However, certain limitations on the use of names are imposed by the regulations of the Bureau of Internal Revenue.

Imported cordials and liqueurs compete most directly with the products of the plants established in the United States by a few European houses after the repeal of prohibition. Although most of the necessary raw materials are abundant in this country, these companies have had some difficulty in equaling the quality of the products made abroad, because of the scarcity of trained labor and the tendency to shorten the maturing process.

Imported cordials and liqueurs are subject to a duty of \$2.50 per proof gallon, and to an internal-revenue tax of \$4 per proof gallon. Brandy and other spirits used as raw material by domestic makers is subject to the internal-revenue tax of \$4, and their product to the rectifiers' tax of 30 cents per proof gallon.^{1/} The domestic products sell, however, for much lower prices than the imported, the spread between the average prices of the two being considerably greater than the difference in tax.

^{1/} The rectifiers' tax on cordials and liqueurs containing a wine base is 3-1/2 cents per half pint or fraction thereof.



BITTERS
(Schedule III concession ^{1/})

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 802. Bitters of all kinds containing spirits -----	\$2.50 per proof gallon	\$2.50 per proof gallon (bound against increase)

Tariff history.

	<u>Per proof gallon</u>
Trade agreement with the United Kingdom, effective Jan. 1, 1939 -----	\$2.50
Act of 1930, par. 802 -----	5.00
Act of 1922, par. 802:	
Bitters of all kinds containing spirits, except Angostura bitters -----	5.00
Angostura bitters -----	2.60
Act of 1913, par. 240 -----	2.60

Ad valorem equivalent.

In 1940, the duty of \$2.50 per proof gallon was equivalent to 115 percent ad valorem; on the basis of the average value of imports in the first quarter of 1941, the ad valorem equivalent was 134 percent.

Description and uses.

Bitters are highly concentrated, reddish-brown liquids, usually alcoholic and aromatic, obtained by macerating various roots, barks, leaves, and citrus peels. They are used in minute quantities as a flavoring, particularly in cocktails and other mixed drinks. The several types are distinguished chiefly by brand name, although different formulas may be used in processing. Angostura, Abbots, Fernet Branca, and Amargo are among the better-known brands, particularly the first-named. Orange bitters, also well known, are sold under several brand names. ^{2/}

Summary of United States production, imports, and exports.

Statistics of United States production and exports of bitters are not available. Imports, which in 1939 reached a peak of 10,217 gallons, valued at \$36,469, supply only a small part of the present United States consumption. Exports are probably small.

^{1/} See page III.

^{2/} Most domestic bitters are classed as medicinals by the U.S. Bureau of Internal Revenue; others, classed as beverages (some kinds of orange bitters, for example) must be made by rectifiers and are subject to a 30-cent tax per gallon.

United States production.

Several types of bitters are made in the United States. Angostura bitters, formerly imported in large volume from Trinidad (British West Indies), are now made in this country by using as a base an extract of Angostura bitters, imported from Trinidad. As 40,000 to 50,000 gallons of this one brand were imported in most years prior to repeal of the prohibition amendment, and as its use for flavoring mixed drinks has increased, the United States production of all bitters must now be well over 50,000 gallons. In the period 1933-39, the net sales of the sellers of the leading brand ranged from \$46,000 to \$893,000 annually. Orange bitters are made by a number of rectifiers, and medicinal bitters by several manufacturing druggists.

United States imports.

For many years prior to 1937, bitters were not separately classified in import statistics. In the period 1937-40, imports ranged from 7,000 to 10,000 gallons, valued at from \$15,000 to \$36,000. The chief sources were France, Germany, Italy, and the United Kingdom. The peak in imports occurred in 1939 after the reduction of duty in the trade agreement with the United Kingdom. The imports from the United Kingdom were chiefly orange bitters; imports from other countries consisted of special brands known by distinctive names. With the cutting off of continental European sources, imports declined sharply in 1940 and 1941.

Table 1. - Bitters: United States imports for consumption by principal sources, 1937-40, and January-June 1941

Country	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (proof gallons)					
France	2,768	3,338	4,220	208	31
Germany ^{2/}	1,287	2,313	1,544	128	-
Italy	2,190	1,016	2,482	5,260	1,129
United Kingdom	1,451	641	781	933	38
Argentina	-	-	-	-	-
All other	585	431	1,186	152	13
Total	8,281	7,739	10,213	6,681	1,211
Value					
France	\$9,532	\$10,600	\$13,765	\$695	\$90
Germany ^{2/}	7,121	10,336	7,976	584	-
Italy	7,155	3,095	6,719	9,387	2,251
United Kingdom	5,419	3,089	2,702	3,628	140
Argentina	-	-	-	-	-
All other	2,597	1,661	5,295	473	90
Total	31,824	28,781	36,457	14,767	2,571
Unit value (per gallon)					
France	\$3.44	\$3.17	\$3.26	\$3.34	\$2.90
Germany	5.53	4.47	5.17	4.56	-
Italy	3.27	3.05	2.71	1.78	1.99
United Kingdom	3.73	4.82	3.46	3.89	3.68
Argentina	-	-	-	-	-
All other	4.44	3.85	4.46	3.11	6.92
Average	3.84	3.72	3.57	2.21	2.12

^{1/} Preliminary.^{2/} Includes Austria in 1938 and thereafter.

Source: Compiled from official statistics of U. S. Department of Commerce.

Competitive conditions.

Competition between the different kinds of bitters, imported as well as domestic, is chiefly between the well-known brands. To launch an unknown brand, such as one from Argentina, entails the expenditure of large sums for advertising and other promotional expenses.

Bitters belong clearly to the class of luxuries. Their chief use, as flavoring for mixed drinks, requires such small quantities that a single small bottle may serve the needs of a consumer over a long period. The price per bottle may therefore not be of first consideration to the buyer; he is most likely to select a familiar brand.

Imported beverage bitters are subject to the duty of \$2.50 per proof gallon and to an internal-revenue tax of \$4 per proof gallon. Producers of domestic beverage bitters must pay the internal-revenue

tax of \$4 per proof gallon and rectifiers' tax of 30 cents per proof gallon. Thus, the total tax on imported beverage bitters is \$6.50 per proof gallon compared with a total tax of \$4.30 per proof gallon on the domestic article. Nonbeverage bitters domestically produced are subject to an internal-revenue tax of \$4 per proof gallon on the alcohol used; on the imported, there is a duty of \$2.50 per proof gallon.



Trade Agreement With Argentina

CHAMPAGNE AND OTHER SPARKLING WINES
(Schedule III concession^{1/})

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 803. Champagne and all other sparkling wines _____	\$3 per gal.	\$3 per gal. (bound against increase)
<u>Tariff history.</u>	<u>Per gallon</u>	
Trade agreement with France, effective June 15, 1936 _____	\$3	
Act of 1930 _____	6	
Act of 1922 _____	6	
Act of 1913 _____	1/4	

^{1/} Rates on a per-case basis prior to 1922, converted to gallons at 2.4 gallons per case.

Note: Imported sparkling wines, like domestic, are subject to an internal revenue tax of 7 cents on each one-half pint or fraction thereof under the Revenue Act of 1941.

Ad valorem equivalent.

In 1940, the ad valorem equivalent of the \$3 duty on imports from all sources averaged 66 percent; on imports from Argentina, because of the markedly lower average value, the ad valorem equivalent was 83 percent. In the first 4 months of 1941, the respective rates were 57 and 80 percent.

Description and uses.

All of the many varieties of sparkling wines are more or less heavily charged with carbon dioxide. In the United States, there are three classes of sparkling wines, distinguished according to the way they derive the carbon dioxide: (1) Champagne, a type of sparkling white wine that derives its effervescence solely from the secondary fermentation of the wine within the bottles and possesses the taste, aroma, and other characteristics of champagne made in the Champagne district in France; (2) sparkling wines, made by either the Charmat or the Chaussepied process, that derive their effervescence from secondary fermentation in a bulk container, such as large glass-lined pressure tanks, and that may not be called "champagne"; their primary label designation, under United States regulation, must be "sparkling wine";^{2/} and (3) carbonated grape wine, that is, grape wine made effervescent with carbon

^{1/} See page III.

^{2/} This may carry a secondary designation, in letters half the size of the primary designation, as follows: "Champagne style," "champagne type," or "American (California, New York State, Argentine, etc.) champagne, bulk process."

dioxide other than by secondary fermentation within a closed container, tank, or bottle.

Because of the higher cost, wine that undergoes a secondary fermentation within the bottle, as does champagne, is generally much higher in price than either carbonated or still wine. Champagne, the best known of the sparkling wines, is made in the Champagne district in France, in the Department of the Marne, and champagne types of wine are made in the United States, in Argentina, and in other countries. Under United States labeling regulations, the term "champagne" may be applied only to sparkling wine made by the original champagne method. When the word is used for other than French wine, it must be modified by a term showing its origin; e.g., American champagne, New York champagne, or Argentine champagne.

Sparkling wines other than champagne are produced in great variety. Nearly every region which produces still wines also makes sparkling wines. Those made in France, Italy, Germany, Spain, Greece, the United States, Argentina, and Chile include wines varying in color from white, amber, straw-colored, tawny, and gold to red and purple. They have differing characteristics of flavor and fragrance which may be described as dry, soft, delicate, full, mellow, aromatic, sweet, and sharp.

United States production.

United States production of sparkling wines increased from 414,000 gallons in the fiscal year 1935-36 to 489,000 gallons in 1937-38. Production amounted to 334,000 gallons in 1938-39, as compared with 482,000 gallons in 1939-40 (see table 1). Since the beginning of war in Europe, the United States production of sparkling wines has increased sharply (see table 2). The domestic champagne industry centers in the Finger Lakes section of New York, where, it is estimated, sparkling wines account for three-fourths of the value of all wine produced. Production of sparkling wine in California has increased until that State is now second only to New York. Other producing States are New Jersey, Missouri, and Ohio. United States producers have been at a marked disadvantage because of considerably higher costs of production in the United States than in France and because of domestic consumers' preference for French champagne.

Some of the wineries, especially in the Finger Lakes section, are using the original French champagne method, others the Charmat process, and still others, improved methods of artificial carbonating. The Charmat process, introduced into France about 1907, is basically the same as the champagne method, except that fermentation and clarification occur in a series of large airtight tanks instead of in the bottles. The whole process may be completed in a month, whereas the champagne method requires a year or more. Artificial carbonation of still wine is a continuous process requiring no more time than the making of carbonated soft drinks. In 1934, the first year after prohibition, about one-third of the sparkling wine made in the United States was artificially carbonated, but in 1939-40 only about 15 percent was so made.

Trade Agreement With Argentina

Table 1. - Champagne and other sparkling wines: Comparison of United States production and imports, 1935-40 and January-June 1941

Year	(In gallons)				United States production ^{1/}
	Imports			Total	
	From Argentina	From France	From Other		
1935	273,908	16	228,636		-
1936	499,077	301	450,947		413,851
1937	573,015	-	552,664		481,126
1938	478,174	66	464,581		489,014
1939	557,068	214	538,370		334,187
1940 ^{2/}	455,761	7,063	435,903		481,739
1941 (Jan.-June) ^{2/}	42,211	3,287	35,370		3/

^{1/} Year ended June 30.^{2/} Import statistics are preliminary.^{3/} Not available.

Sources: Imports compiled from official statistics of the U. S. Department of Commerce; production compiled from Annual Reports, Commissioner of Internal Revenue.

Table 2. - Champagne and other sparkling wines: United States production, by months 1938-40, and January-April 1941

Month	(In gallons)			
	1938	1939	1940	1941 ^{1/}
January	30,566	14,997	31,109	61,605
February	23,747	9,194	17,633	62,930
March	40,020	25,338	46,117	50,136
April	97,463	43,456	44,485	140,428
May	73,875	69,644	90,023	
June	33,325	39,173	83,256	
July	8,684	19,355	28,314	
August	23,518	16,403	34,490	
September	18,314	20,635	49,694	
October	18,386	26,940	53,596	
November	26,519	37,810	73,143	
December	36,964	47,974	82,321	
Total	431,381	376,634	634,181	

^{1/} Preliminary.

Source: Compiled from reports of Alcohol Tax Unit, Bureau of Internal Revenue.

United States imports.

During the period extending from the repeal of the United States prohibition amendment in December 1933 to the fall of France in June 1940, champagne was one of the leading items in United States trade with that country. The value of imports of sparkling wines varied between 2 and 3½ million dollars annually, and more than 95 percent was champagne from France. Most of the remainder consisted of sparkling wines from Italy and Germany. Prior to 1940, only very small amounts came from Hungary, Rumania, Spain, the Soviet Union, Argentina, Brazil, Chile, and Australia.

Shipments of champagne from France to the United States had completely stopped by July 1940, and since that time, only small quantities have been imported, these coming from stocks in the United Kingdom. When the war began in 1939, there were large stocks of champagne in France, and unusually large shipments were rushed to the United States. General imports (arrivals) during the year ended August 1940 amounted to 657,000 gallons, compared with 580,000 gallons in the corresponding months of 1938-39 and 572,000 gallons in 1937-38.

With the cessation of imports from France, stocks of champagne in the United States began to decline sharply, and importers looked about for other possible sources of sparkling wines. Small imports were received from Portugal, Spain, Argentina, Chile, and Australia. In the calendar year 1940, total imports for consumption amounted to 456,000 gallons, valued at \$2,065,000, of which most - 436,000 gallons, valued at \$2,004,000 - still consisted of French champagne, chiefly entries from warehouse and reexports from the United Kingdom. Imports from Argentina amounted to 7,000 gallons, valued at \$25,000. In the first 4 months of 1941, when total imports from all sources were 29,740 gallons, valued at \$155,834, imports from Argentina amounted to 2,844 gallons, valued at \$10,720.

Table 3. - Champagne and all other sparkling wines: United States imports for consumption, by principal sources, 1937-40, and January-June 1941

Country	1937	1938	1939	1940 ^{1/}	1941 ^{1/} (Jan.-June)
Quantity (gallons)					
France	552,664	464,581	538,370	435,903	35,370
Italy	15,876	10,973	14,556	10,589	882
Germany ^{2/}	2,563	1,621	1,232	140	1
Argentina	-	66	214	7,063	3,287
All other	1,912	933	2,696	2,066	2,671
Total	573,015	478,174	557,068	455,761	42,211
Value					
France	\$3,141,117	\$2,243,945	\$2,445,593	\$2,003,530	\$200,315
Italy	45,263	31,488	38,999	29,133	2,362
Germany ^{2/}	6,681	9,796	6,268	857	5
Argentina	-	378	1,202	25,468	12,565
All other	18,677	3,513	14,453	6,463	9,599
Total	3,211,738	2,289,120	2,506,515	2,065,451	224,846
Unit value (per gallon)					
France	\$5.68	\$4.83	\$4.54	\$4.60	\$5.66
Italy	2.85	2.87	2.68	2.75	2.68
Germany ^{2/}	6.52	6.04	5.09	6.12	5.00
Argentina	-	5.73	5.62	3.61	3.82
All other	9.77	3.77	5.36	3.13	3.59
Average	5.60	4.79	4.50	4.53	5.33

^{1/} Preliminary.

^{2/} Includes Austria in 1938 and thereafter.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

Sparkling wines are made in most winemaking countries. The best known and most important world center of production is the Champagne district of France. Here, about 100 miles east of Paris, some 20,000 acres are normally in vineyards. The soil and the climatic conditions in this region produce a type of grape particularly suited to the making of an excellent sparkling wine. Skill, developed through generations of experience, is a prerequisite in the blending of champagne and in the handling of the bottled product. In normal times, the annual production is about 30 million bottles, mostly for export. Before the outbreak of the war, the United Kingdom, the United States, the Netherlands, Belgium, and French Morocco and Algeria were the most important markets for French champagne.

No detailed reports are available as to the damage done to the French champagne industry by the current war. Because of the disorganization of the industry and the depletion of stocks, it is probable that several years will be required for complete recovery of the industry after the war has ended.

Districts, other than the Champagne, from which some sparkling wine has been shipped to the United States since the repeal of prohibition include the other wine districts of France, the German districts producing sparkling Rhine and Moselle wines, several Italian wine districts, the wine district in Ontario, Canada, and the vineyard regions of Argentina, Chile, and Australia. Before the war, Italy's exports of sparkling wines, which were shipped principally to Argentina, Great Britain, Egypt, and the Italian colonies, averaged more than 2 million bottles annually. During the United States prohibition period, the production of sparkling wine was developed in Ontario, Canada, and the Charmat process was introduced into at least one winery there. Production in Argentina, Chile, and Australia has been on a limited scale and mostly for home consumption.

Competitive conditions.

Champagne is characteristically a French specialty, a luxury product sold on a quality basis. Because of its prestige, the prices obtained for French champagne have averaged about twice those of domestic champagne and also are considerably higher than those of other foreign sparkling wines. United States champagne makers using the champagne process are handicapped to some extent by the higher labor cost.

In the making of other sparkling wines by the more recently perfected airtight-tank method, the French do not have the same advantages as in the making of champagne. This method, in which rules of thumb give way to scientific laboratory procedure, greatly reduces the amount of both hand labor and time required for making wine, and is as well adapted to use in the United States or Argentina as in France.

Artificial carbonation of wines is a typically American method which produces a cheap and more or less successful imitation of natural sparkling wines. The objections to this method as formerly used were that the carbon-dioxide gas was not thoroughly incorporated in the wine, and that the bubbles were too large and were given off too rapidly. Methods have been improved, however, and wineries using the carbonation process now produce a wine more nearly resembling the natural sparkling product. Little, if any, artificially carbonated wine has been imported, as the prices obtained for such wines are generally too low to support the duty of \$3 per gallon and as the foreign producer finds no especial economies in the use of artificial carbonation.

The cutting off of the principal source of shipments from abroad and the general uncertainty of the import trade stimulated domestic production and caused importers to look for other sources of supply, among them Argentina. Argentine sparkling wines are not well known in the United States. Connoisseurs of champagne have been reluctant to shift to the Argentine product, and, in general, established American brands found readier acceptance as substitutes for French champagne. The introduction of Argentine sparkling wines has also been hindered to some extent by labeling regulations.



STILL WINES
(Schedule III concession^{1/})

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
<p>Par. 804. Still wines, including ginger wine or ginger cordial, vermouth, and rice wine or sake, and similar beverages not specially provided for, ***:</p> <p>Still wines produced from grapes (not including vermouth) containing 14 per centum or less of absolute alcohol by volume, in containers holding each 1 gallon or less -----</p>	\$0.75 per gal.	\$0.75 per gal. (bound against increase)
<u>Tariff history.</u>		
<p>Trade agreement with France, effective June 15, 1936 -----</p> <p>Act of 1930, par. 804 -----</p> <p>Act of 1922, par. 804 -----</p> <p>Act of 1913, par. 244 -----</p>	<p>\$0.75 per gal.</p> <p>1.25 do.</p> <p>1.25 do.</p> <p>2/.77 do.</p>	

Note: The internal-revenue tax on unfortified wines, which applies to both imported and domestic wines, was increased to 8 cents per wine gallon in the Revenue Act of 1941, effective October 1. The rate was 5 cents per wine gallon prior to July 1, 1940, on which date the defense-tax rate of 6 cents per wine gallon became effective.

Ad valorem equivalent.

On the basis of the average value of imports from all sources in the first 6 months of 1941, the ad valorem equivalent of the rate of 75 cents per gallon was 31 percent.

Description and uses.

Wines in this classification, that is, those containing 14 percent or less of alcohol, are natural (unfortified) bottled wines, including red wines, such as claret, burgundy, and chianti, and white wines, such as riesling, chablis, and sauterne. The alcoholic content of natural wines ranges from about 10 to 14 percent, depending principally upon the amount of sugar in the grapes. Most of the natural wine made in the great wine-producing countries of Europe - France, Italy, Spain, and Portugal - as well as in Argentina and the United States is ordinary table wine. The major part of total United States production of wine consists of fortified wines, such as port, sherry, tokay, and madeira.

^{1/} See page III.

^{2/} Duty on bottled wine on a per-case basis converted at the rate of 2.4 gallons per case.

Summary of United States production, imports, and exports.

United States production of "dry" still wines increased from 14.5 million gallons in the fiscal year 1935-36 to 34.7 million gallons in 1937-38. Production was much smaller in 1938-39 and 1939-40, amounting to about 22.1 million gallons in each year, but increased to 31 million gallons in 1940-41. Imports ranged from 600,000 to 1 million gallons, equivalent to from 3 to 6 percent of production. On the average the imported wines are much higher priced than those making up the bulk of domestic production, and they account for a large percentage of the total consumption of high-priced wines in the United States.

United States production.

Upon the repeal of the prohibition amendment, two major problems - of which one was really a phase of the other - confronted the United States wine industry. First, it was necessary to improve the technique of wine production so that the low-priced wines which here, as in other countries, make up the bulk of the output would be of a quality generally acceptable to the American public. Secondly, the industry had to find a market for the rapidly growing supply of wine. About 90 percent of the United States production is in California, hence the major burden of these problems rested on the California industry. In the period since "repeal", the general run of American wines has greatly improved as a result of the work of the wine laboratories of the University of California and the large wineries, as well as through the advances made in the manufacture of winery equipment.

Wine consumption has greatly increased in the United States not only through the efforts of individual manufacturers, distributors, and dealers, but also through the advertising and trade-promotion program of the California wine industry, supervised by the California State Director of Agriculture, under the Marketing Order for Wine. By this order, wineries contributed to a fund for advertising in proportion to the volume of wine they produced. Between 1934 and 1940, total consumption of domestic wine increased from 28.9 million gallons to 86.2 million gallons (see table 1), the per capita consumption more than doubling. In each year of this period, the consumption of domestic sweet (fortified) wine was about twice that of dry (natural unfortified) wine. Of the total consumption of domestic wine in 1940, sweet wine made up about 68 percent; dry wine, about 30 percent; and sparkling wine and vermouth, each about 1 percent.

Table 1. - Wine: Apparent consumption of domestically produced wine in the United States

Year	(Gallons)				Total
	Still wine		Sparkling:	Vermouth:	
	Dry	Sweet			
1934 ^{2/}	9,908,107	18,538,198	(3/)	425,854	28,872,159
1935 —	14,459,353	28,210,559	(3/)	339,738	43,009,650
1936 —	18,527,010	31,762,278	26,458	450,099	56,765,841
1937 —	21,906,493	40,494,619	138,878	480,030	63,019,720
1938 —	21,269,846	41,889,176	163,476	410,070	63,732,568
1939 —	23,255,938	48,820,658	276,235	475,200	72,828,031
1940 ^{4/}	25,687,963	59,049,309	719,384	743,677	86,200,333

^{1/} Converted into gallons from taxable units.

^{2/} Estimated.

^{3/} No production of vermouth in wineries until September 1936.

^{4/} Preliminary.

Source: Compiled by the Wine Institute from reports of Alcohol Tax Unit, U. S. Bureau of Internal Revenue; Bul. No. 108, October 10, 1941, p. 34.

United States imports.

Prior to the current European war, nearly all United States imports of natural (unfortified) bottled wine came from European countries. France regularly supplied one-half or more of the total imports, and Germany, Italy, Hungary, Greece, and Palestine most of the remainder. In the French agreement of June 1936, the duty on unfortified, bottled wine was reduced from \$1.25 to 75 cents per gallon (the unbottled wine in bulk containers remained dutiable at \$1.25, as did fortified wines). This reduction, together with the increase in United States purchasing power, resulted in a peak importation in 1939 of 1,024,000 gallons, valued at \$2,161,000 (see table 2).

Small importations of wine from Argentina occurred directly after "repeal." Imports from that source in 1934 amounted to 13,000 gallons, valued at \$17,000, but were much less thereafter, their value, in the period 1935-40, ranging from \$1,000 to \$5,000. With the shutting off of European sources after the outbreak of war in 1939, imports of natural wine from Argentina increased somewhat, amounting to 10,000 gallons, valued at \$24,000, in the first 6 months of 1941.

Table 2. - Still wines: United States imports for consumption from principal sources, 1937-40 and January-June 1941

Country	1937	1938	1939	1940	1941 :(Jan.-June) ^{1/}
Quantity (gallons)					
France	465,240	458,174	555,963	487,683	42,715
Italy	304,105	279,889	297,783	217,763	14,031
Germany ^{2/}	165,153	117,671	123,283	29,226	8,399
Argentina	3,115	510	1,046	713	9,928
All other	52,064	41,362	45,564	41,677	37,343
Total	989,677	897,606	1,023,639	777,062	112,416
Value					
France	\$1,259,632	\$1,041,702	\$1,207,910	\$978,820	\$132,911
Italy	367,927	322,187	355,282	279,457	19,273
Germany ^{2/}	694,009	484,357	500,360	105,134	33,943
Argentina	3,893	1,007	1,557	1,274	23,540
All other	96,175	71,585	95,529	73,959	71,762
Total	2,421,636	1,920,838	2,160,638	1,438,644	281,429
• Unit value (per gallon)					
France	\$2.71	\$2.27	\$2.17	\$2.01	\$3.11
Italy	1.21	1.15	1.19	1.28	1.37
Germany ^{2/}	4.20	4.12	4.06	3.60	4.04
Argentina	1.25	1.97	1.49	1.79	2.37
All other	1.85	1.73	2.10	1.77	1.92
Average	2.45	2.14	2.11	1.85	2.50

^{1/} Preliminary.^{2/} Includes Austria in 1938 and thereafter.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Foreign production and trade.

World production of and trade in wines centers in countries lying along the Mediterranean. These countries have for centuries been famous for their wines, their soil and climate being well adapted to grape culture, and generations having grown up in the knowledge and skill of wine making. Most of the wine produced in this region is consumed within the producing country. Wine is the national beverage of the Latin countries of Europe, and the per capita consumption is high. France is, by a large margin, the principal producing country. In 1934-37, when world production of wine ranged between 3.9 billion gallons (1936) and 5.8 billion gallons (1935), averaging about 5.1 billion gallons annually, production in French territory (including France proper, Algeria, and Tunisia) ranged from 1.5 billion gallons (1936) to 2.7 billion gallons (1934), the average for the period being about 2.2 billion gallons. Other wine-producing countries (in order of importance) are Italy, Spain, Rumania, Portugal, Greece, and Germany.

Of the world production of wine, probably not more than 2 or 3 percent enters international trade. About 70 percent of the total quantity of still wine entering this trade is low-priced wine shipped in bulk between neighboring countries. The market for the more expensive wines extends to all parts of the world. The principal wine-exporting countries are Spain, Italy, Portugal, France, Greece, and Hungary. The principal wine-importing countries are Switzerland, Germany, the United Kingdom, Belgium, France, and the United States.

Argentina ranks about seventh as a wine-producing country; production in recent years has been about 150 to 200 million gallons annually, considerably exceeding that of the United States. The major part of the Argentine output is ordinary red wine for domestic consumption. In recent years, Argentina has had the problem of disposing of large wine surpluses. As in the United States, small imports into Argentina from Spain, France, Italy, Portugal, and Germany have until very recently continued to supply the limited demand for high-priced wines. Argentine exports of wine, amounting to about 100,000 gallons annually, have been small in comparison with production. The chief destinations of these exports have been Paraguay, Brazil, and Yugoslavia.

Competitive conditions.

United States imports, equivalent in recent years before the war to 3 to 6 percent of domestic production of dry wines, consist of wines selling in a much higher price range than the bulk of the domestic output. In the production of ordinary wines, domestic producers have advantages in the high yield of grapes, in economies of large-scale operation, and in transportation and marketing. The impact of foreign competition in the pre-war period was most felt by small wineries specializing in high-quality aged wines.

Argentine wines are little known in the United States by wine buyers of the class who ordinarily buy certain brands of French, German, or other European wine. In reputation or prestige, Argentine wine has little or no advantage over domestic wine.



VERMOUTH
(Schedule III concession^{1/})

<u>United States tariff.</u>	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 804. *** vermouth ***:		
In containers holding each 1 gallon or less _____	\$0.62½ per gal.	\$0.62½ per gal. (bound against increase)

Tariff history.

	<u>Vermouth</u>	
	<u>In bulk</u>	<u>In bottles</u>
Trade agreement with France, effective June 6, 1936 _____	(1/)	\$0.62½ per gal.
Act of 1930 _____	\$1.25 per gal.	1.25 per gal.
Act of 1922 _____	1.25 per gal.	1.25 per gal.
Act of 1913 _____	.60 per gal.	2/.77 per gal.

1/ Not included in French trade agreement.

2/ Rates on bottled wine which were on a per case basis in the act of 1913 have been converted to gallons on the basis of 2.4 gallons per case.

Ad valorem equivalent.

Vermouth was first imported from Argentina in 1940. As the average value of imports in that year was higher for Argentine vermouth than for Italian and French vermouth, the ad valorem equivalent of the specific duty was 33 percent on Argentine vermouth as compared with 45 percent on Italian vermouth and 40 percent on French.

Description and uses.

Although grouped with fortified wines, vermouth is distinct from other wines of this class. It is made by blending basic fortified wines with aromatic flavoring materials and, according to official United States definition, contains not less than 15 percent of alcohol by volume. In Europe, vermouth is drunk, unmixed, as an appetizer; in the United States it is generally used as an ingredient of other drinks.

Summary of United States production, imports, and exports.

In former years imports from Italy and France were several times as great as United States production. Exports have always been negligible. Domestic production has rapidly increased in recent years and in the fiscal year 1939-40 approximated half a million gallons, equivalent to about one-third of the imports in the calendar year 1940.

United States production.

Both sweet and dry vermouth of the French and Italian types are made in the United States, ordinarily with California Port, Sherry, Angelica, or Muscatel as a base. Flavoring materials, most of which have been imported, are obtained from European and American houses that specialize in gathering herbs from all parts of the world and preparing

1/ See page III.

them for various uses. Before the European sources were cut off, stocks of herbs were accumulated in this country and some of these herbs are now being grown in the United States. The domestic supply of basic fortified wines is ample.

At present, vermouth is produced in the United States in rectifying plants and in wineries. Production in wineries was not permitted by law until 1936, but wineries now produce the greater part of the output. Prior to June 1936 domestic vermouth was subject to three taxes: (1) A tax on the wine used at the regular wine rates; (2) a rectifier's tax of 30 cents per proof gallon; and (3) a tax on the finished product at the regular wine rates. To escape part of this tax burden, some rectifiers make imitation vermouth from essential oils and alcohol. Under the provisions of the Liquor Tax Administration Act of 1936, vermouth pays only the regular withdrawal tax if made in a bonded winery from fortified wines, without the addition of spirits; made otherwise it is subject to the same taxes as formerly.

Prior to the prohibition era, very little vermouth was produced in the United States. A small quantity of sweet vermouth was made by the leading wineries of California using a sweet-wine base. After "repeal" the demand for vermouth increased greatly and imports rose correspondingly. A number of domestic firms soon began to produce substantial quantities. Taking advantage of reduced taxes in 1936, several of the large California wineries went into the production on a large scale, causing production in the fiscal year 1936-37 to rise to 243,000 gallons (table 1). In the next 2 years the output was somewhat smaller, but in the fiscal year 1939-40, domestic producers, anticipating curtailment of imports from Italy and France, increased their production to the record amount of 489,000 gallons.

Table 1. - Vermouth: Production in the United States, 1934-35 through 1939-40

(In wine gallons)				
Year ended June 30	By rectifiers	1/	By wineries	Total
1935	138,659	:	-	138,659
1936	180,527	:	-	180,527
1937	78,697	:	164,747	243,444
1938	18,711	:	201,481	220,192
1939	10,800	:	206,184	216,984
1940	9,711	:	479,074	488,785

1/ The alcoholic content of domestic vermouth averages about 18 percent. Production by rectifiers reported in proof gallons of 50 percent alcohol have been converted to wine gallons of 18 percent.

Source: Alcohol Tax Unit, Bureau of Internal Revenue.

Most of the domestic vermouth is made in the East, particularly in New York and New Jersey. California wine is shipped in tank cars to terminal wineries in New York, Jersey City, Boston, and Chicago. In

these wineries, the infusion of herbs and wines is made, the blends are put together, and the final product is bottled. In the fiscal year 1939-40, the total production of 479,000 gallons in 126 plants was divided as follows: New York, 238,000 gallons; New Jersey, 82,000 gallons; Massachusetts, 2,000 gallons; California, 156,000 gallons; and Illinois and Ohio less than 1,000 gallons each.

United States imports.

In the trade agreement with France, effective June 1936, the United States duty on bottled vermouth was reduced from \$1.25 to 62½ cents per gallon. Since that time, most of the imports have been of that class. Besides the imports of bottled vermouth, there have been small imports in bulk containers, still dutiable at \$1.25 per gallon. Such imports have been as follows: 9,161 gallons in 1937, 5,935 gallons in 1938, 18,172 gallons in 1939, 8,085 gallons in 1940, and 3,200 gallons in the first 6 months of 1941.

Prior to 1940, imports of bottled vermouth exceeded 1 million gallons annually (table 2) valued at about 2 million dollars. Nearly all of this came from Italy and France, about two-thirds from Italy, and one-third from France. With the entry of France and Italy into the European war, the principal sources of imports of vermouth were cut off. In 1940 Argentina appeared for the first time as a supplier and in 1941 it was the principal source.

Imports of vermouth from Italy and France have consisted of well-known brands made by large companies. Some of these companies have for many years had branch plants in Argentina to supply the demands of Argentina and neighboring countries. In such plants Argentine wines are used as a base for vermouth, but the same formulas for blending and flavoring with aromatic herbs are used as in Italy and France. United States importers of these Argentine vermouths state that both the sweet and the dry resemble closely the same brands made in Europe.

Table 2. - Vermouth in containers holding each one gallon or less:
United States imports for consumption, by principal sources,
1937-40, and January-June 1941

Country	1937	1938	1939	1940 ^{1/}	1941 ^{1/}
					(Jan.-June)
	Quantity (gallons)				
France	380,834	364,013	477,268	437,204	48,956
Italy	819,736	777,987	898,917	865,942	73,077
Argentina	-	-	-	85,772	165,702
All other	4,103	1,877	3,367	4,189	29,947
Total	1,204,673	1,143,877	1,379,552	1,337,107	317,682
	Value				
France	\$717,035	\$610,248	\$753,370	\$678,300	\$74,153
Italy	1,394,263	1,284,465	1,142,331	1,210,599	87,131
Argentina	-	-	-	161,021	354,151
All other	6,523	2,462	4,752	5,022	36,426
Total	2,117,821	1,897,175	1,900,453	2,054,942	551,861

^{1/} Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

United States exports.

Exports of vermouth have been too small for separate reporting by the Department of Commerce. In the fiscal year 1939-40, 2,239 wine gallons were withdrawn for export according to statistics of the Alcohol Tax Unit of the Bureau of Internal Revenue.

Foreign production and trade.

Vermouth is made in France chiefly by a few large well-known and long-established companies located at Chambéry and Marseille in southern France and at Paris and Rouen. Although French vermouth is sold generally throughout the world, after repeal of prohibition the United States became one of the best markets. Italy is favorably situated for the production of vermouth because of its large supply of suitable basic wines and its abundance of the required herbs and fruits. Italian vermouth is produced chiefly in Piedmont, in the northern part of Italy. The methods of production are prescribed by law, and there is government supervision of those who hold manufacturer's permits. Before Argentina began to produce Italian brands of vermouth that country was the chief market for Italian bottled vermouth. In recent years exports of vermouth from Italy to Argentina have been negligible, indicating the general acceptance there of the home product. After the repeal of prohibition in the United States, this country became the chief foreign market for Italian bottled vermouth.

Competitive conditions.

The United States vermouth industry began after the repeal of prohibition in December 1933. Domestic production was 139,000 gallons in 1934-35; by 1938-39 it had increased to 217,000 gallons, and by 1939-40 had more than doubled as compared with the preceding year, reaching 489,000 gallons, or one-third the amount imported. The industry has developed on the basis of providing a low-priced substitute for the imported product. Domestic vermouth retails at about half the price of the imported.

In marketing their products, domestic producers have had to contend with the long-established prestige of well-known foreign brands. Supplies of basic wines - mostly the fortified wines of California - have been ample. Prior to the outbreak of war in Europe, flavoring materials were mostly imported. Although some stocks have been accumulated, United States production of such materials is now being stimulated by the shutting off of European sources. Several domestic producers have obtained the services of skilled European wine makers in order to make satisfactory brands of vermouth.



DRESSED FURS AND DRESSED FURSKINS, NOT DYED: LAMB AND SHEEP
(EXCEPT CARACUL AND PERSIAN LAMB),
GOAT AND KID, AND HARE
(Schedule III concessions ^{1/})

United States tariff.

	<u>Rate of duty</u>	
	<u>Before agreement</u>	<u>Under agreement</u>
Par. 1519(a) Dressed furs and dressed furskins, not dyed:		
Lamb and sheep -----	15%	ad val.
Goat and kid, and hare -----	25%	ad val.

Reclassification.

Par. 1519(a) Dressed furs and dressed furskins, not dyed:		
Lamb and sheep (except caracul and Persian lamb) -----	15%	ad val. (bound against increase)
Goat and kid, and hare -----	12 $\frac{1}{2}$ %	ad val.

Tariff history.

Trade agreement with the United Kingdom, effective January 1, 1939 -----	15%	as to sheep and lamb
Act of 1930, par. 1519(a) -----	25%	
Act of 1922, par. 1420 -----	25%	
Act of 1913, par. 348 -----	30%	

Description and uses.

Raw furskins that have been processed to keep the skin flexible and to clean and otherwise improve the appearance of the hair are known as dressed furs or dressed furskins.

Dressed lamb and sheep furs (except caracul and Persian lamb) consist principally of pelts taken from the very young of the merino sheep and from Chinese lambs. In general, these furs are straight haired, lacking the curls and waves that distinguish caracul and Persian lamb furs. They are usually dyed and used in making low-priced fur coats, and trimmings for low- and medium-priced cloth coats.

Dressed goat and kid furs consist chiefly of kidskins. The furskins having wavy flat or semiflat hair are usually used in making fur coats. Longer-haired furskins, with less wavy hair, are usually used for trimmings on cloth coats. The few varieties of goatskins used by the fur trade are used both for coats and for trimmings.

Dressed hare skins are similar to rabbitskins but are much larger, and the hair is more woolly. Hareskin, like rabbitkin, is used in making fur garments and trimmings.

^{1/} See page III.

United States production.

Practically all the sheep and lamb, goat and kid, and hare furs dressed in the United States are from raw skins imported free of duty. Production of dressed sheep and lamb furs (except caracul and Persian lamb), estimated on the basis of imports of raw skins, amounted to 2.1 million furs in 1939, 3.6 million in 1940, and 4.8 million in the first 7 months of 1941. The value of the production is not known.

The production of dressed goat and kid fur in the United States, estimated also on the basis of imports of raw skins, amounted to 1.4 million furs in 1939, 2.4 million in 1940, and 0.7 million in the first 7 months of 1941. The domestic production of dressed hare fur cannot be estimated, as most of the imported undressed hare furs are used in making fur-felt hats.

United States imports.

Sheep and lamb.- Imports of dressed, not dyed, sheep and lamb furs (except caracul and Persian lamb) have been separately reported since 1937. They were at the highest level in that year, when they amounted to 8,832 furs, valued at \$25,800, and were lowest in 1938, when they amount to 5,414 furs, valued at \$7,309. In the first 7 months of 1941 they amounted to 1,508 furs, valued at \$3,038. The Soviet Union, Iceland, Sweden, and Hungary have been principal suppliers. There have been no imports from Argentina.

Goat and kid.- Dressed, not dyed, goat and kid furs are not separately reported in import statistics, but are shown under a classification covering dog, goat, and kid furs. Most of the imports prior to 1941 under this classification consisted of dogskins processed in China. As a result of litigation lasting over many years terminating finally in 1941 in the holding that certain China-processed dogskins were free of duty, imports under the dog, goat and kid classification now consist principally of kid furs. Imports of dressed, not dyed, dog, goat, and kid furs in recent years have ranged from 612,123 furs, valued at \$752,094, in 1937 to 85,326 furs, valued at \$76,944, in 1939. In the first 7 months of 1941, imports were 12,851 furs, valued at \$17,629. In every year China has been the outstanding supplier. Argentina supplied a negligible number of furs in 1937, and since then has supplied none.

Hare.- In recent years, imports of dressed, not dyed, hare furs have ranged from 5,600 furs, valued at \$1,475, in 1938 to 42,500 furs, valued at \$13,331, in 1940. In the first 7 months of 1941, imports amounted to 18,900 furs, valued at \$5,830. The Soviet Union has been the principal supplier. There have been no imports from Argentina.

United States exports.

Exports of dressed, not dyed, sheep and lamb, goat and kid, and hare furs are not separately reported in export statistics but are believed to be negligible.

Competitive conditions.

Imports of dressed sheep, lamb, goat, kid, and hare skins are negligible compared with the domestic output of comparable dressed furskins. Furskins are usually imported in the raw state mainly because domestic purchasers desire to exercise some supervision over the dressing of the skins for particular purposes. The United States furdressing establishments are dependent almost entirely on foreign sources for the raw skins of the classes covered by this concession, which are imported free of duty. At present there is a shortage in the United States of practically all types of furskins. This is due to a decrease in imports of furs from China, which has intensified the already strong demand for those from other sources.



PLATES, MATS, LININGS, STRIPS, AND CROSSES OF DRESSED
GOAT, KID, SHEEP, LAMB AND HARE SKINS, NOT DYED
(Schedule III concession¹)

United States tariff.

Rate of duty
Before agreement Under agreement

Par. 1519(a). *** plates, mats, linings, strips, and crosses of dressed dog, goat, or kid skins, if not dyed ----- 25% ad val.

Reclassification.

Par. 1519(a). Plates, mats, linings, strips, and crosses of dressed goat or kid skins, if not dyed ----- 12½% ad val.

Par. 1519(b). Manufactures of fur (except silver or black fox), further advanced than dressed, prepared for use as material (whether or not joined or sewed together) including plates, mats, linings, strips, and crosses (except plates, mats, linings, strips, and crosses of dog, goat, and kid skins), if not dyed ----- 35% ad val.

Reclassification.

Par. 1519(b). Plates, mats, linings, strips, and crosses of hare, lamb and sheep furs (except caracul and Persian lamb), if not dyed ----- 17½% ad val.

¹/ See page III.

Tariff history.

Tariff act and classification	Par.	Rate of duty		
		Goat	Kid	Sheep, lamb, and hare
<u>1920</u>	:	:	:	:
Plates, mats, linings, strips, and crosses	:	:	:	:
-----	1519(a)	25%	25%	:
	1519(b)	:	:	35%
	:	:	:	:
<u>1922</u>	:	:	:	:
Plates and mats	1420	10%	40% ^{1/}	40%
Linings, strips, and crosses	1420	40% ^{1/}	40% ^{1/}	40%
	:	:	:	:
<u>1913</u>	:	:	:	:
Plates and mats	348	10%	40% ^{1/}	40%
Linings, strips and crosses	348	40% ^{1/}	40% ^{1/}	40%
	:	:	:	:

^{1/} Rate assessed under act of 1913 and under act of 1922 until finally held dutiable at 10% ad valorem under the latter act.

Description and uses.

Plates, mats, linings, strips, and crosses are trade terms used to designate oblong or cross-shaped semifinished products of fur made by sewing together dressed furskins or pieces of dressed furskins. These articles are made to facilitate the handling of furskins abroad, or to make the skins or pieces more suitable for immediate use by the fur-goods industry. Lamb plates and kid plates have long been important semifinished products of fur and are the most important types discussed in this digest.

Plates, mats, linings, strips, and crosses are used in the manufacture of low- and medium-priced fur garments and for trimming or lining cloth garments.

United States production.

Few, if any, plates, mats, linings, strips, or crosses of goat, kid, sheep, lamb (except caracul and Persian lamb), and hare skins are made in the United States for sale as such. However, lamb plates and other plates made in China are often reseeded domestically before they are suitable for use.

Fur plates and similar articles produced in the United States for sale are made principally from medium or large and relatively valuable furskins or pieces of furskins rather than from the furs covered by the concession. Most of the production is in New York City by an unknown number of small firms whose output is not reported.

United States imports.

Goat and kid plates, mats, etc., are imported under a classification that includes similar articles made of dogskins, not covered by the concession. Imports under this classification were valued at \$2,529,000 in

1937, \$962,000 in 1938, \$845,000 in 1939, \$1,341,000 in 1940, and \$355,000 in the first 7 months of 1941. China supplies 98 percent of the imports, which in earlier years consisted chiefly of dogskin plates and recently of kidskin plates. None of the imports were from Argentina.

Sheep, lamb (except caracul and Persian lamb), and hareskin plates, mats, etc., are imported under a classification covering such articles made of all kinds of fur other than dog, goat, kid, and squirrel skins. Imports under this classification amounted to \$1,040,000 in 1937, \$215,000 in 1938, \$189,000 in 1939, \$388,000 in 1940, and \$365,000 in the first 7 months of 1941. In these years China supplied 75 percent of the imports in this class, imports from that country consisting largely of lamb plates. Imports from Greece amounted to 16 percent of the total and consisted chiefly of mink plates, not covered by the concession. Imports from Argentina in this class have been negligible.

United States exports.

Exports of plates, mats, linings, etc., of dressed furskins are negligible.

Competitive conditions.

In the United States, goat, kid, sheep, lamb, or hare skins are seldom sewn into plates, mats, or linings for sale. The imported plates are used in the manufacture of fur garments, but the quantity is small compared with the domestic dressed furskins used for the same purpose. Furthermore, the imported plates, mats, and linings, usually require additional processing and, since they are usually made of small pieces of fur, can be substituted only for the lower grades of furskins dressed in the United States.

The fur plates produced in the United States for sale as such usually consist of whole skins and are made from higher-priced furskins, such as Persian lamb and caracul, which are not included in the concession to Argentina.



Bindings on the Free List on Schedule III

Argols, tartar, and wine lees (crude or partly refined, containing less than 90 percent of potassium bitartrate) and crude calcium tartrate were bound free in Schedule III of the trade agreement with Argentina. These commodities are byproducts of the wine industry and are used in making cream of tartar, Rochelle salts, and other tartrate products. Practically all the United States requirements are imported, chiefly, in normal times, from France. Imports from all countries in 1939 were valued at 1.4 million dollars and from Argentina at \$60,000.



APPENDIX

- (1) Text of General Provisions of Trade Agreement Between the United States and Argentina, signed October 14, 1941, with Related Notes.
- (2) Table A. - Itemized list of tariff concessions made by Argentina in Schedule I.
- (3) Table B. - Itemized list of tariff concessions made to Argentina in Schedule II.
- (4) Table C. - Itemized list of tariff concessions made to Argentina in Schedule III.

Text of General Provisions of the Trade Agreement Between the
United States and Argentina, signed October 14, 1941,
with Related Notes

- - - -

The President of the United States of America and the Vice President of the Argentine Nation in the exercise of the Executive Power, being desirous of strengthening the traditional bonds of friendship existing between the two countries through the maintenance of the principle of equal treatment in its unconditional and unlimited form as the basis of commercial relations and through the granting of mutual and reciprocal concessions for the promotion of trade, have resolved to conclude a Trade Agreement so providing and have appointed for this purpose as their Plenipotentiaries:

The President of the United States of America:

Norman Armour, Ambassador Extraordinary
and Plenipotentiary of the United States
of America to the Argentine Republic; and

The Vice President of the Argentine Nation
in the exercise of the Executive Power:

His Excellency Señor Doctor Don Enrique
Ruiz Guiñard, Minister of Foreign
Affairs and Worship;

Who, after having exchanged their full powers, found to be in good and due form, have agreed upon the following provisions:

ARTICLE I

1. The United States of America and the Argentine Republic will grant each other unconditional and unrestricted most-favored-nation treatment in all matters concerning customs duties and subsidiary charges of every kind and in the method of levying duties, and, further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale or use of imported goods within the country.

2. Accordingly, articles the growth, produce or manufacture of either country imported into the other shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles the growth, produce or manufacture of any third country are or may hereafter be subject.

3. Similarly, articles exported from the territory of the United States of America or the Argentine Republic and consigned to the territory of the other country shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles when consigned to the territory of any third country are or may hereafter be subject.

4. Any advantage, favor, privilege or immunity which has been or may hereafter be granted by the United States of America or the Argentine Republic in regard to the above-mentioned matters, to any article originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like article originating in or consigned to the territory of the Argentine Republic or the United States of America, respectively.

ARTICLE II

1. Articles the growth, produce or manufacture of the United States of America or the Argentine Republic, shall, after importation into the other country, be exempt from all internal taxes, fees, charges or exactions other or higher than those payable on like articles of national origin or of any other foreign origin.

2. The provisions of this Article relating to national treatment shall not apply to taxes imposed by the Argentine Republic on alcohols, alcoholic beverages, beers, natural mineral waters, and fabrics containing 40 per centum or more of silk or artificial silk.

ARTICLE III

1. No prohibition or restriction of any kind shall be imposed by the Government of either country on the importation of any article the growth, produce or manufacture of the other country or upon the exportation of any article destined for the other country, unless the importation of the like article the growth, produce or manufacture of all third countries, or the exportation of the like article to all third countries, respectively, is similarly prohibited or restricted.

2. No restriction of any kind shall be imposed by the Government of either country on the importation from the other country of any article in which that country has an interest, whether by means of import licenses or permits or otherwise, unless the total quantity or value of such article permitted to be imported during a specified period, or any change in such quantity or value, shall have been established and made public. If the Government of either country allots a share of such total quantity or value to any third country, it shall allot to the other country a share equivalent to the proportion of the total imports of such article supplied by that country during a previous representative period, and shall make such share available so as to facilitate its full utilization, unless it is mutually agreed to dispense with such allotment. No limitation or restriction of any kind other than such an allotment shall be imposed, by means of import licenses or permits or otherwise, on the share of such total quantity or value which may be imported from the other country.

3. The provisions of the preceding paragraph shall apply in respect of the quantity or value of any article permitted to be imported at a specified rate of duty.

ARTICLE IV

1. If the Government of either country establishes or maintains any form of control of the means of international payment, it shall accord unconditional most-favored-nation treatment to the commerce of the other country with respect to all aspects of such control.

2. The Government establishing or maintaining such control shall impose no prohibition, restriction or delay on the transfer of payment for any article the growth, produce or manufacture of the other country which is not imposed on the transfer of payment for the like article the growth, produce or manufacture of any third country. With respect to rates of exchange and with respect to taxes or charges on exchange transactions, articles the growth, produce or manufacture of the other country shall be accorded unconditionally treatment no less favorable than that accorded to the like articles the growth, produce or manufacture of any third country. The foregoing provisions shall also extend to the application of such control to payments necessary for or incidental to the importation of articles the growth, produce or manufacture of the other country. In general, the control shall be administered so as not to influence to the disadvantage of the other country the competitive relationships between articles the growth, produce or manufacture of the territories of that country and like articles the growth, produce or manufacture of third countries.

3. Notwithstanding any of the provisions of paragraphs 1 and 2 of this Article, the Government of each country may adopt such measures as it may deem necessary for the protection of its essential interests in time of war or other national emergency.

ARTICLE V

1. In the event that the Government of the United States of America or the Government of the Argentine Republic establishes or maintains a monopoly for the importation, production or sale of a particular article or grants exclusive privileges, formally or in effect, to one or more agencies to import, produce or sell a particular article, the commerce of the other country shall receive fair and equitable treatment in respect of the foreign purchases of such monopoly or agency. To this end such monopoly or agency will, in making its foreign purchases of any article, be influenced solely by considerations, such as those of price, quality, marketability and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing on the most favorable terms.

2. The Government of each country, in the awarding of contracts for public works and generally in the purchase of supplies, shall accord fair and equitable treatment to the commerce of the other country as compared with the treatment accorded to the commerce of other foreign countries.

ARTICLE VI

1. Laws, regulations of administrative authorities and decisions of administrative or judicial authorities of the United States of America or the Argentine Republic, respectively, pertaining to the classification of articles for customs purposes or to rates of duty shall be published promptly in such manner as to enable traders to become acquainted with them.

2. No administrative ruling by the United States of America or the Argentine Republic effecting advances in rates of duties or in charges applicable under an established and uniform practice to imports originating in the territory of the other country, or imposing any new requirement with respect to such importations, shall be effective

retroactively or with respect to articles either entered for consumption or withdrawn for consumption prior to the date of publication of notice of such ruling in the usual official manner. The provisions of this paragraph do not apply to administrative orders imposing antidumping duties, or relating to regulations for the protection of human, animal or plant life or health, or relating to public safety, or giving effect to judicial decisions.

ARTICLE VII

1. Articles the growth, produce or manufacture of the United States of America, enumerated and described in Schedule I annexed to this Agreement and made an integral part thereof, on their importation into the Argentine Republic, if now exempt from ordinary customs duties, shall continue to be so exempt or, if now dutiable, shall be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out.

2. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under the laws of the Argentine Republic in force on that day.

ARTICLE VIII

1. Articles the growth, produce or manufacture of the Argentine Republic, enumerated and described in Schedules II and III annexed to this Agreement and made an integral part thereof, on their importation into the United States of America, if now exempt from ordinary customs duties, shall continue to be so exempt or, if now dutiable, shall be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedules, subject to the conditions therein set out.

2. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under the laws of the United States of America in force on that day.

3. The Government of the United States of America reserves the right to withdraw or to modify the concession granted on any article enumerated and described in Schedule III at any time after the termination of hostilities between the Governments of the United Kingdom and Germany, on giving six months' written notice to the Government of the Argentine Republic.

ARTICLE IX

The provisions of Articles VII and VIII of this Agreement shall not prevent the Government of either country from imposing at any time on the importation of any article a charge equivalent to an internal tax imposed in respect of a like domestic article or in respect of a commodity from which the imported article has been manufactured or produced in whole or in part.

ARTICLE X

In respect of articles the growth, produce or manufacture of the United States of America or the Argentine Republic enumerated and described in Schedule I or in Schedules II or III, respectively, imported into the other country, on which ad valorem rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, it is understood and agreed that the bases and methods of determining dutiable value and of converting currencies shall be no less favorable to importers than the bases and methods prescribed under laws and regulations of the Argentine Republic and the United States of America, respectively, in force on the day of the signature of this Agreement.

ARTICLE XI

1. No prohibition, restriction or any form of quantitative regulation, whether or not operated in connection with any agency of centralized control, shall be imposed by the Argentine Republic on the importation or sale of any article the growth, produce or manufacture of the United States of America enumerated and described in Schedule I, or by the United States of America on the importation or sale of any article the growth, produce or manufacture of the Argentine Republic enumerated and described in Schedules II or III.

2. The foregoing provisions shall not apply to quantitative regulations in whatever form imposed by the United States of America or the Argentine Republic on the importation or sale of any article the growth, produce or manufacture of the other country, in conjunction with governmental measures or measures under governmental authority operating to regulate or control the production, market supply or prices of like domestic articles, or tending to increase the labor costs or production of such articles, or to maintain the exchange value of the currency of the country.

ARTICLE XII

1. If the Government of either country should consider that any circumstance, or any measure adopted by the other Government, even though it does not conflict with the terms of this Agreement, has the effect of nullifying or impairing any object of the Agreement or of prejudicing an industry or the commerce of that country, such other Government shall give sympathetic consideration to such representations or proposals as may be made with a view to effecting a mutually satisfactory adjustment of the matter. If no agreement is reached with respect to such representations or proposals, the Government making them shall be free to suspend or terminate this Agreement in whole or in part on thirty days' written notice.

2. The Governments of the two countries agree to consult together to the fullest possible extent in regard to all matters affecting the operation of the present Agreement. In order to facilitate such consultation, a Commission consisting of representatives of each Government shall be established to study the operation of the Agreement, to make recommendations regarding the fulfillment of the provisions of the Agreement, and to consider such other matters as may be submitted to it by the two Governments.

ARTICLE XIII

The provisions of this Agreement relating to the treatment to be accorded by the United States of America and the Argentine Republic, respectively, to the commerce of the other country shall apply, on the part of the United States of America, to the continental territory of the United States of America and such of its territories and possessions as are included in its customs territory. The provisions of this Agreement relating to most-favored-nation treatment shall apply, furthermore, to all articles the growth, produce or manufacture of any territory under the sovereignty or authority of the United States of America or the Argentine Republic, imported from or exported to any territory under the sovereignty or authority of the other country. The provisions of this Article shall not apply to the Panama Canal Zone.

ARTICLE XIV

1. The advantages now accorded or which may hereafter be accorded by the United States of America or the Argentine Republic to adjacent countries in order to facilitate frontier traffic, and advantages accorded in virtue of a customs union to which either country may become a party, shall be excepted from the operation of this Agreement.

2. The advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this Agreement. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America.

ARTICLE XV

1. Subject to the requirement that, under like circumstances and conditions, there shall be no arbitrary discrimination by either country against the other country in favor of any third country, and without prejudice to the provisions of paragraphs 1 and 2 of Article XVI, the provisions of this Agreement shall not extend to prohibitions or restrictions

- (a) relative to public security;
- (b) imposed for the protection of public health or on moral or humanitarian grounds;
- (c) imposed for the protection of plants or animals, including measures for protection against disease, degeneration or extinction as well as measures taken against harmful seeds, plants, or animals;
- (d) relating to prison-made goods;

- (e) relating to the enforcement of police or revenue laws and regulations; and
- (f) imposed for the protection of national treasures of artistic, historic or archaeological value.

2. Nothing in this Agreement shall be construed to prevent the adoption or enforcement of such measures as the Government of either country may see fit (a) relating to the importation or exportation of gold or silver; (b) relating to the control of the export or sale for export of arms, ammunition, or implements of war, and, in exceptional circumstances, all other military supplies; (c) relating to neutrality.

3. It is understood that the provisions of this Agreement relating to laws and regulations affecting the sale, taxation or use of imported articles within the United States of America and the Argentine Republic are subject to the constitutional limitations on the authority of the Governments of the respective countries.

ARTICLE XVI

1. The Government of each country will accord sympathetic consideration to, and when requested will afford adequate opportunity for consultation regarding such representations as the other Government may make with respect to the operation of customs regulations, quantitative regulations or the administration thereof, the observance of customs formalities, and the application of sanitary laws and regulations for the protection of human, animal or plant life or health.

2. In the event that the Government of either country makes representations to the other Government in respect of the application of any sanitary law or regulation for the protection of human, animal, or plant life or health, and if there is disagreement with respect thereto, a committee of technical experts on which each Government shall be represented shall, on the request of either Government, be established to consider the matter and to submit recommendations to the two Governments.

ARTICLE XVII

This Agreement shall be proclaimed by the President of the United States of America and shall be ratified by the Government of the Argentine Republic. It shall enter definitively into force thirty days after the exchange of the instrument of ratification and the proclamation, which shall take place in Washington as soon as possible.

ARTICLE XVIII

Pending the definitive coming into force of this Agreement as provided in Article XVII, the provisions thereof shall be applied provisionally on and after November 15, 1941, subject to a right to terminate the provisional application of the Agreement pursuant to the provisions of paragraph 1 of Article XII or upon six months' written notice.

ARTICLE XII

Subject to the provisions of paragraph 1 of Article XII, and of Article XVIII, this Agreement shall remain in force until November 15, 1944, and, unless at least six months before November 15, 1944, the Government of either country shall have given notice in writing to the other Government of intention to terminate the Agreement on that date, it shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

In witness whereof the respective Plenipotentiaries have signed this Agreement and have affixed hereto their seals.

Done in duplicate, in the English and Spanish languages, both authentic, at the City of Buenos Aires, this 14th day of October, 1941.

For the President of the United States of America:

NORMAN ARMOUR

For the Vice President of the Argentine Republic in the exercise of the Executive Power:

E. RUIZ GUINAZU

[Translation]

Buenos Aires, October 14, 1941.

Mr. Ambassador:

I have the honor to refer to the conversations between representatives of the Argentine Government and the Government of the United States of America, in connection with the Trade Agreement signed this day, in regard to trade relations between Argentina and contiguous countries.

During the course of these conversations the Argentine representatives have indicated that their Government intends to promote the development of reciprocal trade between the countries of this hemisphere, especially the neighboring countries, and to improve the internal economic conditions through the encouragement of domestic and foreign investments in new industries well adapted to the resources and possibilities of the country and have referred to the purpose of the Argentine Government in pursuance of the above to promote tariff reductions between Argentina and contiguous countries with a view to the gradual and ultimate achievement of a customs union among such countries.

The Argentine and Brazilian Ministers of Finance have recently agreed on the bases of such arrangements and have submitted them to the consideration of their respective Governments. Moreover, pursuant to Resolution LXXX of the Seventh Conference of the American States at Montevideo approved December 24, 1933, the Argentine and Brazilian representatives on the Inter-American Financial and Economic Advisory Committee submitted jointly to that Committee for consideration a contractual formula for tariff preferences to contiguous countries, and on September 18, 1941 the Committee recommended that any such tariff preferences, in order to be an instrument for sound promotion of trade, should be made effective through trade agreements embodying tariff reductions or exemptions; that the parties to such agreements should reserve the right to reduce or eliminate the customs duties on like imports from other countries; and that any such regional tariff preferences should not be permitted to stand in the way of any broad program of economic reconstruction involving the reduction of tariffs and the scaling down or elimination of tariff and other trade preferences with a view to the fullest possible development of international trade on a multilateral unconditional most-favored-nation basis.

The representatives of the Argentine Government have also referred to the special facilities other than tariff preferences which have been accorded to the commerce of contiguous countries and Peru in an effort to mitigate the serious effects of the curtailment of overseas markets as a result of the European conflict, and have pointed out that until such time as the present hostilities between the Governments of the United Kingdom and Germany are terminated, such special facilities must be continued.

The Honorable
Norman Armour,
Ambassador Extraordinary and Plenipotentiary
of the United States of America.

The conversations to which I have referred have disclosed a mutual understanding which is as follows:

(1) The Government of the United States will not invoke the provisions of Article I of the Trade Agreement signed this day for the purpose of obtaining the benefit of tariff preferences meeting the requirements of the aforementioned formula recommended by the Inter-American Financial and Economic Advisory Committee which Argentina may accord to a contiguous country, it being understood that if any such preference should be extended by Argentina to any noncontiguous country it would be extended immediately and unconditionally to the United States; (2) the Government of the United States will not invoke the provisions of Articles III and IV of the Trade Agreement for the purpose of obtaining the benefit of any exchange or quota preferences accorded by Argentina to contiguous countries and Peru on the understanding that such preferences shall cease when the present hostilities between the Governments of the United Kingdom and Germany shall have terminated, except as may be otherwise agreed upon by the Governments of the United States and the Argentine Republic upon the recommendation of the mixed commission provided for in the second paragraph of Article XII of the Trade Agreement.

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

E RUIZ GUIÑASÚ

Buenos Aires, October 14, 1941

Excellency:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date with reference to the agreement reached between representatives of the Government of the United States of America and the Argentine Government, in connection with the Trade Agreement signed this day, in regard to trade relations between Argentina and contiguous countries and Peru.

I have the honor to confirm Your Excellency's statement of the agreement reached with reference to this matter.

Accept, Excellency, the renewed assurances of my highest consideration.

NORMAN ARMOUR

His Excellency

Señor Doctor Don Enrique Ruiz Guiñasú,
Minister of Foreign Affairs and Worship.

[Translation]

Buenos Aires, October 14, 1941

Mr. Ambassador:

I have the honor to refer to the discussions during the course of the negotiations of the Trade Agreement between our two Governments signed this day regarding the provisions of the Agreement which provide for nondiscriminatory treatment by each country of the trade of the other.

During the negotiations of the Agreement, the representatives of the United States Government have emphasized the great importance which that Government attaches to these provisions. The representatives of the Argentine Government have stated, on their part, that their Government likewise attaches great importance to these provisions and to the principle of unconditional most-favored-nation treatment which underlies them. They have pointed out that this principle is the basis of Argentine commercial policy, which has for its objective the development of Argentine foreign trade on a multilateral basis.

The representatives of the Argentine Government have also pointed out that the ability of Argentina to give full effect to these principles is dependent on circumstances beyond the control of Argentina. Recently, the Argentine trade and payments position has been aggravated to a very important extent by the trade and financial controls which have been adopted by the belligerents in the present European conflict, notably the United Kingdom, one of the principal markets for Argentine export products. In particular, the inability of Argentina to convert freely into dollars the proceeds of sales to the United Kingdom makes it impossible for the Argentine Government to extend full nondiscriminatory treatment to the trade of the United States of America.

The representatives of the Argentine Government have accordingly stated in the negotiations that the acceptance by the Argentine Government of the provisions of the Trade Agreement relating to nondiscriminatory treatment must be qualified by the practical limitations which are imposed on the Argentine Government's freedom of action by the circumstances to which I have referred. However, they have assured the representatives of the United States Government that, subject to the practical limitations imposed by the existing payments arrangement in effect between Argentina and the United Kingdom, the Argentine Government will at all times give the fullest possible effect to the provisions under reference. They have further assured the representatives of the United States Government that, as soon as it becomes possible for Argentina to convert its sterling balances into free currencies, the Argentine Government will give full effect to those provisions.

The representatives of the Argentine Government expressed the hope

The Honorable

Norman Armour,

Ambassador Extraordinary and Plenipotentiary
of the United States of America.

that the reconstruction of world economy after the war would create favorable conditions that would enable Argentina to participate in an active interchange with other nations within a liberal system in which the barriers, which in recent times handicapped its normal development, have been eliminated.

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

E. RUIZ GUIÑAZU

Buenos Aires, October 14, 1941

Excellency:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date concerning the discussions during the course of the negotiations of the Trade Agreement between our two Governments signed this day regarding the provisions of the Agreement which provide for nondiscriminatory treatment by each country of the trade of the other, and to confirm Your Excellency's statement with reference thereto.

I have taken note with pleasure of the assurances conveyed to me in Your Excellency's communication.

Accept, Excellency, the renewed assurances of my highest consideration.

NORMAN ARMOUR

His Excellency

Señor Doctor Don Enrique Ruiz Guiñazú,
Minister of Foreign Affairs and Worship.

[Translation]

Buenos Aires, October 14, 1941

Mr. Ambassador:

In accordance with the conversations carried on in the course of the negotiation of the Trade Agreement between our two Governments signed this day, I have the honor to address Your Excellency to confirm the formal undertaking of the Argentine Government that the articles listed below will continue to be entered under the same tariff items in which they have been included to date, subject to the duties which have been stipulated in Schedule I for each one of them:

Sultanina raisins	Will continue to be entered under item 187.
Moulded asbestos brake lining, without wire, in rolls	Will continue to be entered under item 1195.
Moulded asbestos brake lining, with wire, in rolls	Will continue to be entered under item 1196.
Pumps of steel or with accessories of brass	Will continue to be entered under item 1304.
Pumps with cylinder of brass and their accessories	Will continue to be entered under item 1305.
Compressors of steel	Will continue to be entered under item 1480.
Felt or asphaltine of asbestos for roofing or lining of ships	Will continue to be entered under item 1593.
Wrenches of steel, fixed, in general	Will continue to be entered under item 1726.
Wood of Douglas fir (<i>Pseudotsuga taxifolia</i>), hemlock (<i>Tsuga</i> sp.), spruce (<i>Picea</i> sp.), unplanned	Will continue to be entered under item 1750.
Wood of pitch pine (<i>Pinus palustris</i> , <i>echinata</i> , <i>taeda</i> , and <i>caribaea</i>), unplanned	Will continue to be entered under item 1752.

The Honorable

Norman Armour,

Ambassador Extraordinary and Plenipotentiary
of the United States of America.

Wood of white pine (<i>Pinus monticola</i> and <i>strobus</i>), sugar pine (<i>Pinus lambertiana</i>), Ponderosa pine (<i>Pinus ponderosa</i>), and redwood (<i>Sequoia sempervirens</i>), unplanned	Will continue to be entered under item 1754.
Plywood of Douglas fir (<i>Pseudotsuga taxifolia</i>)	Will continue to be entered under item 1772 up to 6 mm. in thickness, 1773 over 6 and up to 12 mm. in thickness and under 1774 over 12 mm. in thickness.
Spare parts for typewriters	Present tariff practice will be maintained until the National Congress ratifies this agreement with its annexed schedules.
Tractors of every kind and for every use and motors	Will continue to be entered under item 1830 and present tariff practice will be maintained with respect to the entry of all parts and accessories intended for the same.
Dictaphones	Present tariff practice will be maintained until the National Congress ratifies this agreement with its annexed enclosures.
Machines for shelling or husking, with internal combustion motors, with or without motor, and with or without tarpaulins or oilcloth covers	Will continue to be entered under item 1834 and present tariff practice will be maintained with respect to the entry of all parts and accessories intended for the same.
Machines for threshing, with internal combustion motors, with or without motor, and with or without tarpaulins or oilcloth covers	Will continue to be entered under item 1835 and present tariff practice will be maintained with respect to the entry of all parts and accessories intended for the same.
Oil burners, of steel or brass	Will continue to be entered under item 2005.
Accessories of steel for ratio	Will continue to be entered under item 2203.

Drills, riveters, hammers,
etc., and similar tools
(pneumatic) which operate
by compressed air

Will continue to be entered
under item 2352.

Sulphur in lump, whether
obtained by Frasch system
or not, of 97 percent
purity or higher

Will be entered under item
4350

The Argentine Government intends to amend the present wording of the customs tariff in force and at that time will take all necessary measures in order that the articles included in this note may definitively enter the Argentine customs tariff. If such opportunity should present itself, the assimilation of the customs regime provided for in Schedule I with the new legal text of the Argentine tariff will be effected in such a way that the reductions and consolidations which the said Agreement secures to goods from the United States of America may be maintained in their entirety.

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

E. RUIZ GUINÁZU

Buenos Aires, October 14, 1941

Excellency:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date confirming, in accordance with the conversations carried on in the negotiation of the Trade Agreement between our two Governments signed this day, the formal undertaking of the Argentine Government that the articles listed in the note will continue to be entered under the same tariff items in which they have been included up to the present, subject to the duties for such tariff items which have been stipulated in Schedule I of the Agreement, and to confirm Your Excellency's statement with reference thereto.

Accept, Excellency, the renewed assurances of my highest consideration.

NORMAN ARMOUR

His Excellency

Señor Doctor Don Enrique Ruiz Guinásu,
Minister of Foreign Affairs and Worship.

[Translation]

Buenos Aires, October 14, 1941

Mr. Ambassador:

During the course of the negotiation of the Trade Agreement signed this day, the representatives of the Government of the United States have explained the situation with respect to the marketing of fresh pears in the United States resulting principally from the temporary curtailment of customary exports, and have proposed that the Argentine Government, during the 1942 marketing season, limit total exports of Argentine fresh pears to the United States with the object of obtaining, for the benefit of all concerned, their orderly marketing in the United States.

Taking this situation into account, I have the honor to inform Your Excellency that the Argentine Government would be disposed to limit total exports of Argentine fresh pears to the United States during the 1942 marketing season. However, the Argentine Government is of the opinion that this is a matter which may appropriately be considered by the mixed commission to be established pursuant to the provisions of paragraph 2 of Article XII of the general provisions of the Trade Agreement.

Accept, Mr. Ambassador, the renewed assurance of my highest consideration.

E. RUIZ GUINÁSU

The Honorable
Norman Armour,
Ambassador Extraordinary and Plenipotentiary
of the United States of America.

Buenos Aires, October 14, 1941

Excellency:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date informing me that the Argentine Government would be disposed to limit total exports of Argentine fresh pears to the United States during the 1942 marketing season, but that the Argentine Government is of the opinion that this is a matter which may be handled appropriately through the medium of the mixed commission to be established pursuant to the provisions of paragraph 2 of Article XII of the general provisions of the Trade Agreement.

His Excellency
Señor Doctor Don Enrique Ruiz Guinásu,
Minister of Foreign Affairs and Worship.

I have taken note with pleasure of the information conveyed to me in Your Excellency's communication and wish to inform you that in accordance with the suggestion contained therein, my Government will take up this matter through the medium of the aforementioned commission in the relatively near future.

Accept, Excellency, the renewed assurances of my highest consideration.

(Signed) NORMAN ARMOUR

Trade Agreement with Argentina

Table A. - Itemized list of tariff concessions made by Argentina in Schedule I.

Note: Duties are expressed in Argentine gold pesos or as a percentage of declared value and are net, including base duties and surtaxes calculated on official valuations. The value in terms of the dollar of the Argentine gold peso varies with the class of exchange available for a specific conversion. The kilo = 2.204 pounds; D. V. = declared value.

Argentine tariff item number	Description of commodity	Unit	Pre-Agreement duty	Agreement duties and extent of concessions				United States exports to	
				Duty	Percent of reduction	Duty	Percent of reduction	1939	1940
								In thousands of dollars	
A. Reductions complete in Stage I									
79	Prunes	Kilo	0.1408	0.099	30	0.099	30	41	134
92	Canned salmon and macerated	Kilo	.7202	.412	40	.432	40	0	1
112	Apples, fresh (From October 1 to January 31, inclusive)	Gross kilo	.063	.032	49	.032	49	119	41
113	Pears, fresh (From October 1 to December 31, inclusive)	Gross kilo	.053	.032	49	.032	49	7	6
114	Grapes, fresh (From September 1 to November 30, inclusive)	Gross kilo	.042	.021	50	.021	50	0	0
187	Basilico, Corinto or Solano	Kilo	.1794	.117	35	.117	35	23	14
226	Canned sardines, in tomato or mustard sauce, or cottonseed oil	Kilo	.1480	.118	30	.118	30	11	9
627	Passenger cars, 1,000 to 1,500 gross kilos (value to 1,000 gold pesos)	-	(5/)	(6/)	(5/)	(6/)	(5/)	7,590	7,751
629	Passenger cars, 1,500 to 1,900 gross kilos (value to 1,000 gold pesos)	-	(5/)	(6/)	(5/)	(6/)	(5/)		
1378	Rubber hose with cloth insertions	Kilo	.6768	.541	20	.541	20	116	83
1829	Kraft liner board, unbleached sulphate base	Kilo	.08244	.040	50	.040	50	20	166
31600)	Motion picture film, unexposed	Kilo	2.016	1.344	33	1.344	33	70	140
Total reductions complete in Stage I								7,997	8,345
B. Reductions complete in Stage II									
632	Truck chassis	-	0.08 per kilo	0.08 per kilo	Bound	0.08 per kilo	2/ 25	3,789	5,158
634	Omnibus chassis	-	plus 10%	plus 10%	Bound	plus 10%	2/ 25		
2902	Fluorescent type electric light bulbs and fittings	gross kilo	.5376	.5376	do.	.430	20	8/15	8/20
3914	Sanitary paper	Kilo	.2016	.2016	do.	.154	24	109	48
31600)	Motion picture film, exposed, negative	Kilo	15.00	15.00	do.	10.00	33	1	(9/)
Total reductions complete in Stage II								3,914	5,223
C. Reductions divided between Stage I and Stage II									
636	Automobile parts for bodies	Kilo	.282	.254	10	.197	30		
637	Automobile parts for chassis	Kilo	.276	.238	10	.264	30		
638	Automobile parts for ignition systems	Kilo	1.269	1.109	10	.987	30	2,313	1,843
639	Automobile parts for engines	Kilo	.709	.633	10	.494	30		
640	Automobile parts for transmission and steering assemblies	Kilo	.564	.508	10	.399	30		
1395	Automobile brake lining, without wire	Kilo	.924	.827	10	.653	30		
1396	Automobile brake lining, with wire	Kilo	.4032	.302	25	.202	50	103	169
1405	Comest (kilo) white	100 Kilos	4.032	3.024	25	2.016	50	95	99
1727, (b)	Parts and accessories for automatic refrigerators	D. V.	428	358	37	278	36	651	807
1738	Oak lumber, unplanned	Sq. meter	.4704	.428	9	.358	24	286	136
1750	Spruce and Douglas-fir lumber, unplanned (includes hemlock)	Sq. meter	.3502	.329	15	.295	37	360	314
1752	Pitch or tea pine lumber, unplanned	Sq. meter	.5728	.517	10	.409	37	2,343	1,679
1799	Machines and spare parts in general, of less than 100 net kilos	Gross kilo	.2016	.166	18	.150	36	8/25	8/25
2238	Radio receivers, amplifiers, or combinations, eight or more tubes	Kilo	2.54	2.06	20	2.10	29	8/5	8/24
2259	Radio amplifying tubes	Each	1.26	1.26	20	.84	50	8/29	8/25
2289	Woolenized fiber shawls, rods, and tubes	Kilo	.8064	.645	20	.484	40	17	29
2352	Portable electric and pneumatic tools	Kilo	.84	.43	25	.43	50	30	30
2364	Storage battery cases, composition	Kilo	.168	.147	13	.126	45	18/24	18/17
2828	Construction or insulating board, of vegetable materials, including wallboard and fiber board	Kilo	.04032	.0300	21	.020	50	64	80

4275	Paraffine	Kilo	.1344	.118	12	.108	24	25	33	
4419	Light resin	Kilo	.015	.01	33	.008	47	600	264	
4420	Dark resin	Gross kilo	.015	.01	17	.008	33			
Total reductions divided between Stage I and Stage II									7,434	5,786
B. Binding of Gut										
98	Dried pitted peaches, apples, pears and cherries	Kilo	.157	.157	Bound	.157	Bound	(3)	1	
126	Chewing gum, unseasoned	Kilo	.336	.336	do.	.336	do.	12	12	
172	Walnuts, unshelled	Kilo	.0416	.046	do.	.416	do.	6	9	
336	Cigarettes	Kilo	1.794	1.794	do.	1.794	do.	16	12	
344	Volcano, leaf or cut	Kilo	.4838	.4838	do.	.4838	do.	33	61	
628	Passenger cars, 1,500 to 1,500 gross kilos (value over 1,600 gold pesos)	D. V.	.575	.575	do.	.575	do.			
630	Passenger cars, 1,500 to 1,900 gross kilos (value over 1,600 gold pesos)	D. V.	.575	.575	do.	.575	do.	843	861	
631	Passenger cars, 1,900 kilos gross weight and over	D. V.	.575	.575	do.	.575	do.			
636	Specified automobile parts for bodies	Kilo	.282	.282	do.	.282	do.			
637	Specified automobile parts for chassis	Kilo	.376	.376	do.	.376	do.			
638	Specified automobile parts for ignition systems	Kilo	1.43	1.43	do.	1.43	do.	578	461	
639	Specified automobile parts for engines	Kilo	.705	.705	do.	.705	do.			
640	Specified automobile parts for transmission and steering assemblies	Kilo	.564	.564	do.	.564	do.			
1207	Pipes, ordinary	Each	.96	.96	do.	.96	do.			
1208	Pipes, on wheels	Each	4.80	4.80	do.	4.80	do.	261	227	
1304	Pumps with iron or steel cylinders (for wells or extraction of water)	Kilo	.108	.108	do.	.108	do.			
1305	Pumps with brass or bronze cylinders	Kilo	.1728	.1728	do.	.1728	do.	630	972	
1401	Gears, assembled or un assembled	Each	.24	.24	do.	.24	do.	470	294	
1480	Compressors, iron or steel	Kilo	.21	.21	do.	.21	do.	135	216	
1529	Boiler-scale removers	Gross kilo	.1008	.1008	do.	.1008	do.	188	184	
1592	Asphalt and asbestos roofing felt	Gross kilo	.0336	.0336	do.	.0336	do.	34	36	
1593	Complete machines for automatic refrigerators (valuation not to exceed 1,000 gold pesos per kilo)	D. V.	.425	.425	do.	.425	do.	191	279	
1650	Automatic refrigerators	Gross kilo	.57	.57	do.	.57	do.			
1698	Motor blades	Kilo	3.36	3.36	do.	3.36	do.	114	428	
1744	White-pine lumber ¹¹ /unplaned	Sq. meter	.216	.216	do.	.216	do.	173	88	
1772	Spruce and Douglas-fir plywood (up to six mm. in thickness)	Gross kilo	.042	.042	do.	.042	do.			
1773	Spruce and Douglas-fir plywood (over 6 and up to 12 mm. in thickness)	Gross kilo	.0378	.0378	do.	.0378	do.	25	40	
1774	Spruce and Douglas-fir plywood (over 12 mm. in thickness)	Gross kilo	.0336	.0336	do.	.0336	do.			
1799	Specified machines and spare parts in general, of less than 100 net kilos	Gross kilo	.2016	.2016	do.	.2016	do.	123	123	
1821	Typewriters	Each	12.32	12.32	do.	12.32	do.	353	558	
1821(a)	Typewriter parts	D. V.	.425	.425	do.	.425	do.	10	11	
1828	Sowers on wheels	Each	4.80	4.80	do.	4.80	do.	222	130	
1830	Tractors, all types	Each	160.00	160.00	do.	160.00	do.	1,832	1,461	
1831	Adding, calculating, and accounting machines, cash registers, and dictaphones	Each	53.76	53.76	do.	53.76	do.	455	535	
1833	Mowing machines, harvesters, reapers, and binders	D. V.	105	105	do.	105	do.			
1834	Shelling or husking machines	D. V.	105	105	do.	105	do.	3,092	1,637	
1835	Threshing machines	D. V.	105	105	do.	105	do.			
1889	Windmills	Kilo	.0432	.0432	do.	.0432	do.	426	129	
2005	Oil burners	Kilo	.252	.252	do.	.252	do.	116	156	
2010	Harrows	Each	1.28	1.28	do.	1.28	do.	184	74	
2016	Pile shares	Kilo	.048	.048	do.	.048	do.	371	239	
2021	Pile parts	Kilo	.024	.024	do.	.024	do.			
2110	Refractory earth in block	Gross kilo	.0045	.0045	do.	.0045	do.	124	155	
2198	Radio parts, brass	Kilo	1.05	1.05	do.	1.05	do.			
2199	Radio parts, porcelain	Kilo	.627	.627	do.	.627	do.	820	799	
2200	Radio parts, composition	Kilo	.714	.714	do.	.714	do.			
2203	Radio parts, iron	Kilo	.42	.42	do.	.42	do.			

Footnotes at end of table.

Trade Agreement with Argentina

Trade Agreement with Argentina
Table A. - Itemized list of tariff concessions made by Argentina in Schedule I. - Continued

Argentine tariff item number	Description of commodity	Unit	Assessment duties and amount of concessions						United States exports to Argentina	
			Pre- agreement duty	Bound		Free		1939	1940	
				Duty	Percent of reduction	Duty	Percent of reduction			
2233	Speakers, Metal	Kilo	0.724	0.724	Bound	0.724	Bound	57	70	
2236	Radio receivers, amplifiers, or combinations, up to 4 tubes	Kilo	1.25	1.25	do.	1.25	do.	8/13	8/72	
2237	Radio receivers, amplifiers, or combinations, from 5 to 7 tubes	Kilo	2.10	2.10	do.	2.10	do.	8/237	8/257	
2258	Ordinary radio tubes	Each	.336	.336	do.	.336	do.	189	195	
2283	Wind-driven electric power generating devices	Kilo	1.68	1.68	do.	1.68	do.	8/5	8/5	
2316	Small electric motors, up to 1/4 horsepower	Each	3.36	3.36	do.	3.36	do.	37	43	
3914	Clotted copying paper	Kilo	.2016	.2016	do.	.2016	do.	55	64	
3914	Blotting paper	Kilo	.2016	.2016	do.	.2016	do.	37	43	
3934	Fountain pens	Dosen	6.72	6.72	do.	6.72	do.	513	123	
4350	Sulphur in lumps	Gross kilo	.007	.007	do.	.007	do.	221	290	
4366	Varnishes, nitrocellulose base, etc.	Kilo	.4704	.4704	do.	.4704	do.	58	45	
4709	Shawls, cellinose, etc.	Kilo	.3696	.3696	do.	.3696	do.	265	290	
5100A	Motion picture film, exposed, positives	Kilo	15.00	15.00	do.	15.00	do.			
	Photographic dry plates									
5255	6 x 8 cm.	Dosen	.134	.134	do.	.134	do.			
5256	9 x 12 cm.	Dosen	.236	.236	do.	.236	do.			
5257	9 x 18 cm.	Dosen	.4368	.4368	do.	.4368	do.			
5258	12 x 16 cm.	Dosen	.45024	.45024	do.	.45024	do.			
5259	13 x 18 cm.	Dosen	.4704	.4704	do.	.4704	do.			
5260	16 x 21 cm.	Dosen	.7728	.7728	do.	.7728	do.	214	281	
5261	18 x 24 cm.	Dosen	1.0752	1.0752	do.	1.0752	do.			
5262	21 x 27 cm.	Dosen	1.512	1.512	do.	1.512	do.			
5263	24 x 30 cm.	Dosen	1.9488	1.9488	do.	1.9488	do.			
5264	27 x 33 cm.	Dosen	2.352	2.352	do.	2.352	do.			
5265	30 x 40 cm.	Dosen	2.7688	2.7688	do.	2.7688	do.			
5266	40 x 50 cm.	Dosen	6.048	6.048	do.	6.048	do.			
5267	50 x 60 cm.	Dosen	8.736	8.736	do.	8.736	do.			
	Total binding of duty							13,734	12,525	
	B. Other bindings									
	I. Free list									
1726	Branches, fixed	Kilo	Free	Free	Bound	Free	Bound	42	53	
	II. Existing classification									
2611, 2619-22	Barbwire sanitary ware for bathroom							39	174	
incl., 2643,										
2652, 2669,										
2670, 2673,										
2702, 2770,										
2771, 2804,										
2825, 2831-42										
incl., 2849										
	Total other bindings							75	227	

- 1/ See text of Agreement for complete nomenclature.
- 2/ The declared value of the articles enumerated and described in the items 627 to 632, inclusive, and 634, shall be established in accordance with the method provided by the Resolution of the Director General of Customs of June 19, 1931. This Resolution will be applied, also, with respect to classification. The notes 1, 2, 3, and 4 (pages 79 and 80 of the *Tarifa de Aranceles de Aduana de Importacion de 1931*) shall remain in effect during the life of the Agreement of which this schedule forms an integral part.
- 3/ Duty: 200 gold pesos plus 0.30 per kilo over 1,000 kilos and 10 percent.
- 4/ Duty: 0.20 per kilo plus 10 percent.
- 5/ Percentage of reduction varies with weight of ear.
- 6/ Duty: 350 gold pesos plus 0.40 per kilo over 1,500 kilos and 10 percent.
- 7/ In specific duty, surtax bound.
- 8/ Estimate.
- 9/ Less than 0.5.
- 10/ Except specified articles under same item number upon which the duty was bound.
- 11/ Under tariff item 2258 will be classified tubes of no more than 5 watts useable output per tube or 19 watts for 2 tubes mounted symmetrically and when operated in accordance with their respective specifications.
- 12/ United States exports of "Hard rubber battery boxes, including composition and part rubber."
- 13/ Includes sugar and Ponderosa pine, and redwood.
- 14/ Dictaphones will be classified under Item 1931 on ratification of agreement by Argentine Congress.
- 15/ When the products provided for in Item 4769 are imported in containers of more than fifty (50) kilos net, they will be accorded a 20 percent reduction in their valuation or duty.
- 16/ Dry plates of other sizes will be dutiable at the rate applicable to the nearest size provided in these items. Photographic films will be dutiable at one-half the duty applicable to plates of corresponding sizes.
- 17/ The existing classification of earbware in accordance with the resolution of the Ministry of Finance of August 9, 1938, (R. F. No. 146) shall be continued during the effective period of the Agreement of which this schedule is an integral part.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table B. - Itemized list of tariff concessions made to Argentina in Schedule II

Paragraph number in act of 1930	Description of article	Rate of duty		Metros		United States imports for consumption from						
		Before agreement	Under agreement	of imports in 1929:		Argentina		All countries				
				Before agreement	Under agreement	1928	1929	1928	1929	in thousands of dollars		
				Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
	A. Reductions in duty											
19	Casein or lactarene and mixtures of which casein or lactarene is the component material of chief value, not specially provided for	15½ lb.	2-3/4 lb.	98	49	12	763	1,111	28	886	1,243	
38	Extracts, dyeing and tanning, not containing alcohol: Quebracho	15% ad val.	7½% ad val.	15	7½	2,004	4,086	2,894	2,735	5,082	3,932	
52	Neatsfoot oil and animal oils known as neatsfoot stock	12% ad val. (plus 3¢ lb. import tax)	10% ad val. (plus 1¢ lb. import tax)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
232(a)	Onyx, 3/ in black, rough or squared only	165 cubic foot	132½ cubic foot	11	6	56	55	57	100	102	115	
409	Osier or willow, including chip of and split willow prepared for basketmakers' use	135% ad val.	17½% ad val.	35	17½	7	51	4	7	6	4	
701	Tallow: Inedible, beef and mutton (include also stock)	1½ lb. (plus 3¢ lb. import tax)	1½ lb. (plus 1¢ lb. import tax)	120	60	3	6	18	50	44	43	
	Edible, beef and mutton (include also stock)	do.	do.	-	-	-	-	-	3	-	-	
	Total tallow					3	6	18	53	44	43	
701	Oleo oil and oleo stearin: Oleo oil	1½ lb. (plus 3¢ lb. import tax)	1½ lb. (plus 1¢ lb. import tax)	-	-	-	5	-	-	-	5	
	Oleo stearin	do.	do.	75	37	13	-	-	15	5	5	
	Total oleo oil and oleo stearin					13	-	5	15	5	5	
705	Extract of meat, including fluid	15½ lb. (Bound in agreement with United Kingdom effective 1/1/39)	7½ lb.	39	19	34	81	52	213	469	237	

See footnotes at end of table.

Table B. - Itemized list of tariff concessions made to Argentina in Schedule II-Continued

Paragraph number in Act of 1930	Description of article	(n.s. = statistics not available; I.R.C. = Internal Revenue Code)									
		Rate of duty		Ad valorem equivalent on basis of imports in 1932:		United States imports for consumption ¹ from					
		Before agreement	Under agreement	Before agreement	Under agreement	Argentina			All countries		
				Percent	Percent	1928	1929	1940 ²	1938	1929	1940 ²
	<u>A. Reductions in duty-Continued.</u>										
706	Meats, prepared or preserved, not specially provided for (except meat pastes other than liver pastes, packed in air-tight containers weighing with their contents not more than 3 ounces each:										
	Canned beef, including corned beef	16 $\frac{1}{2}$ lb. but not less than 20% ad val.	3 $\frac{1}{2}$ lb. but not less than 20% ad val.	16/ 60	16/ 30	3,741	3,650	3,668	8,399	8,573	6,915
	Beef and veal, pickled or cured	do.	do.	16/ 84	16/ 42	61	41	1/	119	154	110
	Canned meats, n.e.s., and prepared and preserved meats, n.e.p.f. (including liver paste)	do.	do.	25	20	17/ 3,748	11/ 3,655	5/ 3,669	17/ 8,576	58/ 8,774	47/ 7,045
	Total prepared or preserved meats										
742	Grapes (including hothouse grapes) in bulk, crates, barrels or other packages, if entered for consumption during the period from February 15 to June 30, inclusive, in any year 3/	25 $\frac{1}{2}$ cu.ft. of such bulk or the capacity of the packages, according as imported: (Bound as to hothouse grapes in Belgian agreement effective May 1, 1935.)	12 $\frac{1}{2}$ cu.ft. of such bulk or the capacity of the packages, according as imported:	18	9	396	456	373	512	522	491
748	Plums, prunes, and prunelles, green or ripe, not in brine, if entered for consumption during the period from February 1 to May 31, inclusive, in any year 2/	14 $\frac{1}{2}$ lb.	14 $\frac{1}{2}$ lb.	13	6	7	20	13	25	40	46
751	Jellies, jams, marmalades, and fruit butters: Quince	20% ad val. (Reduced from 3% ad val. in agreement with United Kingdom effective 1/1/39): 13/	17 $\frac{1}{2}$ % ad val.	n.e.	n.e.	n.e.	n.e.	n.e.	n.e.	n.e.	n.e.

See footnotes at end of table.

Table B. - Itemized list of tariff concessions made to Argentina in Schedule II-Continued

(n.a. = statistics not available; I.R.C. = Internal Revenue Code)

Paragraph number in Act of 1930	Description of article	Rate of duty		As valorem equivalent on basis of imports in 1922		United States imports for consumption/ from					
		Before agreement	Under agreement	Before agreement	Under agreement	Argentina		All countries			
				Percent	Percent	1928	1929	1930	1928	1929	1930
	A. Reductions in duty-Continued.										
762	Flaxseed PROVIDED, That on and after the effective date of this agreement, and until the thirtieth day following a proclamation by the President of the United States of America, after consultation with the Argentine Government, that the existing abnormal situation in respect of the trade in flaxseed has terminated, the rate of duty under this item shall be	\$65¢ bu. of 56 lbs.	50¢ bu. of 56 lbs.	57	43	18,559	17,542	11,735	19,672	18,424	14,121
			32½¢ bu. of 56 lbs.		28						
764	Canary seed from 1½ lb. in agreement with Turkey, effective 5/5/39	13/16¢ lb. (Reduced)	1¢ lb.	43	27	191	153	132	402	296	167
774	Asparagus, in its natural state, if entered for consumption during the period from November 16 to the following February 15, inclusive 11/	50% ad val.	25% ad val.	50	25	5/		n.a.	n.a.	n.a.	
775	Corned beef hash 12/	35% ad val.	20% ad val.	35	20	5/	29	n.a.	n.a.	n.a.	
779	Broomcorn	\$20 ton of 2,000 lbs.	\$10 ton of 2,000 lbs.	34	17		6	5	6	1	
1101(a)	Wools: Donekoi, Smyrna, Cordova, Valparaiso, Soundoran, Syrian, Aleppo, Georgian, Turkistan, Arabian, Bagdad, Persian, Sistan, East Indian, Tibetan, Chinese, Manchurian, Mongolian, Egyptian, Sudan, Cyprus, Sardinian, Pyrenean, Oporto, Iceland, Scotch Blackface, Black Spanish, Kerry, Harlock, and Welsh Mountain; similar wools without merino or English blood; all other wools of whatever blood or origin not finer than 40s; all the foregoing - In the grease or washed		\$24¢ lb. of clean content								
	Scoured		\$27¢ lb. of clean content								
	On the skin		\$22¢ lb. of clean content								
	Sorted, or matchings, if not scoured		\$25¢ lb. of clean content								
				88	48	1,417	2,434	3,868	3,171	4,614	4,995

See footnotes at end of table.

Table B. - Itemized list of tariff concessions made to Argentina in Schedule II-Continued

Paragraph number in Act of 1930	Description of article	Rate of duty		Ad valorem equivalent on basis of labor in 1930		United States imports for consumption from					
		Before agreement	Under agreement	Before agreement	Under agreement	Argentina		All countries			
				Percent	Percent	1928	1929	1930	1928	1929	1930
	A. Reductions in duty-Continued										
1102(a)	Wools, not specially provided for, not finer than 44s in the grease or washed	29½ lb. of clean content	17½ lb. of clean content								
	Scoured	32½ lb. of clean content	20½ lb. of clean content	90	53	57	162	524	688	1,495	1,509
	On the skin	27½ lb. of clean content	15½ lb. of clean content								
	Sorted, or matchings, if not scoured	30½ lb. of clean content	18½ lb. of clean content								
1530(a)	Hides and skins of cattle of the bovine species (except hides and skins of the India water buffalo imported to be used in the manufacture of rasheed articles), raw or uncurd, or dried, salted, or pickled:										
	Cattle hides	10% ad val.	5% ad val.	10	5	2,443	7,492	10,355	5,179	12,089	13,6915
	Calf and kip skins	do.	do.	10	5	41	304	242	4,043	4,610	2,508
	Buffalo hides, n.e.p.f.	do.	do.	10	5	-	-	-	36	121	212
	Total bovine hides and skins					2,484	7,796	10,597	9,256	16,820	19,635
1530(a)	Footwear known as alpagatas, the uppers of which are composed wholly or in chief value of cotton or other vegetable fiber, and with soles composed wholly or in chief value of vegetable fiber other than cotton	35% ad val.	17½% ad val.	35	17½	n.e.	n.e.	n.e.	n.e.	n.e.	n.e.
1531	Bags, baskets, belts, satchels, cardcases, pocketbooks, jewel boxes, portfolios, and other boxes and cases, not jewelry, wholly or in chief value of reptile leather, and manufactures of reptile leather or of which reptile leather is the component material of chief value, not specially provided for	20%, 17½%, 25% or 35% ad val.	17½% ad val.			n.e.	n.e.	n.e.	n.e.	n.e.	n.e.
	(Reduced from										
	35% ad val. in the United Kingdom agreement,										
	effective 1/1/39/12/										
	Any of the foregoing permanently fitted and furnished with traveling, bottle, drinking, dining or luncheon, sewing, manicure, or similar sets	35% or 50% ad val.	25% ad val.			n.e.	n.e.	n.e.	n.e.	n.e.	n.e.
	(Reduced from										
	50% ad val. in the United Kingdom agreement,										
	effective 1/1/39/12/										

See footnotes at end of table.

Table B. - Itemized list of tariff concessions made to Argentina in Schedule II-Continued

Paragraph number in Act of 1930	Description of article	Rate of duty		Ad valorem equivalent on basis of imports in 1929		United States imports for consumption/ from						
		Before agreement	Under agreement	Before agreement	Under agreement	Argentina		All countries				
						1928	1929	1928	1929	1928	1929	1928
				Percent		Percent		In thousands of dollars				
A. Reductions in duty-Continued												
1558	Dog food, manufactured, unfit for human consumption, not specially provided for	20% ad val.	10% ad val.	20	10							
	Total duty reductions					28,989	37,220	35,079	45,618	57,580	53,584	
B. Binding of existing duty												
35	Maté, natural and uncomounded, but advanced in value or condition by shredding, grinding, chipping, crushing, or any other process or treatment whatever beyond that essential to proper packing and the prevention of decay or deterioration pending manufacture, not containing alcohol	15% ad val. (Reduced from 10% ad val. in the Brazilian agreement, effective 1/1/36)	15% ad val.	5	5	6	3	2	8	7	6	
42	Glycerin, crude	18/10¢ lb. (Reduced from 1¢ lb. in French agreement, effective 6/15/36)	18/10¢ lb.	10	10	12	17	17	16	1,028	16/729	615
42	Glycerin, refined	11-7/15¢ lb. (Reduced from 2¢ lb. in Netherlands agreement, effective 2/1/36)	11-7/15¢ lb.	17	17	10	26	23	219	29	23	
206(a)	Mica, unmanufactured: Valued at not over 15 cents per pound	14¢ lb.	14¢ lb.	34	34	21	10	15	13	28	47	
208(h)	Mica, ground or pulverized	15% ad val. (Reduced from 20% ad val. in Canadian agreement, effective 1/1/39)	15% ad val.	15	15	-	-	-	3	5	4	
749	Pears: Green, ripe, or in brine	1¢ lb.	1¢ lb.	16	16	68	130	303	73	130	305	

See footnotes at end of table.

Table B. - Itemized list of tariff concessions made to Argentina in Schedule II-Continued

(n.s. = statistics not available; I.R.O. = Internal Revenue Code)

Paragraph number in Act of 1930	Description of articles	Rate of duty		Ad valorem equivalent on basis of imports in 1930		United States imports for consumption from					
		Before agreement	Under agreement	Before agreement	Under agreement	Argentina		All countries			
						1938	1939	1938	1939	1938	1939
	<u>B. Binding of existing duty-Continued</u>					in thousands of dollars					
763	Grass seeds and other forage crop seeds: Alfalfa	4¢ lb. (Reduced from 8¢ lb. in first Canadian agreement, effective 1/1/36; bound in second Canadian agreement, effective 1/1/39)	4¢ lb.	25	25	62	77	38	69	59	407
	Total bindings of existing duty.					273	417	55	2,003	1,677	1,607
	<u>C. Binding on free list</u>										
1101(b)	Wools: Donakoi, Bayrna, Cordova, Valparaiso, Ecuadoran, Syrian, Aleppo, Georgian, Turkestan, Arabian, Bagdad, Persian, Sistan, East Indian, Tibetan, Chinese, Manchurian, Mongolian, Egyptian, Sudan, Cyprian, Sardinian, Pyrenean, Opoto, Iceland, Scotch Blackface, Black Spanish, Kerry, Macleod, and Welsh Mountain; similar wools without merino or English blood; all other wools of whatever blood or origin not finer than 40s; Any of the foregoing wools entered, or withdrawn from warehouse, under bond and used in the manufacture of press cloth, camel's hair belting, knit or felt boots, heavy fulled lumbermen's socks, rugs, carpets, or any other floor coverings	Free, subject to the provisions of paragraph 1101 of the Tariff Act of 1930 as amended	Free, subject to the provisions of paragraph 1101 of the Tariff Act of 1930 as amended			3,977	7,687	14,320	12,559	25,685	31,089
1602	Wool, natural and uncompounded and in a crude state, not advanced in value or condition by shredding, grinding, chipping, crushing, or any other process or treatment whatever beyond that essential to proper packing and the prevention of decay or deterioration pending manufacture, not containing alcohol	Free (Bound in Brazilian agreement, effective 1/1/36)	Bound free			-	-	-	-	-	-
1625	Blood, dried, not specially provided for	Free	Bound free			124	392	258	266	578	429
1627	Bones, crude, steamed, or ground; bone dust, bone meal, and bone ash; and animal carbon suitable only for fertilizing purposes	Free	Bound free			242	697	912	838	1,496	1,481

See footnotes at end of table.

Table B. - Itemized list of tariff concessions made to Argentina in Schedule II-Continued

(n.a. = statistics not available; I.R.O. = Internal Revenue Code)

Paragraph number in Act of 1930	Description of article	Rate of duty		Ad valorem equivalent on basis of imports in 1931		United States imports for consumption/ from					
		Before agreement	Under agreement	Before agreement	Under agreement	Argentina			All countries		
				Percent	Percent	1931	1932	1930/1	1931	1932	1930/1
							In thousands of dollars				
	Re. Bindings on free list-Continued										
1670	Dyeing or tanning materials: Quebracho wood, whether crude or advanced in value or condition by shredding, grinding, chipping, crushing, or any similar process, and not containing alcohol	Free	Bound free			485	538	129	485	538	129
1681	Pure and fur skins, not specially provided for, undressed:										
	Quansquito	Free	Bound free			212	151	217	220	151	220
	Putria	Free	Bound free			52	163	304	127	208	398
	Wildcat	Free	Bound free			184	161	377	233	227	453
	Ocelot	Free	Bound free			2	7	14	48	74	178
	Hare	Free (Bound in agreement, effective 5/5/39)	Bound free			218	243	663	789	1,494	1,463
		Turkish agreement, effective 5/5/39									
	Otter	Free (Bound in agreement, effective 1/1/39)	Bound free			58	18	19	210	149	218
		Canadian agreement, effective 1/1/39									
	Lamb and sheep (except carcass and Persian lamb)	Free (Bound in agreement, effective 1/1/39)	Bound free			n.a.	73	219	n.a.	1,762	3,340
		United Kingdom agreement, effective 1/1/39									
	Seal	Free (Bound in agreement, effective 1/1/39)	Bound free			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Fox (other than silver or black fox)	Free (Bound in agreement, effective 1/1/39)	Bound free			137	116	179	3,105	3,313	4,800
		United Kingdom agreement, effective 1/1/39									
	Total					893	932	1,992	4,737	7,376	11,070
1685	Packages of a grade used chiefly for fertilizers, or chiefly as an ingredient in the manufacture of fertilizers	Free (Bound in agreement, effective 1/1/39)	Bound free			52	199	128	290	442	375
		United Kingdom agreement, effective 1/1/39									

See footnotes at end of table.

Table B. - Itemized list of tariff concessions made to Argentina in Schedule II-Continued

Paragraph number in Act of 1930	Description of article	Rate of duty		Ad valorem equivalent on basis of imports in 1938		United States imports for consumption from					
		Before agreement	Under agreement	Before agreement	Under agreement	Argentina		All countries			
						1938	1939	1938	1939	1938	1939
				Percent	Percent	In thousands of dollars					
G. Binding on free list-continued											
1688	Hair of horse and cattle (including calf), cleaned or uncleaned, drawn or undrawn, but unmanufactured, not specially provided for:										
	Body hair 19/	Free (Bound in Canadian agreement, effective 1/1/39)	Bound free			11	17	50	255	278	317
	Other										
	Horse, mane and tail hair, including switches										
	Raw, unmanufactured	Free	Bound free			93	91	183	304	152	257
	Drawn, unmanufactured	Free	Bound free			152	308	646	804	824	1,572
	Cattle, ox, and calf tail hair, including switches, unmanufactured	Free	Bound free								
	Total hair					93	171	142	38	49	359
						255	427	1,021	1,401	1,323	2,505
1693	Hoofs, unmanufactured	Free	Bound free								
1694	Horns, and parts of, including horn strips and tips, unmanufactured	Free	Bound free			6	3	3	52	54	46
1755	Sausage casings, websands, intestines, bladders, tendons, and integuments, n.s.p.f.:										
	Sheep, lamb, and goat sausage casings	Free (Bound in Turkish agreement, effective 5/5/39)	Bound free			483	476	848	6,525	6,201	7,077
	Sausage casings, n.s.p.f., (including websands, bladders, and intestines)	Free 20/	Bound free			142	272	247	594	792	854
	Integuments, tendons, and intestines, not sausage casings	Free 20/	Bound free			-1	-1	-1	41	41	12
	Total sausage casings, etc.					625	748	1,095	7,123	6,997	7,943
1765	Skins of all kinds, raw and hides, n.s.p.f.:										
	Horse, colt, ass, and mule										
	Dry and dry salted	Free	Bound free			18	156	173	23	172	187
	Wet salted	Free	Bound free			7	215	280	289	1,384	934
	Carpincho	Free	Bound free			n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
	Sheep and lamb	Free	Bound free			1,092	1,827	2,371	5,304	9,908	9,486
	Goat and kid	Free	Bound free			798	1,011	802	12,060	15,195	15,887
	Total skins					1,915	3,209	3,626	17,656	26,859	26,494

See footnotes at end of table.

Table B. - Itemized list of tariff concessions made to Argentina in Schedule II-Continued

Paragraph number in Act of 1930	Description of article	Rate of duty		Ad valorem equivalent on basis of imports in 1930		United States imports for consumption/ from					
		Before	Under	Before	Under	Argentina		All countries			
		agreement	agreement	agreement	agreement	1938	1939	1940 ¹	1938	1939	1940 ²
				Percent	Percent	In thousands of dollars					
	<u>G. Bindles on Free List-Continued</u>										
1780	Tankage, unfit for human consumption	Free	Bound free			505	1,260	838	935	2,535	1,809
	Total free list					9,079	16,087	24,322	46,342	73,881	83,370
	Grand total Schedule II					38,341	53,724	59,955	94,003	132,900	138,361

- 1/ Except as noted, import data do not include imports, products of Cuba, or imports free of duty (products of the Philippine Islands, etc.), entered under special provisions of the Tariff Act of 1930. Imports into the Virgin Islands of the United States were negligible and are included.
- 2/ Preliminary.
- 3/ Classified as marble, onyx, and brossa in import statistics. Data for "all countries" represent imports (presumed to be onyx) from Argentina and Mexico.
- 4/ Includes imports valued at \$21,772, dutiable but exempt from tax, entered at the Customs District of Puerto Rico.
- 5/ Less than \$500.
- 6/ Exclusive of duties on imports into the Virgin Islands of the United States.
- 7/ Includes negligible imports of meat pastes (except liver paste) prepared or preserved, n.s.p.f.; packed in airtight containers, weighing with contents not over 3 ounces each - not separately classified prior to 1939.
- 8/ Statistics represent calendar years.
- 9/ Statistics are for calendar years and include plums, prunes, and prunelles in brine.
- 10/ The duty on jellies, jams, marmalades (except orange marmalade) and fruit butters, products of Cuba, was reduced from 28 percent to 14 percent (net), in the Cuban agreement, effective September 3, 1934.
- 11/ Asparagus is not reported separately in import statistics. Data are for "fresh vegetables, n.s.s." of which imports from Argentina are assumed to be asparagus. Statistics represent calendar years.
- 12/ Not reported separately in import statistics. Data represent "paste, balls, puddings, hash, etc.", of which imports from Argentina consist chiefly of corned beef hash.
- 13/ Includes imports valued at \$305,032, product of Cuba, dutiable at preferential rate. Negligible in other years.
- 14/ Includes imports valued at \$61,887, product of the Philippine Islands (free). Negligible in other years.
- 15/ Reductions effective with respect to certain items listed in the Argentine trade agreement.
- 16/ Includes the following amounts:

	From Cuba (dutiable at Cuban agreement rate)	From Philippine Islands (free)
1938	\$212,516	\$104,509
1939	213,712	113,410
1940 ²	219,644	111,406

- 17/ The duty on products of Cuba was reduced to 4/10 cent per pound (net) in the trade agreement with Cuba, effective September 3, 1934.
- 18/ Further reduced to 1-7/15 cents per pound by virtue of the reduction on crude glycerin in the French agreement, effective June 15, 1936.
- 19/ Statistics do not include ear hair, (not reported separately) which is included in the Argentine agreement.
- 20/ Sausage casings, wazands, intestines, tendons, bladders, and integuments produced from sheep, lambs, and goats, bound in the Turkish agreement, effective May 5, 1939.

Sources: Compiled from official statistics of the U. S. Department of Agriculture.

Table C. - Itemized list of tariff concessions made to Argentina in Schedule III

(n.e. = statistics not available; I.R.C. = Internal Revenue Code)

Paragraph number in Act of 1930	Description of article	Rate of duty		Ad valorem equivalent on basis of imports in 1939		United States imports for consumption/ from						
		Before	Under	Before	Under	Argentina			All countries			
		agreement	agreement	agreement	agreement	1938	1939	1940	1938	1939	1940	
		Percent	Percent	Percent	Percent	In thousands of dollars						
	A. Reductions in duty											
5	All medicinal preparations of animal origin, n.s.p.f.	25% ad val.	12½% ad val.	25	12	14	-4½	15½	12	371½	668½	75
5	Beryllium:											
	Oxide or carbonate, not specially provided for	do.	do.	25	12½		n.e.	n.e.	n.e.	n.e.	n.e.	n.e.
53	Soils, vegetables:											
	Sunflower, edible	20% ad val. (plus 4¢ lb. import tax Sec. 2491(b) I.R.C.)	10% ad val. (plus 2¢ lb. import tax Sec. 2491(b) I.R.C.)	-1	-1		-	5/	5/		-	5/
710	Romano, Pecorino, Reggiano, Parmesano, Provoloni, Sbrins, and Goya cheeses in their original loaves 5/	7½ lb., but not less than 35% ad val.	5¢ lb., but not less than 25% ad val.	36	26		206	299	785	5,397	5,635	4,105
718(a)	Fish, prepared or preserved in any manner, when packed in oil or in oil and other substances:											
	Anchovies:											
	Of a value not exceeding 9 cents per pound including weight of the immediate container only	44% ad val. (Rate of duty increased from 30% ad val. by Pres. proc., effective 1/13/34)	22% ad val.	-1	-1		-1	-1	5/		-	-
	Of a value exceeding 9 cents per pound including weight of the immediate container only	30% ad val.	15% ad val.	30	15	5/	-1	3/	877	878	976	
718(b)	Fish, prepared or preserved in any manner, when packed in airtight containers weighing with their contents not more than 15 pounds each (except fish packed in oil or in oil and other substances):											
	Anchovies	25% ad val.	12½% ad val.	25	12½		2	17	31	231	212	186
725	Macaroni, vermicelli, noodles, and similar alimentary pastes:											
	Containing eggs or egg products	12½ lb.	12¢ lb.	21	14		-1	-1	-1	3	3	2
	Containing no eggs or egg products	12½ lb.	11½ lb.	21	16		-1	-1	-1	107	100	75
	Total macaroni, etc.						-1	-1	-1	108	103	76

See footnotes at end of table.

Table C. - Itemized list of tariff concessions made to Argentina in Schedule III-Continued

Paragraph number in Act of 1930	Description of article	Rate of duty		Ad valorem equivalent on basis of imports in 1929		United States imports for consumption from					
		Before agreement	Under agreement	Before agreement	Under agreement	Argentina		All countries			
						1928	1929	1928	1929		
		Percent	Percent	Percent	Percent	In thousands of dollars					
A. Reductions in duty-Continued											
772	Tomatoes, prepared or preserved in any manner	150% ad val.	125% ad val.	50	25	-	-	3,058	2,789	1,197	
1519(a)	Dressed furs and dressed fur skins, not dyed; Goat and kid, and hare	125% ad val.	12½% ad val.	25	12½	-	-	2607/	787/	226	
1519(a)	Plates, mats, linings, strips, and crosses of dressed goat, or kid skins, if not dyed	125% ad val.	12½% ad val.	25	12½	-	-	96218/	86518/	1,341	
1519(b)	Plates, mats, linings, strips, and crosses of hare, lamb, and sheep furs (except caracul and Persian lamb) if not dyed 2/	150% ad val.	127½% ad val.	35	18	-	-	2151	189	388	
	Total duty reductions					2021	311	831	11,499	11,472	8,570
B. Bindings of existing duty											
802	Brandy	\$2.50 pf. gal. (Reduced from \$5; pf. gal. in French agreement effective 6/15/36)	\$2.50 proof gallon	3/10/36	3/10/36	-	-	5/	3,230	3,435	3,116
802	Cordials, liqueurs, kirschwasser, and ratafia	do.	do.	3/10/50	3/10/50	-	-	5/	1,341	1,522	1,258
802	Mitters of all kinds containing spirits	\$2.50 pf. gal. (Reduced from \$5; pf. gal. in the U.K. agreement, effective 1/1/39)	do.	3/10/84	3/10/84	-	-	-	291	361	15
803	Champagne and all other sparkling wines	\$3 gal. (Reduced from \$6; gal. in French agreement effective 6/15/36)	\$3 gallon	3/10/67	3/10/67	5/	1	251	2,289	2,507	2,074
804	Still wines produced from grapes (not including vermouth containing 14 per centum or less of absolute alcohol by volume, in containers holding each one gallon or less	\$1.75 gal. (Reduced from \$1.25 gal. in French agreement, effective 6/15/36)	\$1.75 gallon	3/10/38	3/10/38	1	2	1	1,921	2,161	1,440

See footnotes at end of table.

Table C. - Itemized list of tariff concessions made to Argentina in Schedule III-Continued

(n.a. = statistics not available; I.R.C. = Internal Revenue Code)

Paragraph number in Act of 1930	Description of article	Rate of duty		Ad valorem equivalent on basis of imports in 1939:		United States imports for consumption/ from					
		Before agreement	Under agreement	Before agreement	Under agreement	Argentina		All countries			
				Percent	Percent	1938	1939	1940 ¹	1938	1939	1940 ²
B. Bindings of existing duty-Continued											
804	Vermouth, in containers holding each one gallon or less	62½ gal.	62½ gallon	10/ 45	10/ 45	-	-	161	1,897	1,900	2,058
	(Reduced from \$1.25 gal. in French agreement, effective 6/15/36)										
1519(a)	Dressed furs and dressed furskins, not dyed: Lamb and sheep (except caracul and Persian lamb)	15% ad val.	15% ad val.	15	15	-	-	-	7	16	9
	(Reduced from 25% ad val. in the U.K. agreement, effective 1/1/39)										
	Total bindings of existing duty					11	31	1881	10,744	11,577	9,970
C. Bindings on free list											
1611	Argols, tartar, and wine lees, crude or partly refined, containing less than 90 per centum of potassium bitartrate	Free	Bound free			51	12	392	2,472	1,217	2,087
1611	Calcium tartrate, crude	do.	do.			89	48	239	237	232	476
	Total free list					140	60	631	2,689	1,449	2,563
	Grand total Schedule III					350	394	1,630	24,902	24,423	24,103
	Grand total Schedules II and III					38,691	54,118	61,585	118,905	157,323	159,464

1/ Except as noted, import data do not include imports, products of Cuba, or imports free of duty (products of the Philippine Islands, etc.) entered under special provisions of the Tariff Act of 1930. Imports into the Virgin Islands of the United States were negligible and are included.

2/ Preliminary.

3/ Includes duties on imports at the rate specified in the Tariff Act of 1930.

4/ Does not include imports of corpus luteus, urine concentrates, and wine concentrate solution, of which imports from Argentina were valued at \$2,658 in 1940 (none in 1939), and from all sources at \$6,473 in 1939, and \$286,725 in 1940. Does not include lipoids, vitamins, and vitasterols, which were not separately classified as to animal origin.

5/ Less than \$500.

6/ Statistics include Provolette cheese, and "other" cheese from Argentina assumed to be Sbrins and Goya. *In original leaves" not specified prior to agreement.

7/ Includes dressed dog furskins.

8/ Includes plates, mats, etc., of dressed dog furskins.

9/ Not reported separately in import statistics. Data represent plates, mats, linings, etc., of skins other than dog, goat, kid, and squirrel.

10/ Exclusive of duties on imports into the Virgin Islands of the United States.

Source: Compiled from official statistics of the U. S. Department of Commerce.