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U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20590

STATEMENT OF GENERAL BENJAMIN O. DAVIS, JR., ASSISTANT SECRETARY FOR ENVIRONMENT, SAFETY, AND CONSUMER AFFAIRS, SUBMITTED TO THE SENATE COMMERCE COMMITTEE, REGARDING PROPOSED EXPORT EXPANSION LEGISLATION, JUNE 21, 1973.

Mr. Chairman:

I am pleased to have this opportunity to submit a statement on behalf of the Department of Transportation regarding the following bills:

- S. 1007 - Small Business Joint Export Development Act
- S. 1483 - To Amend the Export Trade Act
- S. 1484 - International Economic Impact Assessment Act of 1973
- S. 1485 - International Commerce Service Act of 1973
- S. 1486 - Export Expansion Act of 1973
- S. 1487 - Foreign Procurement Practices Act of 1973
- S. 1488 - Tariff Simplification and Freight Rate Disparities Act of 1973.

The announced purpose of this legislation is to help rectify this country's trade deficit by stimulating vigorous new export expansion programs. This Department endorses the general objective of these legislative initiatives, and, with the exception of S. 1486, we support these bills. As explained more fully below, many of the activities called for by S. 1486 are currently performed by several Federal agencies. We prefer not to have legislation enacted which would duplicate existing authority and establish

isolated budgets for programs currently in existence. In addition, we have technical comments on S. 1488, the Tariff Simplification and Freight Rate Disparities Act of 1973.

S. 1486

1. Title I calls for the creation of a Trade Development Corps (composed of business promoters) to be operated under the general direction of the Secretary of Commerce. Title II would authorize grants to State and local governments for investing in public and private projects designed to encourage exportation. We defer to the Department of Commerce on these titles which are of immediate concern to that Department.
2. Title III of the bill would establish a program for training businessmen on technical export problems, including "transportation and documentation problems". The Department of Transportation is presently actively engaged in helping resolve transportation and documentation problems facing export shippers and is working in close cooperation with other departments and agencies of the Federal Government. Accordingly, we do not believe new authority is required.
3. Title IV of the bill would establish a Regional American Merchandise Center program to provide a comprehensive range of services to small, medium-sized or new-to-export exporters or exporters engaged in markets in developing nations. Here again, we note that the bill would, in Section 402 (a) (4), authorize the Centers to "facilitate transportation and customs documentation procedures" and in subparagraph (11) thereof "perform such services as may be necessary to carry out these duties".

As stated in more detail hereinafter, the quoted facilitation services are important services for all exporters of United States products because they make possible a more efficient and economical international transport service serving our growing export needs. While we defer to Commerce on the desirability of this title, it should be noted again, however, that considerable activity in the facilitation services is already being performed by several other Federal Government departments and commissions, including the Department of Transportation, the Department of State, the Department of Treasury (Bureau of Customs), other elements of the Department of Commerce, and the Federal Maritime Commission.

4. Title V would authorize the Secretary of Commerce to enter into cost-sharing contracts with export groups, characterized as "joint export associations" in the Title (but not otherwise so identified in Title V). Such contracts would relate to "export activity" including "transportation and documentation".

Once again, we would defer to the Department of Commerce and note that these activities already are being performed by this and other departments and agencies.

5. Title VI of the bill is captioned "Documentation: Administration and Enforcement". Section 602 of this title would authorize and direct the Secretary of Transportation to work toward the development of procedures for the simplification of international trade documentation. Again, because these activities are being performed by the Departments

of the Treasury, Commerce and Transportation under existing authority, we do not believe this provision is necessary.

6. Title VII would reorganize the Department of Commerce to accommodate the responsibilities embraced in this legislation, and would make other arrangements in regard to authorizations and appropriations. We defer to the Department of Commerce's views on this title.

S. 1488

S. 1488, which amends the Shipping Act of 1916, is predicated upon the finding that uniform commodity descriptions are highly desirable and beneficial to the foreign trade ocean commerce of the United States.

There are two requirements in the bill. First, the Federal Maritime Commission (FMC) would be required to adopt a system of uniform classification and description of commodities to be used by (1) all water common carriers in foreign commerce, and (2) all conferences of such carriers, when filing any rate, charge, or tariff with the Commission. Second, the Commission would be required to propose regulations calling for such carriers to file simultaneously, both inbound and outbound rates for the movement of identical commodities in foreign commerce. Once these regulations become effective, the Commission could reject any filing which did not contain rates for movement in both directions.

1. Uniform System. The Department of Transportation has, for some time, been seeking to establish uniform commodity descriptions and codes for all modes of transportation. To this end, we are in the process of developing a Standard Transportation Commodity, Description and

Code System presently scheduled for completion by October 1, 1973. We feel this uniform commodity system is essential to correct a complex commodity description and coding system imposed upon transportation today. The system will not only permit wider use of automatic data processing and transmission, but is also designed to meet both national and international requirements for all modes of transportation. We therefore, recommend amending S. 1488 by (1) adding the word "codes" after the word "descriptions", in the title of the bill; (2) adding the words "and codes" after the word "descriptions" in line 9 - page 1; (3) deleting the words "system of uniform classification and description" and adding the words "uniform classification, description, and code system" in line 7 - page 2; and (4) deleting the words "classification and description" and inserting the words "classification, description, and code" in line 12 - page 2. "Codes" is not contemplated in the bill and needs to be inserted, as one of the essential ingredients of the new system. With the above amendment, we support the provision of S. 1488 which requires the FMC to adopt a uniform commodity system.

2. Import/Export Rates. We understand these provisions of S. 1488 to require the filing of simultaneous (but not necessarily equal) import and export rates. Again, our proposed uniform commodity system will aid the filing process. It is our opinion that many of the so-called disparities between import and export rates are not in fact disparities, but appear to be such because of the numerous different descriptions of the same cargo in different steamship tariffs. We, therefore, support the provisions of S. 1488 which call for the filing of

simultaneous rates. If import-export rate disparities do persist, however, it should be noted that Section 18(b)5 of the Shipping Act permits the FMC to set aside rates that are so unreasonably high or low as to be detrimental to the commerce of the United States.

With the above amendments, the Department endorses S. 1488.

Mr. Chairman, thank you for the opportunity to advise this Committee of the views of the Department of Transportation on this important legislation.