

# TRADE REFORM

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HEARINGS  
BEFORE THE  
COMMITTEE ON WAYS AND MEANS  
HOUSE OF REPRESENTATIVES  
NINETY-THIRD CONGRESS  
FIRST SESSION  
ON  
**H.R. 6767**  
THE TRADE REFORM ACT OF 1973

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MAY 9, 10, 11, 14, 15, 16, 17, 18, 21, 22, 23, 24, 29, 30, 31;  
JUNE 1, 6, 7, 8, 11, 12, 13, 14, AND 15, 1973

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**Part 15 of 15**  
**(Summary of Testimony)**

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Printed for the use of the Committee on Ways and Means



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## FOREWORD

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This summary of the statements of public witnesses in the hearings before the Committee on Ways and Means on tariff and trade proposals attempts to place in perspective the major trade issues covered by the testimony of witnesses and additional materials submitted for the record. Due to both the breadth and depth of the subject matter covered in the hearings, it was decided that an abstract of each statement submitted would be less meaningful or useful than a summary by major topic. For this purpose, the views and recommendations submitted to the committee are summarized below by nine broad areas, as follows:

- I. The President's trade agreement authority :
  - A. Basic authority for trade agreements.
  - B. Nontariff barriers to trade.
  - C. Prenegotiation procedure.
- II. Import relief and adjustment assistance :
  - A. Import relief (escape clause—increase duties, quotas, etc.).
  - B. Adjustment assistance.
- III. Unfair trade practices :
  - A. Unfair foreign trade practices.
  - B. Antidumping and countervailing duties.
  - C. Unfair practices in import trade.
- IV. Trade agreement housekeeping authority and special authority :
  - A. Balance of payments authority.
  - B. Withdrawal, renegotiation and compensation.
  - C. Price authority.
  - D. Other housekeeping authority (including general provisions).
- V. MFN for State trading countries.
- VI. Tariff preferences for developing countries.
- VII. Promotion of exports.
- VIII. Other tariff and trade matters.
- IX. Investment control and tax treatment of foreign income :
  - A. Foreign investment.
  - B. Tax treatment of foreign income.

For purposes of organization and clarity, the views and recommendations under each subject heading are summarized according to source, as follows:

- Government officials
- Members of Congress
- Witnesses with specific product interest
- General witnesses.

It should be noted that for the purposes of this summary, it was not possible to include references to each statement presented on each point

of interest. An attempt has been made to present the principal thrust of views and recommendations in as straightforward and succinct a manner as possible, given the volume of materials presented. In some cases, testimony and statements are excerpted. In other cases, they are summarized. Page references are to the beginning page of the oral statement by the witnesses or statement for the record.

In the preparation of this document and the data included in it, the committee requested and was given by the U.S. Tariff Commission the full cooperation and assistance of its staff.

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# TITLE I. THE PRESIDENT'S TRADE AGREEMENT AUTHORITY

## A. BASIC AUTHORITY FOR TRADE AGREEMENTS

### GOVERNMENT OFFICIALS

#### *Secretary of the Treasury*

Secretary Shultz remarked: The Presidential authorities provided in the Trade Reform Act of 1973 are needed for the United States to negotiate effective and meaningful trade agreements. The authority to negotiate is needed to help in reforming the international trading system in conjunction with the ongoing reform of the international monetary system. (Page 152)

#### *Secretary of State*

Secretary Rogers stated: Sir Christopher Soames of the EEC and other foreign ministers have advised that if the President or his negotiator does not have sufficient authority, the negotiations probably will be meaningless. They have pointed out that otherwise it would not be a negotiation, but rather a discussion. The drafters of the bill have tried to grant sufficient authority to the negotiator and still take into account the very real interests that Congress has in this important area. (Page 162)

#### *Executive Director of the Council on International Economic Policy*

Mr. Flanigan asserted: The authority sought in the present bill is, in absolute terms, roughly equivalent to that which the Congress granted in 1962 and, as such, is by no means unprecedented. The authority requested builds on the experience gained in using current authority and is designed for the realities of a new economic world. Without this authority the United States could be at a significant disadvantage in the critical international bargaining ahead. (Page 170)

#### *Special Representative for Trade Negotiations*

Ambassador Eberle stated: The delegation in the act of new and broader authority is designed to deal with present international trade problems which were less significant in past decades. The authorities asked for are consistent with the need for significant changes in the international economic order. To try to spell out specific limitations as has been done in the past would be a serious handicap to the negotiators. (Page 341)

#### *Secretary of Agriculture*

Secretary Butz emphasized: To obtain the benefits of expanded export trade, we must be prepared to liberalize, including expanding or eliminating import quotas under section 22 of the Agricultural Adjustment Act. Because the Trade Reform Act of 1973 requests so much

flexibility for the President, it also provides more safeguards than any previous trade legislation. (Page 491)

*Secretary of Commerce*

Secretary Dent remarked: The duty reduction authority in the TRA of 1973 would give the President the negotiating leverage he needs to secure a total package, including reduction of foreign agricultural and nontariff barriers. The authority would permit a combination of tariff actions in a trade agreement, such as elimination of some duties, reductions or no reductions in some others, and some increases in tariffs in order to achieve rate harmonization in certain product sectors. Such broad authority as provided by the trade bill is necessary to bring U.S. credibility to the bargaining table and enable the President to bargain from a position of strength. (Page 496)

*Secretary of Labor*

Secretary Brennan asserted: The authority the President asks for in the Trade Reform Act of 1973 is essential; a negotiator needs the resources to bargain with and the other side must know he has those resources. A negotiator must also have the support of those for whom he is bargaining, must have authority matching the authority across the bargaining table, and must be able to convince the other side he can withdraw concessions as well as make them. (Page 503)

*President and Chairman, Export-Import Bank*

Mr. Kearns remarked that U.S. negotiators must be able to speak with conviction on behalf of the United States so that their bargaining position will not be inferior to representatives of other industrial countries. (Page 596)

## MEMBERS OF CONGRESS

*Hon. Ron de Lugo (Democrat, Delegate from the Virgin Islands)*

Mr. de Lugo remarked: It is critically important that in granting new negotiating authority, or in changing the present tariff structure, that the interests of the Virgin Islands and the other insular possessions are fully considered. The maintenance and growth of the Virgin Islands economic and social welfare is dependent upon the development of labor intensive light industry made possible by the congressional intent expressed in general headnote 3(a). Thus, it is hoped that this committee, in granting authority to the President to negotiate new trade and tariff agreements will provide adequate safeguards and congressional review procedures which will prevent any unilateral or inadvertent action by the Executive which would frustrate the will of the Congress to permit insular possessions to develop viable and self-sustaining economies. (Page 5166)

*Hon. Peter H. B. Frelinghuysen (Republican of New Jersey)*

Mr. Frelinghuysen stated: Trade, monetary and investment matters must be considered together, as problems in any one area affects all. One such problem is the existence of unjustifiable barriers to trade at a time when a fair trading system is needed. U.S. negotiators need the flexibility given them by H.R. 6767 to accomplish this and to match the authority possessed by foreign negotiators. However, Congress must be able to monitor this authority and needs the more prominent

role that would be established by the proposed Joint Committee on Foreign Trade. (Page 5052)

*Hon. Robert F. Drinan (Democrat of Massachusetts)*

Mr. Drinan remarked: Despite the views of some that the doctrine of nondelegability has lost whatever force it once may have had, the issue inevitably arises, and Congress does itself and the public a disservice by failing to confront it. The proposed Trade Reform Act is unconstitutional in that it establishes only goals and ideals to guide the President in carrying out his authority. It fails to set down a discernible standard, a rule, a measuring stick by which it can be determined whether the President is or is not complying with congressional policy. (Page 5155)

*Hon. John H. Dent (Democrat of Pennsylvania)*

Mr. Dent, observing that history has proved him to be right in his prediction that the 1962 Trade Act would put the Nation in its most serious position, stated his opposition to the proposed Trade Reform Act of 1973. (Page 4928)

*Hon. John C. Culver (Democrat of Iowa)*

Mr. Culver observed: The Trade Reform Act of 1973 would give the President far more authority over U.S. foreign trade policy than any President before, at a time when the President has been challenging Congress on executive versus legislative power. The powers he is asking for could be used for both proper and improper ends. Although the President must have wide latitude to negotiate agreements, Congress must develop a way to exercise its authority and check the powers delegated to the President. (Page 5065)

*Hon. Charles S. Gubser (Republican of California)*

Mr. Gubser asserted that the President's negotiators should mandatorily, throughout the bargaining and its preparation, be required to consult on matters of substantive objectives and progress with all who are legitimately concerned in the end results of the process. (Page 5142)

*Hon. Guy Vander Jagt (Republican of Michigan)*

Mr. Vander Jagt contended: Congress has not fulfilled its responsibility when it grants unrestrained and unreviewable discretion to a President to formulate and execute trade policy. The proper course entails the vesting of broad latitude in the Executive in so far as negotiating authority is concerned with greatly strengthened surveillance and review procedures expressly retained by Congress. The negotiating authority requested by the President is what is necessary to do the job. It is a broad delegation of authority but would be conditioned and focused by the congressional participation proposed by this Member. (Page 5114)

#### WITNESSES WITH SPECIFIC PRODUCT INTEREST

\* *Aerospace Industries Association of America, Inc.* *See page 820*

The association endorsed the authority to reduce tariffs and nontariff barriers, and recommended that for aerospace products all tariffs and nontariff barriers worldwide be eliminated. (Page 820)

*J. ...*

\* *American Importers Association - ~~Support~~*

The association proposed that section 101 (2) be amended to provide that in no event may the President increase duties as part of any trade agreement beyond the level set by Congress in the Tariff Act of 1930. (Page 765)

∫ *Emergency Committee for American Trade - ~~Support~~*

The committee remarked: The boldness of the President's proposal is applauded and his stated intentions to use such authority prudently and wisely are appreciated. Whenever authority to eliminate tariffs is to be utilized, it is recommended that where prenegotiation procedures indicate that serious injury might result to domestic workers and producers, that products concerned either be reserved completely from negotiations or the tariff reductions be staged over a longer period of time than for lesser tariff reductions. Congress should consider limitations on the authority requested to increase tariffs, give the President authority to raise tariffs under certain conditions no higher than 50 percent more than the 1930 statutory rate. (Page 658)

*Caterpillar Tractor Co.*

The company asserted: The main purpose of the TRA of 1973, to provide the United States the authority and will to negotiate reduction in tariffs and nontariff trade barriers, is commendable. However, provisions which tend to restrict rather than expand trade cause concern. These include authority to raise tariffs, impose quotas, negotiate orderly marketing agreements and create other restrictive trade practices which may become part of U.S. trade policy after being used by U.S. negotiators in dealing with these problems. (Page 987)

∫ *Builders Hardware Manufacturers Association - ~~neutral~~*

The association endorsed the intent of the bill in granting authority for new negotiations if the safeguards and precautions provided for in the bill are passed. (Page 1291)

\* *Synthetic Organic Chemical Manufacturers Association and Dry Color Manufacturers Association*

The associations recommended that the Congress should retain the right to review substantial tariff reductions of more than 30 percent on an ad referendum basis. (Page 1704)

\* *Society of the Plastics Industry, Inc.*

The society asserted: The President's virtually unlimited authority to modify duty rates is opposed. His authority to reduce duties should be limited to tradeoffs for eliminating specific nontariff barriers abroad, and such tradeoffs should be within the same general sector of industry which is handicapped by these NTB's. (Page 1792)

\* *Manufacturers of Small Tools and Metal Fasteners*

The manufacturers opposed granting the President authority to negotiate new trade agreements unless additional safeguards are put into the bill. (Page 1829)

∫ *Cycle Parts and Accessories Association*

The association asserted that the provision for congressional review of proposed trade agreements as spelled out in the TRA of 1973 is in-

adequate and urges that all authority granted the President be clearly defined and submitted to strict congressional review before implementation. (Page 1900)

*Glastron Boat Co.*

The company supported most of the provisions contained in the TRA of 1973. (Page 2544)

*International Marine Expositions, Inc.*

The corporation remarked: The general provisions of the TRA of 1973 are endorsed. The negotiating authority for a "Nixon round" of trade talks within the General Agreement on Tariffs and Trade (GATT) is the most important part of the trade bill for the administration. A 5-year delegation of authority from the Congress to the President to enter into trade agreements with foreign countries is recommended. The authority to modify tariffs downward as he determines to be necessary, and upward to levels not above 50 percent of tariff levels presently prevailing is also recommended. (Page 2944)

✓ *National Association of Manufacturers* - *See also*

The association endorsed most of the basic negotiating authority sought by the President, but suggested that granting such authority to the President may cause other countries to have undue alarm and may trigger retaliatory action. (Page 1911)

*Great Plains Wheat, Inc.*

The corporation asserted that the President should be given authority broad enough to provide negotiating leverage. (Page 2829)

*Cargill, Inc.*

The corporation asserted that the TRA of 1973 would provide the executive with the appropriate measure of authority for participating fully with our trading partners and foreign allies in trade agreement negotiations. (Page 2616)

*National Livestock Feeders Association*

The association stated: TRA of 1973 contains sufficient safeguards in the form of prenegotiation procedures, including notification of the Senate and House of Representatives, and reduction limitations. These negotiations should be on a reciprocal basis. (Page 2807)

*National Grain & Feed Association*

The association supported the enactment of the TRA of 1973, because if the U.S. trade posture can be structured to make it possible for the United States to become a greater factor in world agricultural trade, our entire agricultural sector will benefit. (Page 2823)

*U.S. Feed Grains Council*

The council stated: Trade legislation and negotiations which liberalize and expand feed grain exports are favored. The trade negotiations come against a background of discussion of international monetary relationships. Reform of international trading rules should be linked to the reform of international monetary policies. This coordinated approach to managing international economic problems will require not only Presidential authority to offer concessions but authority to pro-

tect American interests by offering disincentives as well as incentives to get needed liberalizing reform. (Page 2780)

*American National Cattlemen's Association*

The association recommended: Any changes in foreign trade regulations, including tariffs, quotas, licensing, and sanitary requirements, pertaining to agricultural commodities should be dependent upon the consensus of public hearings and the recommendations of the Secretary of Agriculture and his advisory group on trade policy. (Page 2577)

✧ *Aluminum Association, International Policy Committee*

The association asserted: The President's broad negotiating authority with respect to tariff and nontariff barriers deserves passage, as it should enable the President to make progress towards a more open and equitable trading system. Reduction and elimination of tariff disparities among nations and subsequent harmonization at lowest possible levels should be given high priority. (Page 2561)

✧ *Lead-Zinc Producers Committee*

The committee noted: The provisions and purposes of TRA of 1973 are worthwhile, and reflect the need to move toward a more open and equitable trading system. However, provisions giving the executive branch considerably more authority and discretion than it has had in the past and the inability to determine how the provisions will be employed until the proposed negotiations are completed would create too much uncertainty for the American lead and zinc industry which needs to carry out major investments. (Page 2924)

✧ *Institute of Scrap Iron & Steel, Inc.*

The institute remarked: The TRA of 1973 is endorsed only if commensurate and complementary proposals are made in the "Tax Reform Act of 1973." A tax incentive plan for recyclable commodities, "Recycling and Tax Incentives," was submitted before the Ways and Means Committee, March 20, 1973. (Page 2906)

✧ *Wine Institute*

The institute stated that U.S. import duties on wines are already low and urged that no further reductions be made in the rates of duty. (Page 3043)

✧ *Anti-Friction Bearing Manufacturers Association*

The association recommended: Congressional review of "agreements on other types of trade barriers" should be lengthened; the President should not have the unilateral right to reduce a tariff if market disruption is found. In the event that it is established that imports of any item increase more than 50 percent above the present level, any negotiated tariff reductions will have to have the approval of the Congress. (Page 3102)

*Liberty Lobby*

The lobby opposed any legislation that would confer additional powers to the President. (Page 3177)

*Times Corp.*

The corporation remarked: The general purpose of the TRA of 1973 is endorsed, but it is imprudent to give the executive branch plenipotentiary powers to raise or lower tariffs. The wisest course would be for the Congress to stipulate in the TRA of 1973 that Congress would retain the right to approve or disapprove trade concessions offered in the proposed trade negotiations. At this point in our economic history this is what the American people expect. (Page 3186)

*Benrus Corp.*

The corporation opposed giving the President too broad authority for increasing, decreasing, or eliminating duties. (Page 3189)

X *Western Electronic Manufacturers Association*

The association remarked: Those provisions of the TRA of 1973 are endorsed, which centralize the responsibility for the future direction of U.S. trade policy within the Presidency. Provisions to secure more timely advice from groups which would be directly affected by trade decisions before the President enters into any tariff or non-tariff trade agreements is recommended. (Page 3216)

*Fairchild Camera & Instrument Corp.*

The company supported the provisions of TRA of 1973 which give the President considerable authority in trade negotiations. (Page 3237)

X *Electronic Industries Association*

The association urged: Title I of TRA of 1973 should be clarified to insure specific coverage in the forthcoming international negotiation for effective agreements that "reduce, eliminate or harmonize" the proliferating practices of all trading nations in their granting of export aids and incentives. Granting the President broad negotiating authority is urged. (Page 3267)

X *National Electrical Manufacturers Association*

The association urged: U.S. trade officials should be instructed by statutory guidelines or criteria to adopt an "industry sector" approach in negotiations. In this case, the objective should be to achieve reciprocity in the international trade of significant categories of electrical products as opposed to the former concept of achieving reciprocity on an overall commodity basis. (Page 3111)

X *Computer and Business Equipment Manufacturers Association*

The association contended that every effort must be made to insure that the U.S. negotiators have the powers necessary to produce the changes needed in the rules of international trade and that the provisions of title I provide such authority. (Page 3135)

X *National Association of Marble Producers*

The association stated that it does not want further latitude given to the President in trade negotiations without clear guidelines by Congress. (Page 3146)

X *American Paper Institute*

The institute supported granting of negotiating authority to the President as a needed instrument for successful trade negotiations. (Page 3315)

✕ *Rubber Manufacturers Association*

The association endorsed the negotiating authority as sought by the President. (Page 1455)

✕ *National Automobile Dealers Association*

The association supported further attempts at trade liberalization, including the granting of authority to the President to reduce duties in connection with trade agreement negotiations, but objects to the provision that would give the President unlimited authority to increase tariffs and reduce quotas and urges Congress to set up proper safeguards to insure adequate notice and full public hearings. (Page 3368)

✕ *American Imported Automobile Dealers Association*

The association endorsed the authority that the TRA of 1973 would give to the President to reduce duties in trade agreement negotiations. (Page 3379)

✕ *Automobile Importers of America*

The association endorsed the granting of authority to the President to reduce duties in trade negotiations. (Page 3470)

*Monsanto Co.*

The company recommended that the President's tariff-cutting authority be limited to 30 percent. (Page 3498)

*Feather & Down Association, Inc.*

The association urged that limits in Presidential authority be specified in the TRA of 1973 and questioned the worth of the duty eliminating authority as a bargaining tool. (Page 3923)

✕ *International Apparel Importers Association, Inc.*

The association contended that Presidential authority to raise duties without limitations was illegal and that Congress, not the President, should impose limits on the degree of duty changes. (Page 3886)

✕ *Amalgamated Clothing Workers of America*

The union contended that the power to raise or lower tariffs is too important to the Nation's economy to be left entirely to the discretion of the executive branch. (Page 3870)

✕ *Emergency Committee of the Steel Wire Industries of the United States*

The committee agreed: The President should be granted authority to negotiate tariff and non-tariff matters, but certain reasonable limitations should be imposed on such authority. Tariffs should not be reduced or eliminated for products where imports have been able to capture a large share of the domestic market and the President's negotiating power should be limited to exclude products of industries which are already severely penetrated by imports. (Page 4031)

✕ *American Iron & Steel Institute and American Specialty Steel Co.*

The institute recommended: The power granted to the executive branch should be restricted to specifically defined limits which fall clearly within the intent of Congress. The President should be author-

ized, whenever he deems it appropriate, to negotiate agreements with foreign governments limiting imports of nonagricultural commodities into the United States. (Page 3957)

✓ *Independent Wire Drawers Association*

The association recommended amending section 102 of the TRA of 1973 to permit the President to make reductions pursuant to a trade agreement contingent upon congressional action which would stimulate increased U.S. production of raw materials. (Page 4057)

✗ *American Institute for Imported Steel, Inc.*

The institute recommended that Congress should oversee and retain ultimate power over international trade negotiations and that the tariff rates enacted by Congress in the Tariff Act of 1930 be the upper limit on any tariff increases. (Page 4097)

✗ *National Association of Scissors & Shears Manufacturers*

The association urged that Congress establish specific guidelines for trade agreement negotiations and retain control and oversight in this important area. (Page 4117)

✗ *Slide Fastener Association*

The association agreed: The potential economic stimulus inherent in the mutual reduction of tariff barriers would appear in principle to be desirable. The application of tariff-reducing authority to slide fasteners would be counterproductive to the underlying purposes of this legislation. (Page 4124)

*U.S. National Fruit Export Council*

The council supported the administration's request to negotiate tariffs for the purposes of expanding U.S. agricultural exports and urged congressional supervision during negotiations to insure that the U.S. negotiators are utilizing all of the rights and powers of their command. (Page 4183)

*Sunkist Growers, Inc.*

The league endorsed the administration's trade legislation, and urged swift enactment of that legislation. (Page 4185)

*Florida Fruit & Vegetable Association*

The association suggested: The TRA of 1973 would strip Congress of its clear constitutional function and give the President dictatorial powers over trade regulations. Congress should retain more than a veto role as now provided in the legislation. (Page 4268)

*Northwest Horticultural Council*

The council supported the request for authority to negotiate tariffs and nontariff barriers—but with the admonition that this time the authority be used vigorously in behalf of U.S. agriculture. (Page 4316)

*International Apple Institute*

The institute remarked that a sound and vigorous U.S. trade bill is essential to achieve liberalized reciprocal trade, but just as important is the responsibility of the executive branch to make it work. (Page 4322)

*Poultry & Egg Institute of America*

The institute remarked: The TRA of 1973 is endorsed. To combat inflation a free world trading system is needed for the free flow of goods, especially foods. The U.S. poultry industry received no benefits from the Kennedy round. Foreign trade barriers on poultry are higher now than before the Kennedy round. In trade negotiations, agricultural goods should not be treated differently than industrial goods. (Page 4327)

*Southeastern Poultry & Egg Association*

The association stated that the TRA of 1973 is a step forward and, if enacted, will have a tremendous economic impact on the poultry food industry. (Page 4347)

*National Milk Producers Federation*

The federation asserted that the TRA of 1973 should require that any international trade agreement be subject to the specific consideration and approval by the Congress. (Page 4350)

*National Council of Music Importers*

The council was basically for free trade and would like to have all musical instruments freely imported into and exported from any country. (Page 4459)

*American Petroleum Institute*

The institute asserted: Consideration should be given to whether the authority to raise tariffs should be without any limits whatever. The President should be given wide flexibility to carry on meaningful negotiations, but the bill should not include restrictive measures. (Page 4491)

*National Foreign Trade Council*

The council recommended that the authority of the President to raise duties, under the proposed provisions, should be limited to that which is necessary to carry out reducing of nontariff barriers or harmonizing tariffs; such limitation should be defined by the Congress. (Page 4595)

*International Leather Goods, Plastics & Novelty Workers' Union, AFL-CIO*

The union asserted: Granting the President unlimited unaccountable power is opposed in favor of the more limited and flexible provisions of the Burke-Hartke bill. The TRA of 1973 does not adequately deal with the grave problems of trade such as the exporting of American technology, capital, and jobs—especially in labor-intensive industries. (Page 4779)

*United Rubber, Cork, Linoleum & Plastic Workers of America*

The union claimed that although the TRA of 1973 provides the President with ample authority to control imports, it does not carry any assurance that such authority will be used in the best interest of the industry. (Page 4741)

*National Shoebound Conference, Inc.*

The conference endorsed the delegation of broad negotiating authority to the President. (Page 4762)

*Distillery, Rectifying, Wine & Allied Workers' International Union of America*

The union maintained: The Burke-Hartke bill is a more realistic and viable approach to the problems of foreign trade than the administration's proposals and would provide responsible, albeit somewhat more limited, flexibility for the President and his representatives when the GATT and other trade discussions commence. The administration's proposals would open the door to further deterioration of America's position in the world economy and the further export of American jobs. (Page 4843)

✧ *Tobacco Institute, Inc.*

The institute supported a trade reform act that gives U.S. negotiators a clear mandate and the flexibility to conduct negotiations. (Page 4876)

✧ *Tobacco Associates, Inc.*

The associations urged: The President should be given the broad authority to alter both tariff and nontariff barriers to trade. Without this authority, U.S. participation in trade negotiations would be virtually meaningless. (Page 4879)

✧ *Society of American Florists, Growers Division*

The growers endorsed the concept of providing the President with authority for new negotiations. (Page 4893)

*National Wool Growers Association*

The association asserted: Vesting the President with carte blanche powers over tariffs and quotas is opposed. The Congress has already abdicated too much of its constitutional authority in this area. There should be no further reduction of tariff rates of duty on wool. The present duty rate of 25.5 cents per pound, clean basis, on principal imports, which is equivalent to about 10 percent of the current price of fine wool, partially compensates for high production costs in the United States relative to costs elsewhere. Further reduced rates of duty would conflict with operations of the National Wool Act, which provides that government payments to producers shall not exceed 70 percent of total duties collected on imports of wool and wool manufactures. (Page 3942)

*Millers' National Federation*

The federation asserted: The TRA of 1973 is a comprehensive trade bill that deals not only with negotiating authority but with the continuing management of trade relations with other countries and the assistance to U.S. industries and labor that may be affected by import competition; this comprehensive approach is needed. The authority for new negotiations for a 5-year period, also for dealing with unfair trade practices and to provide the executive branch with more flexible means to manage trade policy and deal with trade problems as they arise in the future are believed essential for successful trade negotiations during the period ahead. (Page 4369)

✧ *American Machine Tool Distributors Association*

The association supported the provisions of the TRA of 1973 granting the President broad negotiating authority. (Page 3065)

Dow Chemical Co.

The company recommended: The broad authority given the President should have definite limits and balances. A specific provision for the balancing of trade concessions within given product sectors should be included in the TRA of 1973. (Page 3510)

Ward's Nursery, Inc., and Hastings Potato Growers Association

The group concurred with the statement of the Florida Fruit & Vegetable Association that suggested that the TRA of 1973 would strip Congress of its clear constitutional function and give the President dictatorial powers over trade regulations, and contended Congress should retain more than a veto role as now provided in the legislation. (Page 4314)

## GENERAL WITNESSES

American Association of Port Authorities.

The association urged that the committee give careful consideration to those provisions of the proposed legislation which gives unprecedented latitude and authority to the President to raise duties and suggested some limitation such as 50 percent above the 1930 rates. (Page 839)

International Executives Association

The association remarked: The provisions of the Trade Reform Act are endorsed in principle, but there is concern over the broad authority the President is requesting. Such authority could be adopted to the uses of protectionism and the erection of new trade restrictions which would result in the detriment, rather than the encouragement, of international trade and a stronger U.S. economy. (Page 838)

\* International Economic Policy Association

The association recommended expanding areas covered by this authority to the following: (1) All pending economic and financial issues such as troop deployment and tourism; (2) services, management and technology as well as the traditional emphasis on trade in commodities; and (3) fair and equitable treatment for U.S. investments abroad. (Page 826)

✓ International Trade Club of Chicago

The club endorsed, with certain reservations, the Trade Reform Act of 1973. (Page 845)

Committee for a National Trade Policy

\* The committee remarked that the bill's negotiating authority is excellent. (Page 787)

Greater Detroit Chamber of Commerce

The chamber asserted: The authority to remove American selling price as the base for duty valuation of certain imports is commendable. The power to raise tariff and nontariff barriers should not be used solely to restrict world trade, and should be limited. Provision should be made for public hearings prior to imposition of increased tariffs or other impediments to trade. (Page 1078)

*United Auto Workers*

The union asserted that the President must be given authority in order to exercise the flexibility that the bargaining process inevitably requires but strongly opposed the nearly unlimited powers requested without congressional control. (Page 849)

*Nationwide Committee on Import-Export Policy*

The committee opposed the proposal to vest the President with carte blanche powers to modify the tariff and impose quotas, such authorization would be an abdication of powers conferred on Congress by the Constitution. (Page 914)

*United States-Japan Trade Council*

The council recommended that authority to increase tariffs should be limited to 150 percent of Smoot-Hawley rate. (Page 1006)

*United States Council of the International Chamber of Commerce*

The council strongly endorsed the granting of general negotiating authority to the President. (Page 937)

*Greater Minneapolis Chamber of Commerce*

The chamber urged prompt favorable congressional action on the Trade Reform Act of 1973. (Page 1071)

*Public Interest Economics Center*

The center expressed concern that the President, by lowering a tariff barrier too rapidly, might sacrifice a legitimate domestic industrial interest for the sake of U.S. foreign policy; or by raising a tariff, the President might sacrifice a foreign policy interest to enhance his domestic political interest, and, therefore advocated placing industries into categories where tariff barriers would be reduced in stages. (Page 1115)

*Dr. Walter Adams and Dr. Joel B. Dirlam*

Dr. Adams and Dr. Dirlam asserted that there is too much discretion in the President's authority. (Page 1164)

*AFL-CIO Economic Policy Committee*

The AFL-CIO argued: The Trade Reform Act of 1973 should be rejected in favor of the proposed Burke-Hartke Act. The powers given the President in the TRA to change tariffs are too broad in that the President can seek advice from the Tariff Commission and other agencies but he could act without paying heed to any of them. (Page 1209)

*National Constructors Association*

The association recommended that our negotiators be given the tools which will enable them to negotiate with authority and the resources equal to those with whom they are negotiating. (Page 1068)

*American Farm Bureau Federation*

The bureau remarked: There is concern about the proposed delegation of additional power to the executive branch of Government; however, in view of the dynamically changing political and economic environment that may be expected to characterize the world situation in the mid-1970's, such an expansion of authority appears to be justifi-

able for a limited period. A 90-day period in which Congress could review, or even veto, a proposed trade agreement would give all negotiators some assurance that agreements negotiated would be implemented by the United States, but it also would reserve to the Congress the power to disapprove agreements that it may determine to be undesirable or unsound. The language in subsection 103(d) that would permit the President to choose which of such agreements would be referred to the Congress in the above manner and which would not is questionable. If comprehensive improvements in international trade conditions are to be achieved, the fact that the agricultural and industrial sectors are closely interrelated must be recognized at all levels of negotiation. A provision should be added to title I directing the President to conduct joint negotiations on agricultural and industrial products. (Page 1426)

*Chamber of Commerce of the United States*

The chamber of commerce endorsed the authority of the President to lower existing tariff levels, but requested that he not be given an open-end authority to raise tariffs. (Page 1373)

*Port Authority of New York and New Jersey*

The port authority welcomed the President's request for broad negotiating authority, and remarked the proposed authority to reduce or eliminate tariff deserves unqualified support. (Page 2520)

*Trade Relations Council of the United States, Inc.*

The council asserted: Granting unlimited powers to the President to reduce or eliminate duties, to modify customs valuation, quantity determination and marking rules, and to modify or repeal other domestic importation laws should be rejected. This delegation of power by the Congress is requested without congressional guiding standards and therefore, unconstitutional. The President presently has the legal authority, derived from the delegation in the TEA of 1962, which he has not used, to accomplish what he is now requesting unlimited power to do. The suggested bill has no provision to demand reciprocity. Stringent rules are proposed to allow the Tariff Commission to investigate and advise the President of the probable economic effect before any trade agreement changes are made. (Page 2052)

*National Farmers Union*

The union asserted: Authority for the President to decrease tariffs without limit is commendable, but granting the President authority to increase tariffs without limit is adamantly opposed. Unlimited authority to increase rates might be used to reverse directions from the liberal trade policies that are proclaimed today. In such an event farmers would be among the most severely damaged. (Page 2724)

*National Council of Farmer Cooperatives*

The council supported this bill and urged that agricultural issues be dealt with as a part of the total package and not fragmented. (Page 2804)

*League of Women Voters of the United States*

The league favored granting extensive negotiating authority for reducing trade barriers, asserting that Congress should limit the authority to increase tariffs. (Page 2997)

✓ *National Retail Merchants Association*

The association expressed concern about the proposed unlimited discretion given to the President and recommended using some reasonable limitations. (Page 3012)

✓ *National Tool, Die & Precision Machining Association*

The association fully supported the flexibility given therein to the President to negotiate new trade agreements. (Page 3060)

*Ukrainian Congress Committee of America*

The committee recommended that, with regard to title I of the TRA of 1973, strong authority be vested in the Presidency for new negotiations, but with congressional oversight. (Page 3550)

*Satra Corp.*

The corporation supported the purposes of the TRA of 1973, but stated that Congress must establish guidelines and benchmarks to guide the administration in implementing the trade legislation. (Page 3626)

✓ *Atlantic Council of the United States*

The council recommended that the Congress should give the President adequate authority and clear cut assurance of support in principle for conducting international negotiations. (Page 1515)

✓ *American National Bank of Parma, Ohio*

The bank supported the President's Trade Reform Act of 1973. (Page 3724)

*San Diego Chamber of Commerce*

The chamber supported in full the TRA of 1973. (Page 1569)

*Howard S. Piquet*

Mr. Piquet opposed granting the President absolute power to determine trade policy. (Page 1595)

✓ *Committee for Economic Development, Research and Policy Committee for International Economic Studies*

The committee contended: The President should be granted broad authority, as requested in title I of the TRA of 1973, to negotiate for the reduction or elimination of tariff distortions to trade. Unlimited authority to raise tariffs in the negotiations of new trade agreements should not be granted. (Page 1511)

✓ *Robert B. Schwenger*

Mr. Schwenger suggested: A new negotiating procedure should be adopted, based on representative quasi-legislative problem solving rather than on secret executive-type negotiations, with open public international cooperation in obtaining and reporting full information on the economic effects of Government actions in solving trade policy and economic problems. This representative procedure would make the requested increase in Presidential negotiating authority unnecessary (Page 4468)

✓ *National Cotton Council of America*

The council agreed: The President should be given wide ranging authority to negotiate trade agreements, but Congress should place

limitations on reductions in tariff duties. The bill should be amended to include congressional veto over any agreement and to provide that consultation with all interested groups be mandatory throughout the negotiating process. (Page 3937)

*Owens-Illinois*

The company suggested that the authority of the President to increase tariffs be limited. (Page 3850)

*American Institute of Merchant Shipping, Liner Council*

The council endorsed the objectives of the TRA of 1973, but recommended broadening its scope to include services as well as products. (Page 2558)

*Environmental Structures, Inc.*

The company supported the TRA of 1973. (Page 3708)

*Dr. Edward Mullins*

Dr. Mullins asserted that the TRA of 1973 grants the President too much power. (Page 1680)

*American Association of University Women*

The association remarked that it is essential to provide the President with the authority to enter into trade agreements and to provide for modification of duties, but urged that the committee include a provision for a consumers representative wherever matters of adjudications, negotiations, interpretations, or determinations are under consideration. (Page 1586)

*National Council of Jewish Women, Inc.*

The council suggested that a more open and equitable world trading system might be reached more effectively through a limitation of power to the President's proposed broad authority. (Page 1536)

*Harold H. Kastner*

Mr. Kastner urged legislation that will provide protection against unfair trade competition. (Page 4459)

*New York Chamber of Commerce and Industry*

The chamber of commerce supported these provisions. (Page 1569)

*American Cyanamid Co.*

The company asserted: The recommendations of the Synthetic Organic Chemical Manufacturers Association and of the Manufacturing Chemists Association that the President should be given broad powers to negotiate but should be held accountable to Congress which has constitutional obligations to regulate foreign commerce are endorsed. The proposed act should recognize cost factors of environmental control standards between the United States and other countries. (Page 3507)

*Machinery and Allied Products Institute*

The institute endorsed these provisions, but urged that consultation with representatives of all interested groups be mandatory throughout the negotiating process. (Page 1538)

✧ *Packaging Machinery Manufacturers Institute*

The institute supported the proposal for broad authority to negotiate tariffs and nontariff barriers but asserted that all negotiations should be subject to review by Congress. (Page 3100)

✧ *Scientific Apparatus Makers Association*

The association supported this provision but contended provision must be made for consultation with industry during negotiations. (Page 3287)

*National Customs Brokers & Forwarders Association of America, Inc.*

The association supported granting authority required to begin a new round of international trade negotiations, but requested that Presidential authority to raise tariffs be limited. (Page 1582)

*American Bankers Association*

The association supported expanding the President's authorities, but not to an unlimited extent, contending that reasonable limitations can be set to permit congressional oversight without undermining a broad bargaining posture in conducting major trade reforms. (Page 1520)

✧ *Goodage Institute of the United States*

The institute contended: The President should have some increased flexibility in trade negotiations, to eliminate, reduce, or increase customs duties and to take action on nontariff trade barriers. In addition, Congress should provide in the TRA of 1973 that the exercise of Presidential authority be subject to appropriate safeguards. The President should be required to grant import relief if the penetration of the U.S. market by foreign nations reaches a given limit. Also the executive branch should have the ability to monitor the effects of actions under the TRA of 1973, so as to analyze their significance and be able to report to the Congress and the people. (Page 3944)

*American Importers Association, Footwear Group*

The group stated that the countervailing duty law should be regarded as part of the President's authority to deal with trade problems in the diplomatic arena. (Page 4809)

✧ *United States Catholic Conference*

The conference remarked that if Congress is willing to delegate to the President the authority to negotiate new agreements on tariffs and nontariff barriers, poor countries should be invited to participate in such negotiations. (Page 1522)

*Vanco, Inc.*

The company stated that the proposed legislation would grant excessive authority to the President and establish ill-suited criteria for the determination of injury and that Congress should establish a maximum permissible limit beyond which tariff duties cannot be raised by the President (Page 4819)

*National Grange*

The Grange favored passage of the administration's proposed bill essentially as submitted. (Page 2835)

*General Electric Co.*

Agreements: The company supported this section but asserted procedural protections need to be included in the bill. (Page 3140)

*German American Chamber of Commerce*

The chamber of commerce supported granting adequate negotiating authority for the coming round of international trade discussions. (Page 1564)

*National Soybean Processors Association*

The association approved granting broad flexibility to the administration, both to grant trade concessions and to take the action to force equal concessions from other nations. (Page 4369)

*AMF Inc.*

The company endorsed the TRA of 1973. (Page 4671)

*Cold Finished Steel Bar Institute*

The institute recommended that the TRA of 1973 be amended so that the President would not be able to reduce duties, at least immediately, on products determined by the Tariff Commission to be eligible for import relief or where market disruption is threatened. (Page 4143)

*American Japanese for Freer International Trade*

The groups recommended: The trade bill should be postponed pending solution of many international problems. The minimum alternative would be a temporary grant of authority to negotiate on a reciprocal basis for the reduction of tariff rates. (Page 1532)

*Romanian Baptist Association of the United States and Canada*

The association supported the proposed legislation contained in the TRA of 1973. (Page 3725)

*Association of American Chambers of Commerce—Europe and Mediterranean, Inc.*

The association urged that the President's authority to raise tariffs be limited to the conversion of nontariff barriers into tariffs and that a limit be placed on the percentage change in tariff rates. (Page 1560)

*General Aviation Manufacturers Association*

The association endorsed the President's request for negotiating authority on tariff barriers and recommended the total elimination of duties on all general aviation products, on a reciprocal basis, with other nations. (Page 1553)

*Eaton-Corp.*

The company proposed that Congress should create necessary legal authority for successful bargaining, including unilateral actions by the United States to rectify discrimination that cannot be corrected by negotiation. (Page 4156)

*Los Angeles Chamber of Commerce*

The chamber of commerce generally supported the TRA of 1973. (Page 1568)

*California Council for International Trade*

The council recommended that safeguards be written into the bill to curb the potential abuse of Executive power. (Page 1580)

**B. NONTARIFF BARRIERS TO TRADE****GOVERNMENT OFFICIALS**
*Secretary of the Treasury*

Secretary Shultz remarked that we need to bring order to the maze of nontariff barriers that are preventing expansion of world trade and that to move forward we must in our negotiating strike a fair bargain, with a fair balancing of the interests involved. (Page 152)

*Executive Director of the Council on International Economic Policy*

Mr. Flanigan remarked: Over the years, as tariffs are reduced, nontariff trade-distorting practices have become a more important hindrance to an open trading system. The proposals on this subject are needed in order to convince other countries that the Congress is concerned about these practices and wants its negotiators to bring these issues forward in the coming negotiations as a priority objective. The legislative veto procedure will strengthen the hand of the U.S. negotiators while preserving essential congressional authority. (Page 170)

*Special Representative for Trade Negotiations*

Ambassador Eberle observed that the new process of implementing agreements on nontariff barriers, that is the legislative veto procedure, balances the requirements of limits on the delegation of domestic authority and requirements of successful negotiation. (Page 341)

*Secretary of Agriculture*

Secretary Butz remarked: Around the world, dairy surpluses have built up and some countries have resorted to export subsidies in order to market these surpluses. It is expected that in a liberalized trading situation, these export subsidies would be terminated, relieving much of the adverse effect for U.S. producers. (Page 491)

*Secretary of Commerce*

Secretary Dent stated: The administration intends to give high priority to foreign nontariff barriers in the new round of trade negotiations. The NTB negotiating authority is necessary to provide our negotiators with flexibility and bargaining leverage roughly equivalent to that of our trading partners. The trade bill provides such negotiating authority and still insures continued close cooperation and continual consultation with Congress. (Page 496)

**MEMBERS OF CONGRESS***Hon. Peter H. B. Frelinghuysen (Republican of New Jersey)*

Mr. Frelinghuysen noted: Congress should be appraised beforehand on the benefits and sacrifices that are anticipated from various types of NTB negotiations because of the possible need to change statutes and regulations that may be necessitated from such negotiations, as

well as for social, economic and political policy reasons. Agreements on NTB's should be extended to all nations with MFN status rather than just those participating in negotiations, in order to avoid the possibility of regional industrial blocs. (Page 5052)

*Hon. Robert F. Drinan (Democrat of Massachusetts)*

Mr. Drinan remarked: Congress cannot delegate its legislative authority without sufficient standards to confine Presidential discretion in executing the delegated authority. The provision for one-House veto in the NTB authority does nothing whatsoever about the basic problem of constitutionality. If Congress cannot delegate, it cannot delegate with a reservation to do something about the exercise of the power it has delegated. Furthermore, placing the burden upon Congress either to accept in toto what the President has negotiated or contrarily to kill it all by passage of a resolution of disapproval seems a deliberately cumbersome form of oversight to impose on Congress. Let the President negotiate and then come to Congress. (Page 5155)

#### WITNESSES WITH SPECIFIC PRODUCT INTEREST

##### *National Machine Tool Builders Association*

The association requested the President be granted the authority he requests in regard to reducing or eliminating nontariff trade barriers. (Page 803)

##### *American Importers Association*

The association contended that section 103(c) is far too broad a delegation of power to the President, and suggested that section 103(c) be amended to confine the President's advance authority to the specific subject for which it is requested. (Page 765)

##### *Emergency Committee for American Trade*

The committee proposed including an amendment that, prior to entering into nontariff barrier negotiations, the President consider the views of the public concerning the economic impact of such negotiations, just as he is required to do in advance of tariff negotiations.

The committee stated that the President must be given authority to negotiate reduction of nontariff barriers such as "buy national" policies, import licenses, national standards, and various subsidy programs.

The committee endorsed the proposed authority to negotiate reciprocal reduction of nontariff barriers, but urged Congress to incorporate sufficient checks and balances. (Page 658)

##### *Caterpillar Tractor Co.*

The company endorsed U.S. participation in negotiations aimed at reducing, eliminating or harmonizing NTB, through the development of a code of fair trading practices to which all countries would adhere. (Page 987)

##### *Manufacturing Chemists Association*

The association endorsed the removal of NTB's, including ASP in return for compensating concessions, but only with congressional review, thus suggesting the elimination of section 103(c). (Page 1681)

*Dry Color Manufacturers Association*

The association asserted: The major defect with the proposed bill is that it fails to include any safeguards which would insure that any agreement reached on ASP is fair to the United States. Nontariff barriers to our trade have been erected which completely offset the tariff concessions made by your trading partners during the Kennedy round. It is recommended that (1) any trade agreement on items as basic as U.S. methods of valuation should be submitted to Congress for approval on an ad referendum basis; and (2) if ASP is to be eliminated, the duty rates based on ASP valuation must be converted to new rates applicable to the new valuation method (Page 1704)

*Synthetic Organic Chemical Manufacturers Association*

The association proposed certain administrative changes in ASP procedures to lessen foreign criticism of the ASP system of customs valuation. (Page 1704)

*Bicycle Manufacturers Association*

The association supported the provision for granting authority to seek reduction of nontariff barriers as their members are not able to export bicycles, in part because of such nontariff barriers as special taxes charged at the port of entry. (Page 1891)

*Great Plains Wheat, Inc.*

The corporation recommended: The European Community's variable levy system should be removed or at least replaced by fixed tariffs. The variable levy system has had a major impact on world grain trade and future negotiations should obtain better access for grains into the Community. (Page 2829)

*Ad Hoc Committee on United States Dyestuff Producers*

The committee asserted: American selling price (ASP) is not a nontariff barrier or a barrier of any sort. Selected data shows that the import penetration of the dyes has increased from less than 6 percent to more than 13 percent from 1967 to 1972 under ASP. In addition, the roughly equivalent rates of growth of competitive and non-competitive dyes indicates that ASP valuation is not a barrier. It is urged that section 103(c), chapter 1, title I of the TRA of 1973 be amended by changing the period at the end of the subsection to a semicolon and adding the following: "provided, that there is excluded from the authority contained in this section the existing methods of customs valuation applicable to synthetic organic dyes, lakes and toners, and dye intermediates subject to classification under Part 1, Schedule 4, Tariff Schedules of the United States." (Page 1748)

*Society of the Plastics Industry, Inc.*

The society asserted: Nontariff barriers are by far the most important trade problem. Therefore, section 103 should be enacted except that any agreement which is negotiated should more explicitly be made subject to congressional approval, and not merely on the basis of a 90-day yes or no vote as is proposed in the bill. (Page 1792)

*Cycle Parts and Accessories Association*

The association expressed opposition to the provision in the bill which contemplates the elimination of the marks of origin. (Page 1900)

*International Marine Expositions, Inc.*

The corporation strongly supported this section which seeks authority from Congress to negotiate on trade barriers with other countries. (Page 2544)

*National Association of Manufacturers*

The association endorsed the concept of reducing and harmonizing NTB's to trade, and recommended that the committee consider: (1) expanding the definitions of nontariff barriers, specifically to include export subsidies; (2) clarifying consultation procedure to permit industry hearings on negotiated NTB packages coming before Congress; (3) clarifying the criteria for determining how the President will decide which negotiated NTB packages are submitted for congressional approval; and (4) clarifying the Tariff Commission role in NTB agreement considerations. (Page 1911)

*Cargill, Inc.*

The corporation stated: The TRA of 1973 would give the President the authority, subject to review and disapproval by Congress, to attack the difficult and complex subject of nontariff barriers with the same kinds of authorities possessed by representatives of other major nations. Virtually every nation has practices which distort agricultural trade. Securing reform in these practices by other nations will entail some reciprocity in the U.S. agricultural sector. United States agriculture would secure far greater advantages than it would incur adjustment costs in the removal of nontariff barriers to agricultural trade. The most serious nontariff barrier facing U.S. agricultural exports is the European Community's common agricultural policy and its variable levys. It should be a matter of high national priority for the United States to achieve meaningful progress in agricultural trade reform in the prospective multilateral negotiations. (Page 4383)

*National Livestock Feeders Association*

The association favored the provisions in section 103 of title I dealing with discriminatory nontariff barriers to further the cause of reciprocity. (Page 2807)

*National Grain & Feed Association*

The association stated: Tariff barriers and nontariff barriers must be minimized so as to provide a reward for efficiency of production. The European Community's variable levy system is one of the most stubborn and difficult impediments facing U.S. agricultural trade. The U.S. negotiators should make strenuous efforts to supplant the variable levy system with fixed tariffs which would be lowered over a period of time. The United States should also be willing to negotiate an end to U.S. export subsidies and import quotas. (Page 2823)

*U.S. Feed Grains Council*

The council asserted: The major impediments to agricultural trade are nontariff barriers. United States objectives in trade negotiations should be to bind levels of protection, to negotiate those levels down over time and to secure agreements so that, to the maximum extent feasible, internal farm supports do not distort either production or consumption patterns. (Page 2780)

*Institute of Scrap Iron & Steel, Inc.*

The institute contended: The present export controls are sufficient since export controls only add to the U.S. trade balance deficit and additional controls could be a disruptive factor in any nontariff barrier negotiations. Export controls on scrap iron lack justification since there is no scrap shortage, or scrap shortage caused by exports, only a temporary lag in supply preparation. Most exports originate in the New England and west coast areas where no demand for scrap exists and high freight rates to steel making areas make the export of scrap iron and steel the only economical alternative to disposal and positive balance of payments. (Page 2906)

*Wine Institute*

The institute contended: Although foreign wines move freely in the U.S. market, U.S. wines are faced with many and varied restrictive and prohibitive laws and regulations in foreign markets. The United States should negotiate for the removal of foreign tariff and nontariff barriers against U.S. wines. (Page 3043)

*Timea Corp.*

The corporation considered it imprudent to give the President full power to eliminate tariff barriers. (Page 3186)

*Western Electronic Manufacturers Association*

The association recommended that the powers of the Tariff Commission be extended to cover nontariff trade measures. (Page 3216)

*National Electrical Manufacturers Association*

The association maintained: Under the "industry sector" approach, tariffs and nontariff barriers can be negotiated realistically and effectively. Export subsidies should be one of the nontariff barriers to be negotiated. (Page 3111)

*Computer and Business Equipment Manufacturers Association*

The association suggested that the provisions of title I also retain sufficient power in Congress to review changes in nontariff barriers (Page 3135)

*American Paper Institute*

The institute stated that numerous nontariff barriers, such as quotas, distribution restrictions, etc., pose obstacles in trading with Japan and other nations and hoped that these barriers can be substantially reduced. (Page 3315)

*Distilled Spirits Council of the United States, Inc.*

The council favored the reduction or elimination of barriers to trade inasmuch as nontariff barriers are of great concern to the distilling industry, contending the wine-gallon/proof-gallon basis for assessment of tax is the subject of the IRC, and not subject to negotiation under section 103(c). (Page 4868)

*Monsanto Co.*

The company recommended that section 103(c) be eliminated and provision made by the Congress for negotiated agreements. (Page 3498)

*Rubber Manufacturers Association*

The association asserted: The portion of section 103 that would authorize the President to take any action on the requirements for marking country of origin to the benefit of foreign producers, should be rejected. If such a provision is included, the domestic industry should receive a comparable benefit on exports. Attention should be on the stimulation of exports through appropriate incentives rather than through the curtailment of American international corporations. (Page 1455)

*Feather & Down Association, Inc.*

The association supported this provision but stated that certain restrictions should be included on such items as customs valuation, marking country of origin and the wine gallon system of appraisal. (Page 3923)

*International Apparel Importers Association, Inc.*

The association opposed Presidential authority to change the methods of customs valuation, specifically, from f.o.b. to c.i.f. (Page 3886)

*Amalgamated Clothing Workers of America*

The union contended that a provision in the TRA of 1973 to eliminate the country of origin requirement would be a disservice to consumers as well as to workers, because foreign-made products are not automatically similar to domestic products even when they bear the same trade names. (Page 3870)

*American Iron & Steel Institute and American Specialty Steel Co.*

The institute suggested that provision be made to require that nontariff barrier agreements take effect only after affirmative action by Congress. (Page 3957)

*U.S. National Fruit Export Council*

The council endorsed the administration's request to negotiate nontariff barriers for the purpose of expanding U.S. agricultural exports. (Page 4183)

*Sunkist Growers, Inc.*

The league asserted: The continued imposition of import quotas, the variable levy system and other nontariff barriers as well as unreasonably high tariffs imposed by U.S. trading partners (particularly the EEC) are opposed. It would be inconsistent with the U.S. protests against nontariff barriers to enact similar proposals which provide increased protection for U.S. industries. Agricultural trade is particularly vulnerable to this type of situation and can jeopardize significant market opportunities for products of U.S. agriculture. (Page 4185)

*International Apple Institute*

The institute asserted that the provisions of title I are vital for the maintenance and expansion of exports of apples and pears. (Page 4322)

*Poultry & Egg Institute of America*

The institute remarked: The EC's NTB's on poultry—generally consisting of a distorted gate price plus a variable levy and a supple-

mental levy, are opposed. It has become a practice to raise the levy on a 3-day notice—thereby creating uninsurable risks. The supplemental levy on one item changed 24 times in 5 years. In August 1972, because of the NTB's, imported whole eviscerated chicken cost the EC's importer 48.48 cents per pound compared with 33.50 cents per pound in the U.S. market. At the same time, the price spread was considerably greater on chicken backs and necks, turkey legs and thighs, and on whole dried eggs. (Page 4327)

*Southeastern Poultry & Egg Association*

The association recommended authority be granted to negotiate removal of nontariff barriers, especially on poultry and egg products. (Page 4347)

*National Council of Music Importers*

The council recommended the elimination of such nontariff barriers as "buy American" practices which exist in some States. (Page 4459)

*National Foreign Trade Council*

The council recommended that negotiations for reduction or elimination of the American selling price or other nontariff barriers referred to in section 103(c) should be realistically conducted under the same procedures as authorized for other nontariff barriers. (Page 4595)

*National Shoeboard Conference, Inc.*

The conference recommended that the President be granted the authority to negotiate the reduction and elimination of nontariff barriers. (Page 4762)

*Kentucky Distillers' Association*

The association remarked: Section 103(c) of the TRA of 1973 is opposed. This section is not in consonance with the purpose of the act as set out in paragraph 2, section 101, which provides for the "modification or continuation of an existing duty." If section 103(c) of the act is deemed to grant the President the power described above, such a grant by the Congress constitutes an improper delegation of legislative powers in violation of the Constitution of the United States. (Page 4825)

*Barton Brands, Ltd.*

The company asserted: Section 103(c) of the TRA of 1973 is opposed. The passage and implementation of this section will reduce the duties and excise taxes on imported distilled spirits thereby enhancing the competitive position of such products at the expense of domestic products which are presently suffering from the impact of the imports. Passage of section 103(c) will not stimulate economic growth of the United States and enlarge foreign markets for its products. On the contrary, passage will, among other things, have a disastrous affect on the domestic whiskey industry, would result in a loss of more than \$100 million a year in Federal revenues, would intensify the outflow of dollars thereby deepening this country's trade deficit and is likely to result in the loss of thousands of jobs in various domestic industries. (Page 4859)

*Tobacco Institute, Inc.*

The institute remarked: Nontariff barriers and discriminatory tariffs must be removed if U.S. exports of tobacco and tobacco products are to be expanded. U.S. tobacco and tobacco products face many discriminatory barriers including limited access to retail markets, special licensing, advertising and delivery limitations, and higher prices than local brands by Government edict. The European Community, a long-time large market for U.S. tobacco, is contemplating increased restrictions. (Page 4876)

*Tobacco Associates, Inc.*

The associations remarked: The trade negotiations must encompass the entire range of trade restrictions, including both tariff and nontariff barriers and domestic policies where such policies affect international trade. Greater harmonization of the agricultural policies of the major trading countries is required if international trade in agricultural products is to be liberalized. The restrictive tobacco policies of the European Community (EC) are of particular concern to U.S. tobacco exporters. In addition to discriminatory tariffs the EC has set up duty-free preferences for associated countries and are moving toward an excise tax harmonization which will work to the disadvantage of U.S.-produced tobacco. Other policies of concern are the tobacco monopolies in Italy and France and the common agricultural policy for tobacco which provides for high price imports, no effective production controls, a buyer's premium, and export subsidies. (Page 4879)

*Society of American Florists, Growers Division*

The growers urged that the basis for customs valuation be changed to coincide with the BTN definition of value. (Page 4893)

*CITC Industries*

The company asserted that the American selling price method of valuation on shoes is the most objectionable tariff barrier in the world. (Page 4813)

*Hiram Walker & Sons, Inc.*

The company asserted: The provisions in H.R. 6767 seeking to extend the President's powers to negotiate with foreign countries for the reduction, elimination, or harmonization of nontariff barriers are applauded. Among the nontariff barriers existing in the United States, is the wine-gallon/proof-gallon basis of assessment for duty and the internal excise tax on distilled spirits. This basis for assessment of tax is required by section 5001(a)(1) of the Internal Revenue Code. Under this provision and under the import tariff, if distilled spirits are withdrawn from domestic bond or imported below 100° proof, it results in discrimination against distilled spirits tax paid and imported at less than 100° proof. It is considered that the power granted by H.R. 6767 would result in the elimination of this discrimination. (Page 4875)

*National Distillers & Chemical Corp.*

The corporation asserted: The grant of "advance authority" to the President to abrogate existing domestic tax statutes as contained in

section 103(c) of the TRA of 1973 is opposed insofar as such grant would include authority to amend the present statutory method of assessing internal excise taxes on distilled spirits. Section 103(c) should be deleted or amended so as to make it clear that it shall not be construed as granting the President the authority to amend any internal revenue taxing provision. (Page 4870)

*Schieffelin & Co.*

The company asserted: The authority to reduce unrealistic burdens on trade in certain imported distilled spirits is in the national interest. The wine-gallon/proof-gallon method of assessment of tax is an outstanding example of a burden upon international trade which operates unfairly to increase the cost of bottled spirits. If section 103 of the TRA of 1973 is enacted, this issue can be included on the agenda of the tariff negotiations. The tax treatment of distilled spirits, whether imported or domestic, should be equalized by providing that the tax be assessed on a proof gallon basis in all cases. Similar provisions should be made in the case of the customs duty. Such equalization would remove a clear barrier to trade and would, in effect, foster competition between imported and domestic spirits on an equal basis. (Page 4873)

GENERAL WITNESSES

*American Association of Port Authorities*

The association endorsed the request to negotiate the elimination of nontariff barriers. (Page 839)

*International Executives Association*

The association applauded the authority the bill would give the President to lower tariffs and non-tariff barriers in the course of trade negotiations but objected to the President's authority to raise tariffs in the course of such negotiations and requested that authority to raise tariffs be used only as a form of import relief or as a means of retaliation against foreign restrictions. (Page 838)

*International Economic Policy Association*

The association asserted: Section 103 on nontariff barriers to trade should be expanded to include investments and also refer to services, transportation, management and technology. (Page 826)

*Committee for a National Trade Policy*

The committee applauded the administration's determination to attack nontariff barrier problems and proposed assistance to domestic industries affected by the removal of NTB's. (Page 787)

*United States Council of the International Chamber of Commerce*

The council urged the granting of authority and the proposed enabling procedures for action to reduce nontariff barriers. (Page 937)

*National Committee on International Trade Documentation*

The committee suggested that whatever legislation is enacted in section 103 should be conditioned on prevention and elimination of, rather than further creation of, paperwork and documentation procedures. (Page 1093)

*Public Interest Economics Center*

The center recommended removal of artificial barriers to international trade, asserting that imports help efficiency. (Page 1115)

*Charles H. Taquey*

Mr. Taquey urged the implementation of a unilateral trade liberalization policy as a solution to the economic problem. (Page 1203)

*American Farm Bureau Federation*

The bureau remarked: International commodity agreements which allocate markets or provide for the establishment of minimum and maximum prices are strongly opposed. A provision should be added to title I explicitly banning U.S. participation in such international commodity agreements. (Page 1426)

*Chamber of Commerce of the United States*

The chamber of commerce endorsed the need to remove NTB's but requested that the GATT inventory should be strengthened and formal procedures enacted to mediate disputes. (Page 1373)

*Port Authority of New York and New Jersey*

The port authority applauded the President's intention to seek agreements on dismantling of nontariff barriers to trade. (Page 2520)

*Trade Relations Council of the United States, Inc.*

The council asserted: The President should be directed to use his existing authority under trade agreements now in effect. Section 103 (c) should be deleted and the 90-day period should be extended to 120 days. (Page 2052)

*National Farmers Union*

The union contended: International commodity agreements are indispensable for dealing with the problems of international agricultural trade, especially in grains and dairy products. It is imperative to begin action immediately to negotiate a new International Grain Agreement and not to wait for the forthcoming general trade negotiations. (Page 2724)

*National Council of Farmer Cooperatives*

The council noted: Agricultural trade barriers such as the European variable levy systems are among the most complex of the nontariff barriers and it is vital that agricultural issues be dealt with as part of the total trade-monetary-investment-security-political package. The principle of congressional oversight and veto prerogatives over nontariff barrier agreements are supported. (Page 2804)

*League of Women Voters of the United States*

The league supported giving authority to negotiate on nontariff barriers and stated that if imposed, NTB's should be temporary, multilaterally negotiated and applied in conjunction with measures to promote economic adjustment. (Page 2997)

*National Tool, Die & Precision Machinery Association*

The association fully supported the flexibility given to the President to negotiate the reduction of existing trade barriers. (Page 3060)

*Committee for Economic Development Research and Policy Committee for International Economic Studies*

The committee endorsed the provision for reduction of nontariff barriers. (Page 1511)

*National Cotton Council of America*

The council agreed that the President should have authority to negotiate the elimination of nontariff trade barriers. (Page 3937)

*Owens-Illinois*

The company suggested that Congress provide the President with a mandate to negotiate in the nontariff barrier area. (Page 3850)

*Texas Instruments, Inc.*

The company was not overly concerned with nontariff barriers and recommended that firms establish facilities where markets exist, thus obviating nontariff barriers. (Page 3298)

*D. Christopher Ohly*

Mr. Ohly supported the concept of trade liberalization and further negotiated reductions in tariffs and quantitative restrictions. (Page 1597)

*American Cyanamid Co.*

The company asserted Congress should not grant authority to eliminate ASP on other than an ad referendum basis. (Page 3507)

*Heavy Duty Truck Manufacturers Association*

The association recommended that nontariff trade barriers of other countries be removed. (Page 3483)

*Scientific Apparatus Makers Association*

The association noted that no provision is made for hearings prior to NTB negotiations. (Page 3287)

*National Customs Brokers & Forwarders Association of America, Inc.*

The association supported granting authority to negotiate reduction of nontariff barriers. The bill should specifically exclude authority for conversion of TSUS to the BTN system. (Page 1582)

*Footwear Group of the American Importers Association*

The group recommended that the American selling price method of valuation should be abolished. (Page 4809)

*New York Chamber of Commerce and Industry*

The chamber of commerce supported section 103. (Page 1569)

*National Grange*

The Grange strongly encouraged the U.S. Government to seek reforms of foreign farm trade policies (particularly those of the European Community) which have the effect of disrupting world trade and transferring a substantial part of the cost of their national farm programs to farmers in other countries. (Page 2835)

*American Japanese for Freer International Trade*

The groups recommended, as an alternative to postponement of trade legislation, an unequivocal invitation by the Congress to other

trading nations to indicate their "price" for dismantling or substantially reducing their artificial and arbitrary nontariff barriers to trade and the cancellation of all tariffs on imports under bilateral or multilateral restraint agreements. (Page 1532)

*Association of American Chambers of Commerce-Europe and Mediterranean, Inc.*

The association suggested that all nontariff barrier agreements negotiated by the President, other than those he would be granted prior authority to implement, should be subject to congressional veto. (Page 1560)

*General Aviation Manufacturers Association*

The association supported elimination of nontariff barriers that restrict trade and marketing opportunities. (Page 1553)

*Rubber Manufacturers Association, Footwear Division*

The association asserted: Elimination of the final list and American selling price is of such importance to domestic industry that provision for congressional veto would not be an adequate answer. The administration should be required to make affirmative justification of any agreement in this area, and industry should be given opportunity to set forth its views. (Page 1455)

## C. PRENEGOTIATION PROCEDURE

### GOVERNMENT OFFICIALS

*Secretary of Agriculture*

Secretary Butz said the Trade Reform Act of 1973 contains carefully prescribed procedures that would require public hearings and departmental advice before any offer could be made in negotiations. (Page 491)

*Secretary of Commerce*

Secretary Dent asserted: It is essential to establish new government-industry consultation procedures to assure U.S. industry views are fully taken into account during trade negotiations. Proposed is a three-stage program of consultations with industry, conducted jointly by STR and the U.S. Department of Commerce. The first stage of the program would be informal discussions with key industry executives; the second stage would involve informal meetings with industry technical experts; and the third stage would comprise formal industry advisory groups. In order to insure meaningful discussions of negotiating objectives, strategy, and specific product interests with industry representatives, a provision has been included in the trade bill to exempt industry, labor, and agricultural groups established for this purpose from the requirements of the Federal Advisory Committee Act to hold open meetings. (Page 496)

### WITNESSES WITH SPECIFIC PRODUCT INTEREST

*American Importers Association*

The association asserted chapter 2 of title I should be amended to require hearings in the nontariff barrier area as well as the tariff alteration area. (Page 765)

*Business International Corp.*

The corporation contended: The TRA of 1973 does not provide for future problems. The act should have a preamble setting out broad lines of U.S. economic policy, making clear that trade issues are inter-related with monetary questions. (Page 607)

*Manufacturing Chemists Association*

The association supported the following: the requirement that the President seek and utilize advice of industry; active participation of Joint Committee of Congressional Advisers on Foreign Trade is urged; reciprocity on exchange within product sectors with no priorities between sectors of the economy. (Page 1681)

*Dry Color Manufacturers Association*

The association recommended that industry have a genuine opportunity to participate in the negotiating procedure with consultation, advice, and information. (Page 1704)

*Society of the Plastics Industry, Inc.*

The society stated: The proposed procedure of the TRA of 1973 is opposed. NTB should be given more emphasis, and the advice of the Tariff Commission should be required for estimation of the effects of any agreements before they are formalized. Participation of industry advisers before and during negotiations (section 112(b)) should be mandatory. Similarly, section 112(a) should be amended to require the President to seek the advice of the Ways and Means and Senate Finance Committees in addition to the departments named; that portion of section 112 which specifically exempts advisory groups from the Federal Advisory Committee Act is supported. (Page 1792)

*National Association of Manufacturers*

The association endorsed sections 112 and 113, and advocated that consideration be given to a more structured trilateral advisory mechanism involving industry, the executive branch and the Congress. (Page 1911)

*National Livestock Feeders Association*

The association stated that the prenegotiation procedures are sufficient. (Page 2807)

*Benrus Corp.*

The corporation recommended that opinions of responsible parties be required prior to negotiations. (Page 3189)

*Western Electronic Manufacturers Association*

The association suggested that there is a need to provide ongoing consultation between the U.S. trade negotiators and affected labor, agricultural, industrial, and business groups. (Page 3216)

*Electronic Industries Association*

The association urged that amendments be adopted to TRA of 1973 to require the President's negotiators during regular intervals throughout the bargaining and its preparation to consult on matters of substantive objections and progress with all who are legitimately concerned in the end results of the process. (Page 3267)

*National Electrical Manufacturers Association*

The association suggested: Opportunities for legitimately interested nongovernmental parties to be heard during the course of trade negotiations are thoroughly inadequate. Title I should be amended to require that the President's negotiators consult regularly and systematically, throughout the duration of the negotiating authority, with designated representatives of industry, labor, agriculture, and the general public who have legitimate interest in each specific negotiation. (Page 3111)

*Computer and Business Equipment Manufacturers Association*

The association expressed concern about the timing of and lack of emphasis on consultation with industry and labor, particularly during the prenegotiation and negotiation periods. (Page 3135)

*American Paper Institute*

The institute welcomed prenegotiation hearings to take place to express their views. (Page 3315)

*Automobile Importers of America*

The association proposed that the President be required to draw up a list of nontariff barriers on which he is prepared to negotiate. (Page 3470)

*Monsanto Co.*

The company recommended that Congress should maintain control of the prenegotiation procedure. (Page 3498)

*ASG Industries, Inc., C-E Glass, Libbey-Owens-Ford Co., and PPG Industries*

The producers strongly endorsed the recommendations presented to the committee by the Trade Relations Council of the United States on May 22, 1973, dealing with sections 111, 112, 113, and 114 of the TRA of 1973, which would generally inform, adjust procedure, and strengthen negotiating controls. (Page 3769)

*Independent Wire Drawers Association*

The association recommended that section 111(c) of the TRA of 1973 be amended to require the Tariff Commission to indicate whether an article in question is an industrial or other raw material and that these industrial raw materials should be entered duty free. (Page 4057)

*Slide Fastener Association*

The association was reassured to see that the proposed legislation contained a number of procedures designed to place before the President the maximum number of facts concerning the probable impact of tariff reductions, but recommended that clear criteria for the reservation of articles from the negotiating lists should be provided. (Page 4124)

*Sunkist Growers, Inc.*

The league urged Congress to watch the progress, or lack of it, of current negotiations resulting from the enlargement of the EEC to determine whether or not to grant additional negotiating authority. (Page 4185)

*National Foreign Trade Council*

The council stated: The language of section 112(b) should be positive in directing the President to seek advice from industry, labor, and agricultural groups prior to entering into a trade agreement. Section 113, which relates to public hearings, should relate to any trade agreement under section 103 with respect to nontariff barriers, as well as under section 101 relating to tariff duties. (Page 4595)

*Dow Chemical Co.*

The company recommended that industry advice to the President should be mandatory and an industry trade adviser from the chemical industry should be appointed along with other industry advisers as members of a negotiating team. (Page 3510)

## GENERAL WITNESSES

*Communications Workers of America*

The union contended: The United States should have a balanced trade policy which should remove trade from its role in fiscal policy and consider the separate trade problems involved on their own merits. This would be accomplished by establishment of a Foreign Trade Board. (Page 2013)

*Trade Relations Council of the United States, Inc.*

The council asserted: Mandatory prenegotiating procedures followed prior to the Kennedy round should be restored. Tariff advice for negotiation on the reduction of nontariff barriers should be provided and the prenegotiating hearings should be conducted by persons with policymaking responsibility. (Page 2052)

*National Cotton Council of America*

The council recommended that agricultural representatives be included in future delegations to trade negotiations in order to protect U.S. agricultural interests. (Page 3937)

*International Sino-American Trade Association*

The association recommended that criteria be established for the inclusion of specific articles in a list to be submitted to the Tariff Commission and for the reservation of articles once listed. (Page 3726)

*California Chamber of Commerce*

The chamber of commerce recommended: Language should be added to this title to establish a Commission which would operate in much the same way as the Tariff Commission, but confine its efforts to nontariff barriers. The following sentence should be added to the end of section 112(a): "In developing information and advice, the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, Treasury, and the Special Representative for Trade Negotiations shall seek advice and guidance from representatives of industry, labor, agriculture, and trade groups which would be directly affected." Consultation should be provided between the U.S. trade negotiators and the affected industry during negotiations with their foreign counterparts. (Page 1566)

*American Cyanamid Co.*

The company stated: Government agencies concerned with trade negotiations should be required to seek and use the advice of experts from business, labor, and agriculture. Prior to negotiating elimination of the American selling price (ASP) method of customs valuation, the Tariff Commission should convert the ASP duty rates to give protection substantially equal to the present ASP rates as of the date of conversion. (Page 3507)

*Machinery and Allied Products Institute*

The institute asserted that the prenegotiation procedure should involve consultations with U.S. businessmen and provide for Tariff Commission advice on the reduction of nontariff barriers. (Page 1538)

*Scientific Apparatus Makers Association*

The association strongly recommended the United States follow the practice of other countries and maintain close consultation with industry before and during negotiations. (Page 3287)

*National Grange*

The Grange urged that maximum priority be given to agriculture in the special negotiations on enlargement of the European Community in early 1973 and in the comprehensive negotiations scheduled to begin later in 1973. (Page 2835)

*General Electric Co.*

The company recommended that chapter 2 of title I of the TRA of 1973 be amended to provide that the trade negotiations will be conducted by industry sector; provide that nontariff distortions and tariff rate changes will be negotiated together; establish, by industry sector, advisory committees; and establish a Joint Congressional Committee on Foreign Trade to monitor the progress of trade and monetary negotiations and the day to day operation of the provisions of the Trade Reform Act. (Page 3140)

*American Retail Federation and Montgomery Ward & Co.*

The federation recommended that section 112 of title I be amended to make it subject to the Federal Advisory Committee Act (Public Law 92-463) and that the findings of the Tariff Commission be binding on the President. (Page 3067).

*New York Chamber of Commerce & Industry*

The chamber of commerce endorsed these provisions. (Page 1569)

*Cold Finished Steel Bar Institute*

The institute recommended that the advice provided the President under chapter 2 of title I of the TRA of 1973 should be made binding upon him insofar as the Tariff Commission recommends that a product be exempt from negotiation. (Page 4143)

## TITLE II. IMPORT RELIEF AND ADJUSTMENT ASSISTANCE

### A. IMPORT RELIEF (ESCAPE CLAUSE—INCREASE DUTIES, QUOTAS, ETC.)

#### GOVERNMENT OFFICIALS

##### *Secretary of the Treasury*

Secretary Shultz asserted that the Trade Reform Act of 1973 would provide a fairer and less stringent test for domestic industry to qualify for import relief on a temporary basis which is designed to provide industry time to adjust to import competition, and to buffer domestic industry against injury from sudden surges of imports. (Page 152)

##### *Secretary of Agriculture*

Secretary Butz told the committee that just as the President needs flexibility on the negotiating side, he also needs flexibility on the safeguards side, and that it would be a step backward to define too narrowly those circumstances which might require restrictive action. (Page 491)

##### *Secretary of Commerce*

Secretary Dent said: The trade bill would provide both more flexibility in negotiating and better safeguards to handle the injurious effects of sudden import surges. Considered of special importance are the liberalized escape clause provisions of the proposed trade bill, which include elimination of the present requirement that injury caused by imports be linked to tariff concessions, the substitution of primary cause for major cause with respect to the relationship between increased imports and injury, and the addition of new market disruption criteria intended to simplify demonstrating that increased imports are the primary cause of import injury. Import relief will be made more effective by providing the President greater flexibility in providing relief measures. (Page 496)

##### *Secretary of Labor*

Secretary Brennan remarked: The more effective procedures for industry-wide relief and adjustment in the Trade Reform Act of 1973 should much reduce the vulnerability of workers to sudden increases in imports. Although the reduction of trade barriers could lead to sudden surges of imports that could disrupt domestic industry and its workers, temporary import restraint in these cases may be desirable, and it is stressed that this improved and rapid access to such restraint should serve to reduce the number of situations where workers might otherwise face loss of jobs from increased import competition. (Page 503)

#### MEMBERS OF CONGRESS

##### *Hon. George E. Brown, Jr. (Democrat of California)*

Mr. Brown noted: The June 7, 1973, testimony of Mr. Jack J. Carlson offered changes regarding import relief, for which the administration's proposal does not adequately provide. Mr. Carlson suggested that industries in a major geographic region be eligible for relief under

title II, and that relief to that geographic sector of the industry be provided through devices precluding the necessity for the restrictions on all imports entering the United States. These suggestions would improve the bill. (Page 4063)

*Hon. John C. Culver (Democrat of Iowa)*

Mr. Culver stated: For special situations, where there has been rapid market penetration by imports, trade adjustment assistance should be linked to carefully designed import safeguards, limited in duration. This would provide interim protection to industries and workers during difficult transitional periods of adjustment and avoid escalating protectionism. (Page 5065)

*Hon. Thomas M. Rees (Democrat of California)*

Mr. Rees contended: The language on market disruption is far too loose.

Regional readjustment banks should be established to make grants or low-interest loans to industries affected by imports. (Page 5108)

*Hon. Charles S. Gubser (Republican of California)*

Mr. Gubser asserted: The provision to suspend the application of TSUS items 806.30 and 807.00 should be deleted. The loss of these tariff items would significantly reduce domestic employment, decrease both domestic and international competitiveness of U.S.-made products and result in a deterioration in the United States balance of trade. (Page 5142)

#### WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Aerospace Industries Association of America, Inc.*

The association is opposed to the proposed elimination of the TSUS 806.30 and 807.00 items. (Page 820)

*National Machine Tool Builders Association*

The association endorsed the administration's bill to liberalize the Trade Expansion Act of 1962 for the purpose of providing relief for industries suffering from increased imports. (Page 803)

*American Importers Association*

The association asserted: The abandonment of the need to show that increased imports have been caused by tariff concessions is a violation of the spirit of article XIX of the GATT. The linkage between tariff concessions and increased imports should be retained, requiring that tariff concessions be the "primary" rather than the "major" cause of the increased imports. Before import restrictions are invoked, an industry, and not just a portion of it, should be found to be suffering serious injury. The market disruption concept is opposed and there is no justification for its remaining in the bill. If the import relief provided is in the form of quotas, the quotas should be limited to 3 years, with a phaseout to begin after the first year. (Page 765)

*Emergency Committee for American Trade*

The committee agreed: The causal relationship between past tariff concessions and increased imports should be dropped as a test for

granting higher tariffs or quotas in the case of serious injury. It is recommended, either that the market disruption proposal be eliminated or that the Congress define and treat market disruption more stringently so that the Tariff Commission will not interpret a mere coincident of serious injury to domestic producers and the existence of market disruption as proof that imports are the primary cause of the serious injury. Also recommended is that the Congress consider legislating an upward limit on the President's ability to impose tariff increases pursuant to the escape clause.

The committee contended the key feature should be to retrain people for specific jobs in growing segments of the economy. (Page 658)

*Business International Corp.*

The corporation asserted: Market disruption can be caused by a country exporting inflation or deflation. An agreement should be reached between free world countries to measure and ameliorate market-disruptive actions by any country. Such agreement would eliminate the need for chapter 1 of title II. The safeguard section of the act is unnecessary; if fair competition cannot be met, the recourse should not be protection, but adjustment. The adjustment provision of the act is totally inadequate in both concept and resources. Substantially more unemployment results from industries that become non-competitive internally than is caused by imports. (Page 607)

*Caterpillar Tractor Co.*

The company asserted: Trade restrictions—duties, quotas, orderly marketing agreements—which could negate the objectives of freer trade and bring retaliation on U.S. workers and U.S. exports should be rejected. Imposition of quotas and surcharges is the wrong way to deal with balance of payments problems. The proper mechanism is through the international monetary system. Using authority granted for dealing with import disruption could void this country's trade agreement pact for 5 to 7 years. (Page 987)

*Builders Hardware Manufacturers Association*

The association suggested that import relief be granted for a basic 5 year period with three possible extensions of 2 years each, for a total of 11 years, and that the petition for a report on the effects of termination of import relief come 1 year instead of 9 months prior to such termination. (Page 1291)

*National Conference of Motion Picture and Television Unions*

The conference recommended the establishment of adequate tariff and trade regulations to curb the unrestricted flow of imported motion picture and TV films. (Page 1305)

*Society of the Plastics Industry, Inc.*

The society stated: The changed criteria for import relief for domestic injury is supported. However, that portion of the bill which would require that import relief be phased out within a definite time period is questionable. So long as those facts and circumstances which warrant the granting of relief continue to exist, or are likely to do so, the import relief mechanism should be available. Upon an affirmative finding of the U.S. Tariff Commission, the granting of relief should

be mandatory. The President should of course, have discretion as to the form of relief granted, and in a broader range than set forth in section 203(a). Finally, in any case where the Tariff Commission concludes that import relief is in order, it should retain jurisdiction to investigate further the underlying causes of that industry's problems. (Page 1792)

*Manufacturers of Small Tools and Metal Fasteners*

The manufacturers proposed mandatory tariff increases or quotas after 3 years of imports increasing more than 5 percent a year. (Page 1829)

*Bicycle Manufacturers Association*

The association recommended escape clause cases should be allowed even where the injury to a domestic industry cannot be traced to a change in our tariff schedules. Any new legislation should include a "trigger mechanism" for restrictions of imports when injury to an American industry appears imminent. In this connection, imported bicycles accounted for 19.8 percent of U.S. consumption in 1964 and rose to 37.1 percent in 1972. Imports of bicycles should account for no more than 2 percent of consumption. (Page 1891)

*Glastron Boat Co.*

The company asserted: The concept of a "safeguard" system that is vigorously enforced to ensure that adjustments to sharp surges in foreign imports can be moderated is endorsed, as is the changes in causation criteria in title II of the TRA. The proposed revisions of the escape clause are strongly opposed, especially the suspension of tariff items 806.30 and 807.00 of the Tariff Schedules. Items 806.30 and 807.00 should be retained in toto in the U.S. Tariff Schedules. (Page 2544)

*International Marine Expositions, Inc.*

The corporation asserted: This section, which deals with relief necessitated by disruption from sudden surges in foreign imports is strongly supported, as is a permanent delegation of authority to the President to protect U.S. industries from foreign imports that are the "primary" cause of "serious" injury or threat thereof. The major changes in the criteria for import relief in the safeguard system should be enacted, especially the elimination of the link to prior tariff concessions as the required cause for the increased foreign imports. (Page 2544)

*National Association of Manufacturers*

The association remarked: The proposal to liberalize the "escape clause" by severing the causal link between past trade concessions is endorsed, but the market disruption concept may require further clarification in order to avoid misuse. The selective suspension of items 806.30 and 807.00 of the tariff schedules is opposed on the grounds that such action would: (1) destroy the continuity of production processes for many border operations resulting in eventual job losses in the United States; (2) force inflationary pressures by increasing the cost of production; (3) reduce U.S. exports of raw material and component parts; (4) render additional small and medium sized U.S. firms noncompetitive. (Page 1911)

*Aluminum Association, International Policy Committee*

The association asserted: Safeguards are needed against injurious import competition. It is recommended that upon a finding that increased imports do or might contribute substantially toward injury, authority be provided to invoke quickly higher duties or quotas, or to negotiate voluntary export restraints so as to avoid the injurious effects of the imports. (Page 2561)

*Copper & Brass Fabricators Council, Inc.*

The council remarked: Those provisions of the TRA of 1973 are endorsed which would establish less restrictive standards for the imposition of restraints on imports which seriously injure or threaten serious injury to an industry. The term "substantial cause" should be substituted for "primary cause" in order that the required proof needed is that increased imports have been a "substantial cause" of the injury. The provisions of TRA of 1973 should be enacted which eliminate the restriction contained in section 351(b) of the TEA of 1962, which limits the relief that may be granted on industry seriously injured by imports. Provision should be made for the conversion of a specific duty to an ad valorem duty in establishing the relief that can be granted to an industry under the escape clause. (Page 2955)

*Lead-Zinc Producers Committee*

The committee remarked: Provisions in the TRA of 1973 which suggest that it may be easier for domestic industry to prove and obtain relief from import injury are welcomed. The Tariff Commission should be empowered to recommend an appropriate import restriction when it finds that injury has been caused by increased exports and Congress should have the power to reverse the President's decisions when he determines that import relief is not appropriate. (Page 2924)

*American Importers Association, Machine Tool Group*

The group asserted: The criteria and procedures in the market disruption proposal could be applied in such a manner as to obscure the real impact of imports on the U.S. industry. If the market disruption concept was intended to meet unusual chaotic market conditions caused by imports, the definition contained in the bill is not confined to such situations. The standards set forth in the TRA of 1973 have no necessary relationship to the question of whether a U.S. industry is being seriously injured. It is suggested that this proposal not be accepted by the committee. (Page 3052)

*Wine Institute*

The institute stated: The TRA of 1973 should be amended to provide for import quotas on grape table wine from countries with trade barriers against U.S. wines. These quotas should be based on exporting countries' market shares for calendar year 1971. (Page 3043)

*Anti-Friction Bearing Manufacturers Association*

The association recommended: Where statutory "market disruption" is found to exist in respect to a critical defense article or industry, then, to assure the availability of that article or the stability of that industry, the implementation of appropriate relief measures should be mandatory. The Tariff Commission should continue to make

recommendations for the type of relief where market disruption is found. (Page 3102)

*National Building Granite Quarry Association, Inc.*

The association unanimously preferred import quotas for foreign structural fabricated granite as a solution to the problem facing the granite industry. (Page 3157)

*American Watch Association, Inc.*

The association remarked: The overall thrust of TRA of 1973 is favored, but the provision for automatic expiration of any escape clause action should be retained to assure periodic reexamination of whether duty increases are necessary or desirable. The proposed trade statute should not encourage artificial segmentation of an industry for purposes of determining injury. The proposed "market disruption" test should be deleted from the escape clause provisions of the bill because this standard would seriously undercut the requirement for proof that imports are in fact the primary cause for the industries' difficulties. A complex of factors can be at work simultaneously; no simplistic statistical standard based on imports can be applied automatically to all domestic industries. (Page 3180)

*Western Electronic Manufacturers Association*

The association recommended: Section 201(b)(5) should be reworded to remove the "automatic trigger" features in favor of appropriate language which would ensure Tariff Commission investigation and consideration of all relevant factors before reaching a decision calling for Presidential action. Deletion of the provision in TRA of 1973 which would permit the President to suspend the provision which permits products manufactured or further processed abroad of U.S. origin parts and components to enter the United States duty free is recommended. Additional language should be included to require the President, once he selects a specific course of action, to publicly disclose the action and the reason why that specific action was taken. (Page 3216)

*Fairchild Camera & Instrument Corp.*

The company recommends retention of tariff items 806.30 and 807.00 (Page 3237)

*California Semiconductor Manufacturers*

The group remarked: The preservation of items 806.30 and 807.00 of the tariff schedules is favored because the semiconductor industry is dependent on these two items for its continued success. Without these two items it is believed that the added duty would increase the product cost significantly and therefore make it less competitive in world markets. Also, without these two items it is conceivable that all semiconductor manufacturing facilities would be located overseas, and that U.S. users would be forced to purchase all of their semiconductor devices abroad. (Page 3258)

*Electronic Industries Association*

The association urged the deletion of subsection 203(a)(2) which authorizes the President to suspend, in whole or in part, the applica-

tion of items 806.30 or 807.00 of the Tariff Schedules of the United States (Page 3267)

*National Electrical Manufacturers Association*

The association contended that the market disruption test is too stringent. (Page 3111)

*National Office Machine Dealers Association*

The association remarked: Because machine dealers are heavily dependent on imports, approval of section 202(c)(3) requiring the President, after a finding of injury, to take account of the effect of relief on consumers and on competition is favored. This section should be strengthened, however by requiring the Tariff Commission in escape-clause proceedings to make its own investigation under the section and report its findings to the President. Moreover, the President should be forbidden to impose import restrictions when the Tariff Commission finds that such restrictions will materially reduce competition. The formula for market disruption is irrelevant to a determination of injury and, moreover, shifts the burden unfairly to the importer to prove that imports have not caused serious injury. (Page 3128)

*Computer and Business Equipment Manufacturers Association*

The association contended that items 806.30 and 807.00 of the Tariff Schedules of the United States should be retained because of their positive impact on the U.S. economy and because of their utilization in many cases where retention of any production in the United States is marginally profitable. (Page 3135)

*American Paper Institute*

The institute endorsed the relaxation of the escape clause provision to assist the import-affected industries on a time-limiting basis. (Page 3315)

*National Automobile Dealers Association*

The association asserted: The proposal that duties be increased to any level thought necessary without limitation in cases of injury due to imports should be rejected and imports should be proved to be the major cause of injury to a domestic industry before import relief is imposed. In addition, any such relief should be temporary. The roll-back in imports to the 1965-69 level proposed by the Burke-Hartke proposal would be very injurious to the import automobile business and to the U.S. economy. (Page 3368)

*American Imported Automobile Dealers Association*

The association recommended: Investigations before the Tariff Commission should conform to the Administrative Procedure Act (APA) with rights to cross examination, rebuttal, etc. Tariff Commission industry investigations should be retained at the present 6 months. The standards for granting quota and tariff relief should be changed so that injury should be actual rather than potential, injury should be national rather than local, imports should be the major rather than the primary cause of injury; and the market disruption test set up by the TRA should be eliminated. Tariff increases should have an upper duty

limit of 50 percent of the current rates of duty. If quota relief is provided, it should be limited to 3 years in duration with a phase-out beginning after the first year. Items 806.30 and 807.00 should be maintained as part of import relief since their suspension would worsen the U.S. employment situation and balance of payments problems. Any relief applied to any commodity grouping should not exempt those articles within the grouping that are subject to special treatment, such as the United States-Canadian Automotive Products Trade Agreement. (Page 3379)

*Automobile Importers of America*

The association urged: Increases in duties should be made only to the level of the 1930 rate of duty, and that quotas be limited to 75-80 percent of the most recent representative period for imports. The criterion of using market disruption as a trigger for import relief could result in higher duties or quotas when imports are clearly not the primary cause of an industry's problems. This criterion should be dropped from the bill because it is not consistent with article XIX of G.A.T.T. (Page 3470)

*Monsanto Co.*

The company recommended elimination of section 203(a), which provides for increase in duty on the injuring item, suspends items 806.30 or 807.00 of TSUS and permits agreements with foreign countries—all in connection with provisions of import relief. (Page 3498)

*American Importers Association, Apparel Quota Group*

The group strongly opposed any form of a quota program and recommended the bill be amended so that no "voluntary" or multi-lateral arrangements between nations restricting the trade in textiles and apparel, or any other product, be entered into without a finding of serious injury by the Tariff Commission. (Page 3892)

*International Ladies' Garment Workers' Union*

The union contended: Quotas are much more significant than tariffs in solving our trade problems because wages, which are the major differential in cost between foreign and domestically-made apparel items, are substantially lower in foreign nations than in this country. Our tariffs cannot be structured to compensate for the difference in labor costs because such costs are not going to be constant. When dealing with flexible articles such as apparel, where constructions can be varied as a way of absorbing costs, tariffs are not the solution. The rapid buildup of apparel exports to the United States underlines the threat to the employment of garment workers in this country which will persist so long as import growth is not subject to control on a world-wide basis. The public interest would be best served if item 807.00 of the TSUS were expunged from our books and if countervailing duties were imposed in all cases of import subsidies such as called for under the existing law. (Page 3859)

*Textile Workers Union of America, AFL-CIO*

The union asserted: The principle of regulated growth embodied in the cotton, manmade fiber, and wool textile trade arrangements and the basic concept of title III of the Burke-Hartke bill (H.R. 62) are commendable. The application of this principle in H.R. 62 would safe-

guard the jobs of those textile workers who are not covered by the agreements respecting cotton, wool, and manmade products. The workers in urgent need of protection are those engaged in the manufacture of hard-fiber and synthetic cordage products. Unless a sliding-scale formula such as the Burke-Hartke bill provides is applied by category, imports will surely erode the ability of the domestic industry to survive. (Page 3874)

*ASG Industries, Inc., C-E Glass, Libbey-Owens-Ford Co., and PPG Industries, Inc.*

The producers fully endorsed the recommendations of the Trade Relations Council of the United States for the revisions of sections 201, 202, and 203 of the TRA of 1973, which included giving the findings of the Tariff Commission their proper stature in foreign trade. (Page 3769)

*Emergency Committee of the Steel Wire Industries of the United States*

The committee suggested: "Fair" and "unfair" competition should be redefined in titles II and III so that import competition would be classified as unfair if the foreign producers or importers transgress any of our domestic laws in their exportation or sale of foreign goods. The factor of "prevention from being established" should be added to the injury criteria of the escape clause. (Page 4031)

*American Iron & Steel Institute and American Specialty Steel Co.*

The institute recommended: The Tariff Commission, using criteria specified by Congress, should be required to determine whether imports contribute toward causing or threatening to cause serious injury and, if so, specify the appropriate level of import quota relief necessary to eliminate the existence or threat of the injury. Import relief should remain effective for no fewer than 3 nor more than 5 years. A provision should be made in the TRA of 1973 to prevent further reductions in domestic tariffs for commodities already severely affected by imports, giving special attention to industry sections which have an unfavorable balance. There should be adjustments in U.S. trade policy to offset artificial advantages possessed by foreign producers. Imports should not be restricted where it can be demonstrated either that no competing industry exists or where the relevant American industry has tried to keep itself in a competitive position. Several technical amendments to the TRA of 1973 were suggested. (Page 3957)

*Kaiser Steel Corp.*

The corporation recommended: Section 201 of the TRA of 1973 should be amended to provide that the term "industry" as used in title II shall mean the industry in a major geographic area of the United States and section 203(a)(1) of the TRA of 1972 should be amended to provide that the President may, in applying higher import duties or other import restriction, do so on a non-most-favored-nation basis. Section 203(c), which deals with orderly marketing agreements, should be amended to provide: (1) That an orderly market agreement can be negotiated with one or more foreign countries which account for a significant part of United States imports by a geographic region of the United States and (2) to provide that the President can take action against countries not party to such agreement even when an orderly

marketing agreement has been entered into with only one country. (Page 4063)

*American Institute for Imported Steel, Inc.*

The institute contended: The present escape clause more than adequately serves the legitimate function of remedying injury resulting from improvidently granted tariff concessions. The Tariff Commission in an escape clause proceeding should be required to consider the interests of consumers and U.S. export industries and competition—or lack of it—in the complaining industry and the Tariff Commission should be given more than the proposed 3-month period to complete an investigation. Any industry which is granted escape clause relief should be required to freeze its prices during the period for which import competition is curtailed. Section 203(d)(3) of the TRA of 1973 should be amended to include the present “voluntary” restraints on steel imports in the provision of phasing out relief. All duties should be suspended on imports—including steel—which are subject to quantitative restraints. (Page 4097)

*American Chain Association*

The association recommended inclusion in the escape clause provision of a procedure by which the Congress can override a Presidential determination not to follow a Tariff Commission recommendation for relief. (Page 4110)

*UNA Corp.*

The corporation asserted: The market disruption concept of the TRA of 1973 is opposed and should be deleted. The present statutory language in the TEA of 1962, which provides for import relief for “inability of an industry to operate at a reasonable level of profit” should be retained. Import quotas are opposed. Any newly imposed import quota or increased duty should become effective not earlier than 90 days after such announcement is made. (Page 4128)

*National Association of Scissors & Shears Manufacturers*

The association urged: The escape clause should spell out in clear, definite terms what is to be done to retain a domestic industry in the United States on a fair, competitive basis. Relief for serious injury should not be limited to any specific period of time. (Page 4117)

*Slide Fastener Association*

The association recommended the enactment of the import-relief provision as proposed. (Page 4124)

*Sunkist Growers, Inc.*

The league suggested specific legislation be passed to provide that relief from disruption caused by fair competition be achieved other than through the imposition of quotas and other nontariff barriers. (Page 4185)

*Florida Fruit & Vegetable Association*

The association favored the change which would make it no longer necessary to link increased imports to a previous tariff concession and the change which would require that increased imports be only the “primary” rather than the “major” cause of injury, asserting the President should be compelled to take action in cases affirmatively reported to him. (Page 4268)

*National Council of Music Importers*

The council proposed: The Committee should keep the term "major" instead of "primary", in describing the relation between increased imports and serious injury and omit the "market disruption" test altogether. The President should have substantial power to negotiate with foreign countries but tariff increases should be limited to 150 percent. The Tariff Commission should be asked to study and consider the most important silent party—the consumer's interest—and include its findings in its report. (Page 4459)

*Stone, Glass & Clay Coordinating Committee*

The committee agreed: Section 201 is an improvement over the TEA of 1962, but the word "primary" would create serious problems in interpretations. The best language to properly provide relief is in the proposed Burke-Hartke bill. (Page 4585)

*National Foreign Trade Council*

The council recommended: The Tariff Commission should be required to determine whether there was a causal connection between the increase in imports and serious injury. The need for this is supported by the vague language of section 201(f)(2) in attempting to define market disruption. The Tariff Commission should recommend to the President what relief measure should be taken. (Page 4595)

*Tanners' Council of America, Inc.*

The council asserted: The TRA of 1973 is opposed. The bill does not address itself to the problems of foreign trade. Title II of the bill succinctly defines all of the relevant preconditions or import controls necessary to prevent and limit injury and then fails to offer a decisive solution. Provision is needed for mandatory action on the presentation of a prima facie case, with further deliberation to take place later. Quotas are the only alternative to recurrent economic dislocation. Voluntary import quotas were negotiated for steel and textiles but not for shoes, leather and leather products. All of the criteria should have dictated priority of action for shoes where degree of penetration and import injury were far greater than in any other product. (Page 4770)

*United Rubber, Cork, Linoleum & Plastic Workers of America*

The union asserted: Passage of the Burke-Hartke bill, which would provide protection from imports, is favored. The Burke-Hartke bill would guarantee both foreign and domestic goods a percentage of the U.S. market. It would end the dumping of foreign products on the U.S. market and remove the loopholes in the tariff schedules. The Burke-Hartke bill is more in tune with the realities of the current world trade mechanisms and would provide a more suitable answer to the problems currently faced by the U.S. tire industry. It would halt the present trend in tire imports. Items 806.30 and 807.00 of the Tariff Schedules of the United States should be repealed. (Page 4741)

*International Union of Dolls, Toys, Playthings, Novelties & Allied Products Workers' Union*

The union remarked: The proposals provide no specific machinery to regulate the flood of imports and, indeed, some would increase the amount of damage to American employment and industrial production: Item 807.00 of the Tariff Schedules of the United States should be repealed. (Page 4789)

*National Shoeboard Conference, Inc.*

The conference supported the general provisions of chapter I of title II and the new criteria proposed to define injury; however, the word "substantial" should be used instead of "primary" in making the determinations set forth in this chapter. (Page 4762)

*Distillery, Rectifying, Wine & Allied Workers' International Union of America*

The union recommended: United States tariff negotiators should make clear that there can be no concession made on products processed by workers receiving wages which are substandard in the receiving country—and that quotas on imports will be imposed if there is no improvement in such standards. Complaint machinery should be formalized both in the GATT and in multi-lateral tariff negotiations generally on the issue of whether disparate labor standards contribute to an unfair competitive posture. If an affirmative finding on this score is made by the ILO or any other acceptable agency, provision could be made for such mechanism as voluntary quotas or an export tax, pending the long-range solution of an upward adjustment in wages and working conditions. Authority should be accorded to establish selective quotas against countries which flagrantly discriminate against American products or whose export practices threaten to undermine the economic stability of any sector of the American alcoholic beverage industry. (Page 4843)

*Tobacco Institute, Inc.*

The institute stated that specific U.S. industries which may undergo significant harm from imports should be afforded means of relief. (Page 4876)

*Society of American Florists, Growers Division*

The growers urged: Particular emphasis and definition should be given to the criteria of threat of injury to domestic industry. Too often under this present system once a determination of injury has been made any resulting action is too late. The full impact of imports of cut flowers is just beginning to be felt. The U.S. producers are headed for economic chaos unless some restriction can be developed almost immediately. (Page 4893)

*National Wool Growers Association*

The association asserted: The import quota concept is endorsed but administration opposition is responsible for failures in the past to have dressed lamb covered by this kind of import restraint. As an alternative, with mounting pressure from increased imports, and with assistance from the U.S. Department of Agriculture, the association has initiated a coordinated effort with Australian and New Zealand interests to promote complementary aspects of domestic/foreign lamb marketing in the United States so as to have the least disruptive effect possible on U.S. markets. (Page 3942)

*CITC Industries*

The company objected to the market disruption formula in the TRA of 1973. (Page 4813)

*Colombian Association of Flower-Grower Exporters (Forwarded through the U.S. Department of State)*

The association disputed the allegations of the Society of American Florists which assert that imported flowers are injuring the price structure of the cut flower market. (Page 4905)

*Ward's Nursery, Inc. and Hastings Potato Growers Association*

The group concurred with the statement of the Florida Fruit & Vegetable Association that favored the change making it no longer necessary to link increased imports to previous tariff concession and the change requiring that increased imports be only the "primary" rather than the "major" cause of injury, and contended the President should be compelled to take action in cases affirmatively reported to him. (Page 4314)

GENERAL WITNESSES

*American Association of Port Authorities*

The association remarked: Proposals advocating the imposition of comprehensive import quotas and other severe restrictions on international commerce are opposed. There is concern about the lack of limitation on Presidential authority to raise duties. Liberalization of the escape clause are endorsed. (Page 839)

*International Executives Association*

The association stated the provision in section 201 under which a substantial rise in imports at substantially lower prices should not constitute evidence of injury unless proof is provided by the petitioner. (Page 838)

*International Trade Club of Chicago*

The club asserted import quotas will result in higher prices, a consequent reduction of exports and foreign retaliation. (Page 845)

*Committee for a National Trade Policy*

The committee asserted: Phasing-out of escape-clause relief is endorsed. Criteria for invoking trade restrictions are considered too permissive. The consideration of consumers, international economic interests, and other factors in making a determination are applauded. (Page 787)

*Greater Detroit Chamber of Commerce*

The chamber of commerce asserted: The new concept of "market disruption" is too broad. There must be a causal link between injury and a previous tariff reduction. The Tariff Commission should be required to consider the impact on consumers of any proposed restrictions on imports. (Page 1078)

*United States-Japan Trade Council*

The council recommended that the market disruption test should be eliminated. (Page 1006)

*United States Council of the International Chamber of Commerce*

The council approved the proposed easing of requirements for escape clause relief. (Page 937)

*Greater Minneapolis Chamber of Commerce*

The chamber urged rejection of legislated mandatory quantitative import quotas as an import relief device. (Page 1071)

*Dr. Walter Adams and Dr. Joel B. Dirlam*

Dr. Adams and Dr. Dirlam questioned that if competition is fair, whether any policy is called for, and expressed concern about the extraordinary amount of discretion given to the President and the extraordinary amount of detail involved in investigations to be conducted by the Tariff Commission. (Page 1164)

*H. William Tanaka*

Mr. Tanaka suggested amending section 201(d)(2) to maintain the present statutory time limit of 6 months from the date the Tariff Commission initiates an escape clause investigation and deleting the entire concept of market disruption. (Page 1343)

*Consumer Education Council on World Trade*

The council asserted that the public should become aware of the adverse effects on their welfare of tariffs, quotas and voluntary export restraint agreements which reduce the quantity of foreign goods available and thereby raise the prices of imports, as well as limiting significantly the range of consumer choice by making some goods totally unavailable. (Page 1301)

*Noel Hemmendinger*

Mr. Hemmendinger recommended that section 201 of the bill be amended by deleting the confusing and unnecessary provisions relating to market disruption, and the 3 month time limit, which is unrealistic. (Page 1353)

*AFL-CIO Economic Policy Committee*

The AFL-CIO argued that there is too much discretion in the import relief and escape clause provision. (Page 1209)

*Overseas Development Council*

The council asserted: The Trade Reform Act of 1973, with its provisions to provide relief for those claiming injury because of increased imports, could prove to be disadvantageous for the trade of emerging nations. Developing-country goods tend to be lower in price than competitive products from developed countries, and may therefore be hard hit by the criterion regarding prices of imports. (Page 1463)

*Rubber Manufacturers Association, Footwear Division*

The association remarked: While title II, chapter 1 of the administration bill liberalizes criteria for escape-clause relief, it would not be applicable to problems posed by elimination of American selling price. If developments subsequent to an agreement to convert ASP were to demonstrate inequity of conversion, there is nothing the Tariff Commission could do to restore ASP. Injury could be irreparable, even fatal. Further protection is not sought; only the prevention of dilution of the present level of protection is requested. (Page 1455)

*American Farm Bureau Federation*

The bureau asserted: The provisions of title II are in general accord with Farm Bureau policy, however, there are overtones of protection-

ism in this title that should be deleted. Relief to less efficient industries might better be achieved by redirecting productive resources to other kinds of business where they would have the greatest comparative advantage. The advantage of freer trade can be obtained only if comparative advantage in production and delivery generally prevails. (Page 1426)

*Chamber of Commerce of the United States*

The chamber of commerce endorsed liberalization of "escape clause" criteria but opposed the supposition that market disruption is prima facie evidence that imports cause the injury. (Page 1373)

*Port Authority of New York and New Jersey*

The port authority urged: Consideration should be given to whether statutory guidelines for the requested authority to increase tariffs in the context of trade negotiations would not be desirable and that import controls should be invoked only as an extraordinary measure of last resort. It is also urged to evaluate the appropriateness of incorporating the proposed "market disruption" concept in the escape clause provision. (Page 2520)

*Trade Relations Council of the United States, Inc.*

The council asserted: The proposed bill should provide for a stronger role by the Tariff Commission in advising the President on import relief and adjustment assistance. Mandatory relief in the form of increased tariffs or the imposition of quotas upon a finding by the Tariff Commission that increased imports have been the cause of serious injury. And the burden should not be placed on the petitioner to sort from a number of contributing economic circumstances, the solitary effect of increased imports as being more significant than other causes of the injury. (Page 2052)

*National Farmers Union*

The union generally favored the provision of title II relating to relief from disruption caused by fair competition. (Page 2724)

*National Council of Farmer Cooperatives*

The council specifically supported title II. (Page 2804)

*League of Women Voters of the United States*

The league opposed the market disruption provision as formulated, if it means that the existence of a correlation between market disruption and an industry experiencing injury will result in protecting industries that are simply not competitive. (Page 2997)

*National Retail Merchants Association*

The association suggested: Every effort should be made to utilize the provision for adjustment assistance rather than that which provides for increased barriers to imports. The causal link between prior tariff concessions and increased imports should be retained, but the market disruption test should be deleted. (Page 3012)

*American Retail Federation and Montgomery Ward & Co.*

The federation stated: The substitution of "primary" cause for major cause and the weakened standard that evidence of market disruption shall constitute "prima facie" evidence that rising imports caused the injury is opposed. Relief should be granted when it is

clearly demonstrated that rising imports are in fact the major cause of the injury in question. Quotas should be applied only on an MFN basis. (Page 3067)

*Committee for Economic Development, Research and Policy Committee for International Economic Studies*

The committee asserted: The liberalized standards of eligibility for temporary relief from injurious import competition are endorsed, as are the deletion of the causal connection between injury and a previous tariff concession, and the substitution of primary for major in defining the required relationship between increased imports and injury. The prima facie clause in the import relief provision should be deleted. (Page 1511)

*Owens-Illinois*

The company asserted the serious injury standard constituting prima facie evidence that imports are the primary cause of such injury raises concern. Certain major industries of the United States should be maintained. The Tariff Commission should be given a longer period of time for its determinations under this provision. Authority to suspend TSUS items 806.30 and 807.00 should be deleted from the TRA of 1973. The President and the Tariff Commission should be required to consider the effect of import relief on the U.S. economy. (Page 3850)

*Texas Instruments, Inc.*

The company opposed increased duties or quotas and suggested that firms allocate resources to high growth areas which have inherent advantages for the U.S. firm. (Page 3298)

*International Sino-American Trade Association*

The association recommended: The market disruption element should be eliminated completely from the import relief mechanism and the "major part" criterion should be reduced to "primary cause". A potential ambiguity in the nonsigner language appertaining to such orderly marketing agreements contained in section 203(c) should be clarified by expressly requiring such to be between the United States and two or more other countries as in section 204 of the Agricultural Act of 1956. (Page 3726)

*Dr. Edward Mullins*

Dr. Mullins contended that the Congress should limit the President's authority to impose quotas. (Page 1680)

*Committee for an Open Society, Inc.*

The committee opposed the provisions of the TRA of 1973 which would allow the suspension of TSUS items 806.30 and 807.00 and suggested that section 202(c)(7) should be amended by inserting "consumers" after "communities" and by adding a new clause: "(8) favorable effects upon the economics of Western Hemisphere developing nations." (Page 3702)

*California Chamber of Commerce*

The chamber of commerce asserted: The term "prima facie" may serve to prevent the Tariff Commission from fully considering all relevant factors and should be deleted. Provision should be made in section 202(a) and section 203 requiring that the President make

public his reasons for selecting specific alternatives after receiving an affirmative finding from the Tariff Commission. Section 203(a)(2) granting the President authority to suspend, in whole or in part, the application of items 806.30 or 807.00 of the Tariff Schedules of the United States should be deleted. (Page 1566)

*National Council of Jewish Women, Inc.*

The council noted: Injuries may occur to domestic industries because of imports and yet not be caused by imports. Temporary quotas or tariffs on specific products are a simplistic method of bringing immediate relief that can be cured only by a vigorous and forward looking domestic economic policy. Presidential discretion to impose or modify quotas or other import restrictions should be limited. (Page 1536)

*Machinery and Allied Products Institute*

The institute stated: The provisions in title II, except the granting of authority to suspend TSUS 806.30 and 807.00 are endorsed. However, the concept of market disruption should be narrowly defined. (Page 1538)

*Scientific Apparatus Makers Association*

The association opposed the suspension of the 806.30 and 807.00 provisions of the TSUS. (Page 3287)

*Cordage Institute of the United States*

The institute contended that import relief should be mandatory upon presentation of a prima facie case for injury. (Page 3944)

*Footwear Group of the American Importers Association*

The group stated that quantitative restrictions, whether they be those of the United States or a foreign country, should not be imposed or sought without public hearings under a statutory standard. (Page 4809)

*Vanco, Inc.*

The company contended: Quotas are an unnecessary and unwanted form of relief. If quotas are authorized, the legislation should provide a procedure to exempt non-injurious imports.

The criteria proposed for finding injury are unrealistic and the direct causal relationship between the alleged injury or market disruption and increased imports should be clearly established before import relief is recommended. (Page 4819)

*General Electric Co.*

The company remarked: The "temporary safeguards" provisions are endorsed, except the provision for suspension of TSUS items 806.30 and 807.00. (Page 3140)

*German American Chamber of Commerce*

The chamber of commerce asserted: Establishing a rigid and inflexible trade policy prior to international negotiations on the "escape clause" of article 19 of the GATT is opposed. The market disruption concept should be deleted. (Page 1564)

*New York Chamber of Commerce & Industry*

The chamber of commerce asserted: Substitution of the term "primary cause" for "major cause"; introduction of the prima facie test;

and the use of import restrictions are opposed. TSUS items 806.30 and 807.00 should not be subject to suspension. (Page 1569)

*Association of American Chambers of Commerce-Europe and Mediterranean, Inc.*

The association opposed the concept that any market disruption was prima facie evidence that imports were the primary cause, and also opposed suspension of TSUS items 806.30 and 807.00 or the negotiation of orderly marketing agreements. (Page 1560)

*Cold Finished Steel Bar Institute*

The institute asserted: The elimination of the need to show that injurious increased imports are due to prior tariff reductions and a modification of the causation criterion so that increased imports need be only a "primary" cause of injury are endorsed. The TRA of 1973 should be amended so that market disruption per se would be sufficient to qualify for relief and that the President be free to act where a market disruption situation is developing without the requirement of an affirmative finding by the Tariff Commission. (Page 4143)

*Volume Footwear Retailers of America*

The retailers asserted: Although various industries have argued for specific product relief, no special treatment is justified for any particular product. Legislating mandatory import quota restraints is neither necessary nor desirable. (Page 4805)

*Los Angeles Chamber of Commerce*

The chamber of commerce opposed the provisions to suspend TSUS items 806.30 and 807.00 as an import relief measure. (Page 1568)

*California Council for International Trade*

The council asserted: Provisions which provide for suspension of TSUS items 806.30 and 807.00 of the TSUS are opposed. Authority to increase tariffs as an import relief measure in cases of market disruption should be limited to those where national interest is at stake, and should be prevented from being used to favor an industry for domestic political reasons. (Page 1580)

## B. ADJUSTMENT ASSISTANCE

### GOVERNMENT OFFICIALS

*Secretary of the Treasury*

Secretary Shultz noted separate legislation is proposed to reform pension and unemployment insurance systems and is intended to help all workers who lose their jobs, regardless of cause. (Page 152)

*Executive Director of the Council on International Economic Policy*

Mr. Flanigan asserted: A major overhaul of the procedures and Presidential authorities granted in past law to ease the adjustment of American industries and workers to fair import competition has long been overdue. The proposals are designed to meet the needs of a modern trading system and to promote adjustments in ways which protect and balance the interests of workers, industries, consumers, taxpayers, and trade partners. (Page 170)

*Secretary of Labor*

Secretary Brennan indicated: The adjustment assistance provisions in the Trade Reform Act of 1973 are only part of the President's program for assisting displaced workers; the other parts are proposed legislation on Federal standards for unemployment insurance and on pension protection. There is belief that the adjustment assistance program under the TEA of 1962 has been a failure because access to the program has been too difficult and too time consuming and benefits and services have been ineffective and too late. The changes provided in the trade bill would give easier access to the program and, although some workers would receive lower payments than under the present system, the number of workers receiving benefits should increase by as much as fivefold. Telescoping the investigations, determination, and certification processes into a 60 day period administered by the Secretary of Labor would provide benefits to workers quickly enough to be of real help, and integrating the system into the unemployment insurance programs would simplify its administration at the local level and speed up the assistance program. The proposed unemployment insurance program legislation is designed to provide all unemployed workers with adequate benefits, but until that legislation is passed, the administration desires the adjustment assistance provided in the trade bill to grant workers unemployed as a result of injury from import competition a Federal supplement, where needed, to their unemployment insurance to meet the proposed standard of benefits. (Page 503)

## MEMBERS OF CONGRESS

*Hon. Peter H. B. Frelinghuysen (Republican of New Jersey)*

Mr. Frelinghuysen endorsed the adjustment assistant provision but asserted adjustment assistance should be expanded so as not to perpetuate industrial inefficiency through protective barriers. (Page 5052)

*Hon. George E. Brown, Jr. (Democrat of California)*

Mr. Brown noted: The benefit levels for adjustment assistance in the administration proposal do not appear adequate, and fall short of those provided in the Trade Expansion Act of 1962. This is unfortunate as adjustment assistance to workers can be an important feature of our overall trade policy, used either in conjunction with or as a substitute for import limitation. The administration proposal provides some improvement over the disappointing 1962 provisions, but the program of assistance is still inadequate. (Page 4063)

*Hon. John H. Dent (Democrat of Pennsylvania)*

Mr. Dent observed: It has finally been recognized that imports adversely affect the labor market and it is now imperative to provide a better way of adjusting the manufacturing system with the welfare of the worker and firm in mind. The proposed bill instead proposes to decrease worker benefits, both in level and duration—in direct conflict with the general purpose of trade adjustment assistance—and places increased demands on already seriously inadequate state unemployment compensation programs. It is essential to improve current standards of trade adjustment assistance and to further liberalize the standards for awards. The proposed bill does not do this. (Page 4928)

*Hon. John C. Culver (Democrat of Iowa)*

Mr. Culver noted: The Foreign Affairs Committee, Subcommittee on Foreign Economic Policy, conducted hearings on H.R. 4917, the Trade Adjustment Assistance Organization Act of 1973 (cosponsored by this Member) in April and May of last year and published findings and recommendations in August 1972 in its report: *Trade Adjustment Assistance*. The consensus was that the present adjustment assistance program is a failure, but a program could be designed that would be far more effective than import restrictions, which bring about trade dislocations. There is a wide range of opinion on the cause of our trade and balance of payments deficits, all of which signal a need for the United States to develop fresh concepts to meet the problems caused by imports and further economic interdependence. A vastly improved adjustments assistance program is critical as both a humane and efficient solution to some of these problems. Unfortunately the administration, by its recent behavior, does not recognize this, nor does the Trade Reform Act of 1973. This bill would reduce the level and duration of benefits to workers, eliminate assistance to firms and industries and fail to provide adequate job search and relocation allowances. A more realistic system of assistance to firms to make them more competitive is needed, and the American worker deserves more humane and effective treatment.

Emphasis should be on a better delivery system, more substantive assistance and an early warning system to spot firms and industries that are in trouble. Without these factors, provided in H.R. 4917, adjustment assistance will always be too little and too late, leaving no alternative to protectionism. The cost of an effective adjustment assistance program will be between \$150 to \$500 million, compared with the serious socio-political cost of import restrictions which in dollar terms could be as much as \$7 to \$15 billion each year. (Page 5065)

*Hon. Claude Pepper (Democrat of Florida)*

Mr. Pepper remarked: The section of the bill which is supposed to provide adjustment assistance for workers who lost their jobs because of imports is a cobweb of legal technicalities, with its petitioning procedures, group eligibility requirements, and determination by the Secretary of Labor. And for workers who manage to get through this web, there is little guarantee that the assistance provided them will be worth their efforts, while they will lose the benefits built up through many years of labor in their former jobs. The challenge for this committee is to find more effective ways of protecting American jobs and wage standards. (Page 4951)

*Hon. Thomas M. Rees (Democrat of California)*

Mr. Rees asserted: The adjustment assistance in title II is very weak. Unfortunately we wait until an industry is put out of business, then give the workers unemployment compensation. We should project ahead to those areas where we will not be as competitive, and start making out changes now retraining workers and management for other areas that would be more productive. (Page 5108)

*Hon. Guy Vander Jagt (Republican of Michigan)*

Mr. Vander Jagt remarked: The proposals to provide assistance in the case of temporary import-induced economic disruptions are gen-

erally laudable, except the proposal to establish minimum Federal standards for unemployment compensation. A sound program of liberalized worker adjustment assistance to import-affected workers is strongly supported, but such an expanded program should not become a burden on the present unemployment compensation system. (Page 5114)

#### WITNESSES WITH SPECIFIC PRODUCT INTEREST

##### *Aerospace Industries Association of America, Inc.*

The association recognized that support is needed for displaced workers and considered the proposed legislation responsible in this respect. (Page 820)

##### *National Machine Tool Builders Association*

The association stated it has no quarrel with the recommendation that adjustment assistance be limited to workers and not made available to firms but is opposed to the bill's becoming a first step toward the federalization of State unemployment insurance. (Page 803)

##### *American Importers Association*

The association stated: H.R. 6767 not only unwisely reduces adjustment assistance benefits for workers, it totally eliminates any possibility of adjustment assistance for firms. The relaxation of the criteria for eligibility of adjustment assistance that H.R. 6767 would provide is applauded, but the benefits themselves should be increased. Adversely affected employees of importers should also be covered by the adjustment assistance program. (Page 765)

##### *Emergency Committee for American Trade*

The committee remarked: The adjustment assistance concept is endorsed and its continuance for workers who may be injured by imports is welcomed. It is recommended that Congress continue the eligibility of firms and that the Congress consider limiting eligibility to small business concerns, as defined by the SBA. (Page 658)

##### *Caterpillar Tractor Co.*

The company asserted: Improved adjustment assistance as an alternative to import protection is commendable. The ideal would be to insure job continuation and retraining where necessary, before workers become unemployed. (Page 987)

##### *Builders Hardware Manufacturers Association*

The association asserted: Adjustment assistance should be extended to firms within industries in which the Tariff Commission finds that imports are disrupting the industry but the President does not grant import relief. Such assistance could include tax rebates, tax reductions, etc. (Page 1291)

##### *National Conference of Motion Picture and Television Unions*

The conference recommended the creation of a more effective and workable trade adjustment assistance program. (Page 1305)

##### *National Association of Manufacturers*

The association commented: (1) The expanded allowances and benefits to workers appear to build on the mistakes of the past; (2)

the general idea of program consolidation goes too far and would undermine the very strength of the State administered programs; (3) termination of the firm adjustment assistance program, coupled with increased programs for workers to be financed by employers through State unemployment compensation system could create some serious anomalies. The abrupt termination of adjustment assistance for firms is opposed. (Page 1911)

*National Livestock Feeders Association*

The association asserted: the fitness of adjustment assistance for workers as a remedy is questionable. Negotiating and administering trade agreements on a reciprocal basis, plus providing import relief of the nature set forth in chapter 1 of title II should forego the need for welfare grants to U.S. workers. (Page 2807)

*Mid-America Council for International Economic Policy*

The council contended that adjustment assistance for firms should not be part of the TRA of 1973 but recommended that labor should be assisted and greater incentives for labor flexibility and mobility be provided. (Page 3103)

*Western Electronic Manufacturers Association*

The association remarked: The expanded and liberalized adjustment assistance provisions for employees is endorsed. The TRA of 1973 should be amended to provide a liberalized and expanded adjustment assistance program for firms, which would be similar in many respects to that which TRA of 1973 offers to workers. (Page 3216)

*California Semiconductor Manufacturers*

The group supported adjustment assistance for firms. (Page 3258)

*National Association of Marble Producers*

The association contended that present adjustment assistance provisions are ineffective for the marble industry and urged Congress to correct an untenable situation. (May 3146)

*Computer and Business Equipment Manufacturers Association*

The association contended that permanent improvement of adjustment assistance rather than concentration on unemployment relief should be considered. (Page 3135)

*American Paper Institute*

The institute remarked: The easing of requirements for eligibility for adjustment assistance is endorsed as a step towards more effective assistance to affected workers. Federal standards for unemployment-compensation should not be made a part of the trade bill. (Page 3315)

*National Automobile Dealers Association*

The association favored the granting of adjustment assistance as long as imports are the major cause of injury to a domestic industry. (Page 3368)

*American Imported Automobile Dealers Association*

The association urged that the adjustment assistance provisions of the TEA of 1962 be retained with provision for easier eligibility requirements, and expanded benefits and that workers in industries

dependent upon imports be eligible for assistance if actions of the government result in a stoppage of imports and their destruction. (Page 3379)

*Monsanto Co.*

The company opposed section 203(a) on adjustment assistance. (Page 3498)

*Amalgamated Clothing Workers of America*

The union contended that the existing adjustment assistance program is not only a case of too little and too late but it is not a practical answer to the problems that face us now and will continue to face us in the future. (Page 3870)

*Textile Workers Union of America, AFL-CIO*

The union contended: The adjustment assistance provision of the TEA of 1962 is unworkable. The difficulties of adjustment are not limited to those whose unemployment can be traced to imports. The most severe adjustment problems are faced by workers displaced as a result of a plant closing. The committee should adopt an amendment to the Foreign Trade and Investment Act of 1973 to require employers to contribute an allowance equal to pay for a week and one-half's work for each year of service to a severance pay fund so that employees who are displaced as a result of plant liquidation will receive a severance allowance sufficient to enable them to make the necessary adjustments. (Page 3874)

*American Iron & Steel Institute and American Specialty Steel Co.*

The institute supported adjustment assistance for workers as provided in the TRA of 1973 but maintained that financial and other forms of adjustment assistance only after injury has occurred do not constitute responsible trade policy. (Page 3957)

*American Institute for Imported Steel, Inc.*

The institute recommended expansion of adjustment assistance on an industrywide basis. (Page 4097)

*National Association of Scissors & Shears Manufacturers*

The association opposed adjustment assistance as an answer to import competition. (Page 4117)

*Florida Fruit & Vegetable Association*

The association contended that the TRA of 1973 provisions are discriminatory because they would only apply to workers, which would further increase unemployment payments, and further decrease the already dwindling supply of labor. (Page 4268)

*American Petroleum Institute*

The institute commented: Rapid changes in international competitive circumstances can cause serious economic hardships for individual firms and workers. Worker adjustment assistance is recommended and the streamlining of the problem on the adjustment assistance provisions is commended. (Page 4491)

*International Leather Goods, Plastics & Novelty Workers' Union  
AFL-CIO*

The union favored this clause but felt that it did not adequately deal with all the workers' problems such as forfeiture of benefits upon

loss of a job, limitations on retraining unskilled workers and the lack of guarantee of an available job in the locality in which the worker lived, and the hardship of job location. (June 4779)

*United Rubber, Cork, Linoleum & Plastic Workers of America*

The union contended that trade adjustment assistance has not been effective. (Page 4741)

*National Shoebound Conference, Inc.*

The conference remarked: The general concept that a foreign trade policy program anticipates the displacement of workers in the U.S. industrial plants is opposed. Import restraints are a better solution than so-called adjustment assistance, which may be regarded as burial assistance. Existing governmental programs—local, State and National—are available to deal with unemployment or displacement whatever the cause may be. (Page 4762)

*Distillery, Rectifying, Wine & Allied Workers' International Union of America*

The union supported the provisions for liberalization of the existing guidelines and standards. (Page 4843)

*Tobacco Institute, Inc.*

The institute endorsed assistance for U.S. workers who may suffer job displacement as the result of competition from imports. (Page 4876)

*Ward's Nursery, Inc. and Hastings Potato Growers Association*

The Group concurred with the statement of the Florida Fruit & Vegetable Association contending the TRA of 1973 provisions are discriminatory because they would only apply to workers, which would further increase unemployment payments and decrease the already dwindling supply of labor. (Page 4314)

GENERAL WITNESSES

*American Association of Port Authorities*

The association endorsed reform of the adjustment assistance program. (Page 839)

*Committee for a National Trade Policy*

The committee remarked: Easing of eligibility criteria for adjustment assistance is endorsed, but the limitation of the Tariff Commission's role is regretted. The adequacy of unemployment compensation authorized is questioned. (Page 787)

*Greater Detroit Chamber of Commerce*

The chamber of commerce argued: The philosophy of assisting during times of hardship is commendable, but certain specific measures in the bill should be rejected. The need is not for increased unemployment benefits across the board. Adjustment assistance should be available to companies as well as individuals, it should be strictly temporary and strictly limited to direct consequences of the act and its predecessors. (Page 1078)

*Nation-Wide Committee on Import-Export Policy*

The committee asserted: Adjustment assistance should not be relied on as a remedy, but if used industries and companies should be equally eligible. Industries should not be forced by law into a competitive disadvantage. With a proper import quota system there would be no need of adjustment assistance. (Page 914)

*United States Council of the International Chamber of Commerce*

The council endorsed the proposed provisions in title II of the TRA concerning adjustment assistance to workers displaced by rapidly increasing imports. (Page 937)

*Greater Minneapolis Chamber of Commerce*

The chamber urged Congress to continue to study and prepare legislation covering all feasible means of providing assistance to firms which will enable them to respond to changing conditions and to continue to provide meaningful employment to American workers. (Page 1071)

*Public Interest Economics Center*

The center remarked: Adjustment assistance is endorsed but import restrictions are not. The best defense against disruptive imports lies not in restrictions but in realistic exchange rates. (Page 1115)

*Malcolm D. Bale*

Professor Bale asserted: On equity grounds, the causal link between increased imports and trade concessions as contained in the Trade Expansion Act of 1962 should be retained but greatly weakened. In order to expedite the certification process, it is recommended that trade-affected firms should be required to report to the Secretary of Labor the fact that workers from their firm are threatened with unemployment. Adjustment assistance for firms can be a viable alternative to import relief measures; it promises to reduce the cost of worker adjustment assistance and would minimize the need for other relief measures. (Page 1187)

*Andrew L. Gray*

Mr. Gray contended: A firm adjustment assistance program can work and has worked successfully in the sheet glass industry. The eligibility criteria of the TEA of 1962 are too stringent, and the current trade adjustment assistance regulations for firms promulgated by the Department of Commerce in February 1972 offer little comfort. With a few changes and with effective delivery, title III of the TEA of 1962 and adjustment assistance for firms would be a viable and useful mechanism. (Page 1195)

*AFL-CIO Economic Policy Committee*

The AFL-CIO opposed the repeal of the present adjustment assistance program of the Trade Expansion Act, stating that while the present program had been ineffective and too few workers had received aid, it was better than the unemployment compensation program proposed in the TRA. (Page 1209)

*Chamber of Commerce of the United States*

The chamber of commerce recommended the creation of a single agency to administer the adjustment program and to initiate a program of community assistance. (Page 1373)

*Overseas Development Council*

The council remarked: Increased benefits for workers for longer periods of time are recommended. Other recommended changes include:

1. A program of assistance to small and medium-size communities whose labor force, small tradesmen and service industries suffer disproportionately when one or more factories are closed because of import competition.
2. A system of early warning by monitoring industry data on production, trade, employment, capacity utilization, and profits.
3. Revitalization of the program of adjustment assistance to firms by using an entirely new set of eligibility criteria.
4. Greatly expanded benefits for workers, including more emphasis on training, relocation and fringe benefits.
5. A system of budget control.
6. Special provisions for older workers, including benefits based on length of service, special early retirement, and early eligibility for social security and medicare.
7. Federal standards regarding notice of plant closings, termination of workers, severance pay provisions, and rules concerning inter-plant transfers and portability of fringe benefits.

The emphasis should facilitate the shift away from inefficient low-productivity industry rather than relying on import restraints. (Page 1463)

*Industrial Union, AFL-CIO Committee on International Trade*

The union stated: U.S. foreign trade policy is based on concepts which are not realistic in terms of today's U.S. trade situation. Passage of the Burke-Hartke bill is advocated because adjustment assistance under the TEA of 1962, has been inadequate to meet the needs of workers displaced by imports and administration promises in the TRA of 1973 to improve the effectiveness of adjustment assistance will not materialize. (Page 1410)

*Port Authority of New York and New Jersey*

The port authority endorsed such modifications of the law as are required to provide adequate relief to industries and assistance to workers faced with foreign-trade generated dislocations. (Page 2520)

*National Farmers Union*

The union recommended: the provisions on adjustment assistance should be revised and strengthened with the object of reducing the reliance on increases in duties, quotas and other trade restrictions. The worker benefits should be strengthened and a comparable degree of adjustment assistance for farmers and firms should be added. (Page 2724)

*National Council of Farmer Cooperatives*

The council suggested that adjustment assistance be further liberalized for workers and that it also be provided for farmers as part of a more comprehensive program to make industrywide adjustments before a crisis stage is reached. (Page 2804)

*League of Women Voters of the United States*

The league contended: Adjustment assistance provisions are totally inadequate. Liberalized eligibility requirements must be accompanied by increased program benefits. (Page 2997)

*National Tool, Die & Precision Machinery Association*

The association recognized and applauded the need for improved adjustment assistance to firms injured by foreign competition. (Page 3060)

*American Retail Federation and Montgomery Ward & Co.*

The federation contended that an adjustment assistance program is a necessary complement to any form of protection, and assistance for firms and workers should be used as the major form of relief for disruption caused by fair competition. (Page 3067)

*Owens-Illinois*

The company proposed identifying expected areas of import job dislocations; providing assistance to workers and industries to maximize their ability to compete and; where import competition cannot be met, providing means of shifting resources (primarily the work force). (Page 3850)

*Texas Instruments, Inc.*

The company contended that in the process of properly allocating resources, Federal assistance would ease the flow of people and capital from low-growth business to high-growth business. (Page 3298)

*American Association of University Women*

The association remarked that it is aware that the present program of assistance to individual firms and workers has not been particularly effective, and therefore will support this committee in its efforts to provide equitable treatment in the form of job training, job search allowances, relocation assistance and employment services for workers whose means of livelihood would suffer from any change in import restrictions. (Page 1586)

*California Chamber of Commerce*

The chamber of commerce stated that adjustment assistance to firms should be liberalized and made more effective in much the same way as the TRA of 1973 would correct the defects in the present law with respect to workers. (Page 1566)

*National Council of Jewish Women, Inc.*

The council recommended a comprehensive program of assistance to help industry, the worker and the consumer, with assistance extended to workers adversely affected by import restraints and workers in export-related jobs. (Page 1536)

*Scientific Apparatus Makers Association*

The association opposed the elimination of adjustment assistance to firms. (Page 3287)

*New York Chamber of Commerce & Industry*

The chamber of commerce asserted: Liberalization of eligibility requirements is endorsed, however, unemployment standards should not be federalized. Adjustment assistance for firms should be retained, with assistance to communities added. (Page 1569)

*Cordage Institute of the United States*

The institute contended: Consideration should be given to adjustment assistance for business itself, particularly small businesses which suffer substantially or are closed as a result of actions in international trade. The TRA of 1973 should include the consideration of need for such assistance to management as well as to the workers. The adjustment assistance provision for individual workers should be increased from a ceiling of 50 percent to a ceiling of 75 percent of the employee's average wage in a specified period. (Page 3944)

*United States Catholic Conference*

The conference urged: Congress should pass legislation implementing a program of full adjustment assistance so that any worker or small farmer whose job is adversely affected by imports would be given prompt and adequate compensation. The provisions of title II of the TRA of 1973 are inadequate in that the level and duration of benefits for American workers are decreased and adjustment assistance to firms is not supplied. (Page 1522)

*Volume Footwear Retailers of America*

The retailers recommended strengthening the adjustment assistance program. (Page 4805)

*Association of American Chambers of Commerce-Europe and Mediterranean, Inc.*

The association urged that the present trade adjustment assistance program be liberalized, expanded and administratively reformed along the lines suggested by the presentation of the Chamber of Commerce of the United States. (Page 1560)

*United Auto Workers*

The union asserted: The adjustment assistance of the TRA of 1973 is not sufficient. Greatly expanded assistance to workers affected by increased international trade including less restrictive eligibility criteria; greatly increased compensation for longer duration; means of continuing fringe benefits or suitable compensation; and greater allowance for job search, relocation and training are all needed. Where retraining is required, an appropriate job must be assured on completion of training. Assistance should be granted to communities and geographic areas adversely affected by increased foreign trade and international standards of adjustment assistance should be established possibly under the GATT. (Page 849)

*Machinery & Allied Products Institute*

The institute favored these provisions but objected to the elimination of adjustment assistance to firms and suggested assistance also be provided for communities. (Page 1538)

## TITLE III. UNFAIR TRADE PRACTICES

### A. UNFAIR FOREIGN TRADE PRACTICES

#### GOVERNMENT OFFICIALS

##### *Secretary of the Treasury*

Secretary Shultz asserted: Although foreign trade restrictions could formerly have been considered necessary to support weak foreign economies in the face of overwhelming U.S. economic power, this is no longer true as economic power is not now concentrated in the United States alone. The Trade Reform Act of 1973 would help protect U.S. exporters' interests by revising and simplifying the President's authority to raise import barriers against countries that unreasonably or unjustifiably restrict U.S. exports. (Page 152)

##### *Executive Director of the Council on International Economic Policy*

Mr. Flanigan asserted: The present bill makes the authority to respond to unfair competitive practices more flexible and simple. By doing so and by extending it to industrial goods as well as agricultural goods, it is intended to reestablish the credibility of American determination to act if action is needed, and thus to bring about reforms from which all nations will benefit. (Page 170)

##### *Special Representative for Trade Negotiations*

Ambassador Eberle asserted: Broad, across-the-board authority to respond to unfair import restrictions is necessary if the United States is going to insist that all trading nations of the world live up to uniformly applied rules. For this reason, the administration is asking for authority to respond well beyond the agriculture provisions of section 252 of the Trade Expansion Act. Although the proposed provisions authorize the President to act inconsistent with U.S. international obligations, these obligations will not be taken lightly and the authority is necessary to give the negotiators the tools, the mechanism and the leverage to do a better job for the United States. (Page 341)

#### MEMBERS OF CONGRESS

##### *Hon. Thomas M. Rees (Democrat of California)*

Mr. Rees remarked: In the past the Executive has not used the powers it could in dealing with unfair trade practices. If a strong Executive with a strong trade policy wanted to, he could deal with it very well. (Page 5108)

#### WITNESSES WITH SPECIFIC PRODUCT INTEREST

##### *National Machine Tool Builders Association*

The association endorsed the administration's bill to raise or impose tariffs or other import restrictions against any country that engages in unjustifiable, unreasonable or discriminatory practices affecting U.S. exports. (Page 803)

*American Importers Association*

The association recommended: This committee should amend section 301(a) to provide that the President be bound by the international obligations of the United States. The bill should also be amended to require the President to provide hearings for all interested persons who would be affected by action under section 301. Before section 301 authority is exercised, a finding should be made by the Tariff Commission that there is a direct relationship between the foreign trade barrier and an adverse effect upon the U.S. exports; that the effect on U.S. exports must be substantial; and that hearings and evidence be adduced before the Tariff Commission in the process of making such findings. (Page 765)

*Emergency Committee for American Trade*

The committee remarked: The proposed revision of section 252 of the TEA of 1962 to simplify and extend the President's authority to retaliate against countries maintaining unreasonable or unjustifiable restrictions on U.S. exports is endorsed. The President should act pursuant to section 301 in consonance with our international obligations, and Congress should so amend the statute. Provision for public hearings prior to Presidential action under section 301 is also recommended. (Page 658)

*Caterpillar Tractor Co.*

The company argued that unfair foreign trade practices should be the subject of negotiations with a solution to be found in a code of fair trading practices. (Page 987)

*National Conference of Motion Picture and Television Unions*

The conference suggested enacting measures to protect American workers from unfair and discriminatory foreign trade practices. (Page 1305)

*Manufacturing Chemists Association*

The association endorsed the proposals included in section 301 and especially commended the new direction to confront and deal with unfair practices of trading countries that place our trading position in third country markets at a disadvantage. (Page 1681)

*Society of the Plastics Industry, Inc.*

The society endorsed title III and, in particular, section 301 on responses to unfair import restrictions and export subsidies. (Page 1792)

*Ceramic Tile Manufacturers of the United States*

The manufacturers asserted: As presently written, title III is inadequate to handle unfair trade practices resulting from the existence of export cartels. It is recommended that: (1) U.S. laws concerning international competition should be reappraised and codified; (2) responsibilities for dealing with unfair foreign business practices, whether domestic or international, should be given over entirely to the Federal Trade Commission and the handling of all phases of dumping proceedings should also be transferred to the Federal Trade Commission; (3) the standards for determining price discriminations should be tightened; (4) the Department of Justice's foreign business practices program should be revitalized; and (5) unfair trade practices.

found by the Federal Trade Commission should be required to be reported to the President and the President be required to report to Congress on actions taken; and (6) the Webb-Pomerene Act should be repealed. (Page 1812)

*Synthetic Organic Chemical Manufacturers Association and Dry Color Manufacturers Association*

The associations asserted: The border tax-export rebate device, permissible under GATT and used by many of our trading partners, is one of the major nontariff barriers affecting our trade. Reform of GATT should be a major objective of the forthcoming negotiations and a solution to this border tax problem should receive high priority. (Page 1704)

*Manufacturers of Small Tools and Metal Fasteners*

The manufacturers proposed adjustment assistance to industries that cannot export on account of foreign nontariff barriers. (Page 1829)

*Bicycle Manufacturers Association*

The association asserted: New legislation should set up ways to protect American industry in that foreign manufacturers do not have the same "ground rules" of fair business practices that U.S. companies are required to observe. Some foreign countries allow market division, price fixing and predatory pricing. (Page 1891)

*Glastron Boat Co.*

The company strongly supported this section, which seeks authority from Congress to move firmly against unfair foreign competition. (Page 2544)

*National Association of Manufacturers*

The association strongly endorsed the need for a tough, fair policy conducted within the guideposts of international treaty obligations, and the authority sought to retaliate against foreign export subsidies in third countries, but recommended hearings in advance of any Presidential decision. (Page 1911)

*National Livestock Feeders Association*

The association strongly favored the responses to unfair foreign import restrictions and export subsidies set forth in chapter 1 of title III. (Page 2807)

*Lead-Zinc Producers Committee*

The committee welcomed those provisions which suggest that the administration intends to attack in earnest nontariff barriers and unfair competitive practices. (Page 2924)

*American Importers Association, Machine Tool Group*

The group stated: The new retaliatory powers proposed in the TRA of 1973 cause concern. Section 301 grants unlimited power to make determinations without the necessity of findings by an expert body or the opportunity for those injured by such retaliation to make their own views known. Prior to invoking section 301, the Tariff Commission should be required to make a finding that the foreign restrictions complained of materially affects U.S. exports and that the restriction

by a foreign nation is inconsistent with its international obligations or obligations to the United States. Prior to retaliatory action, public hearings should be held to present evidence before the Tariff Commission on the effect such restrictions would have on the United States economy. (Page 3052)

*Anti-Friction Bearing Manufacturers Association*

The association recommended that industries which are affected by a foreign country's trade barriers should be guaranteed a hearing, rather than be afforded an opportunity to petition for relief only if the President finds it "feasible and appropriate." (Page 3102)

*Western Electronic Manufacturers Association*

The association recommended that public hearings be held before decisions are made in reference to unfair trade practices. (Page 3216)

*American Paper Institute*

The institute endorsed the provisions applicable to "relief from unfair practices" as contained in the TRA of 1973, but contended section 301 of the TRA of 1973 should contain a more detailed set of procedures. (Page 3315)

*American Imported Automobile Dealers Association*

The association recommended that title III be amended to provide for adequate hearing prior to imposition of any retaliatory restrictions, imposition of restrictions on a cease and desist warning basis initially, provide specific time limit for import restraints, and require actions be consistent with international obligations. (Page 3379)

*Automobile Importers of America*

The association urged that the authority of the President to impose import limitations against countries that unfairly limit U.S. exports be used only after giving affected U.S. importers adequate advance warning, and an adequate hearing to affected exporters, importers, and consumers. (Page 3470)

*National LP Gas Association*

The association asserted: Section 301, wherein the President has authority to retaliate against countries maintaining unreasonable or unjustifiable restrictions on U.S. exports, should be enacted. Canada maintains a 12.5 percent tariff on propane, butane and other liquefied petroleum gas imported from the United States into Canada. Unimpaired movement is particularly important at present, because of the energy shortage, to assist in meeting requirements that shift on both sides of the border. (Page 3488)

*Monsanto Co.*

The company supported the provisions of title III on the powers of the President. (Page 3498)

*Florida Cannery Association*

The industry suggested: Trade preferences and the many other non-tariff trade barriers should be the subject of negotiations. The common agricultural policy of the EEC has a system of agricultural protection involving price supports without production controls, a variable levy system to protect against import competition, high export

subsidies to facilitate disposal of surpluses generated by the system, and restrictive labeling and packaging requirements. (Page 4380)

*U.S. National Fruit Export Council*

The council stated that Japan, EEC, Latin American countries, and others have nontariff barriers and discriminatory practices which restrict imports of U.S. fruit and fruit products. (Page 4183)

*Sunkist Growers, Inc.*

The league remarked: The extension of section 252 of the TEA of 1962 to nonagricultural commodities is endorsed and Congress is urged to keep the channels of trade open. It appears the EEC intends to disregard MFN treatment for the United States by granting preferential duties to Egypt, Cyprus, and Lebanon, which is a violation of GATT. (Page 4185)

*Northwest Horticultural Council*

The council remarked: In order to restore export markets for fresh fruit, the artificial barriers, obstacles, and restrictions which have been so skillfully built against us must be removed. These barriers include refusal to grant import licenses, late seasonal opening dates and quota limitations in European countries; new (in 1973) and excessive duties by the United Kingdom on apples and pears; export subsidies by the EEC to Mediterranean and Latin American countries; unrealistic and unnecessary high import duties by Brazil; and unrealistic prohibitions against imports by Japan. (Page 4316)

*International Apple Institute*

The institute endorsed title III which would provide authority to act to eliminate or reduce unfair trade practices of other countries. (Page 4322)

*Poultry & Egg Institute of America*

The institute endorsed authority to remove unfair trade barriers. (Page 4327)

*American Petroleum Institute*

The institute remarked: The principle that the United States should apply more sanctions against countries which unjustifiably and unreasonably restrain U.S. exports is endorsed. The United States should challenge the restrictive trade practices of others and seek reductions in nontariff barriers to international trade which inhibit the effectiveness of exchange rate changes in adjusting international trade positions. (Page 4491)

*Stone, Glass & Clay Coordinating Committee*

The committee recommended that the United States demand compensatory relief from the EEC for preferential trade agreements, including their most recent arrangements with the EFTA countries. (Page 4585)

*Tanners' Council of America, Inc.*

The council suggested: A clearly defined statement of reciprocity should be adopted; that title III of the TRA of 1973 is merely a vague gesture in that direction. For more than 20 years the tanning industry has been petitioning and pleading for reciprocity in leather

trade with Japan. In other countries the spirit and the practice of trade equality is violated by means other than outright import bans. (Page 4770)

*National Shoebound Conference, Inc.*

The conference endorsed the authority that would be given to the President to deal with unfair and discriminatory foreign import restrictions, including export subsidies to third countries. (Page 4762)

*Distillery, Rectifying, Wine & Allied Workers' International Union of America*

The union urged: Priority should be established in these negotiations on the elimination of the nontariff trade barriers which have been used to the disadvantage of the American alcoholic beverage industry's capacity to export. The thrust of the nontariff restraints on trade, so far as the alcoholic beverage industry is concerned, has been to discourage American exports, while opening the sluice gates for imports. (Page 4843)

*Tobacco Institute, Inc.*

The institute remarked that the United States should have the means to counteract foreign import restrictions. (Page 4876)

*Tobacco Associates, Inc.*

The associations stated that the President must have the authority to withhold benefits of trade agreement concessions and impose duties or other restrictions on the products of foreign countries which discriminate against U.S. products. The unfair foreign trade practices of particular concern to the U.S. tobacco industry include the practices of the European Community through their common agricultural policy, Central and South American virtual embargo on U.S. leaf tobacco and tobacco products, and the Philippines and Australian mixing regulations. (Page 4879)

*Society of American Florists, Growers Division*

The growers contended that our nation must negotiate from a position of strength to eliminate the many unfair trade practices which confront U.S. exporters. (Page 4893)

*Miller's National Federation*

The federation stated that the problems of nontariff barriers for U.S. agricultural products are so serious and difficult at this time that there is little hope for their modification or elimination unless our U.S. negotiators have the flexible authority indicated. (Page 4369)

*American Machine Tool Distributors Association*

The association endorsed section 301 of the TRA of 1973 which provides for retaliatory measures as a result of unfair foreign import restrictions. (Page 3065)

*Caterpillar Tractor Co.*

The company argued that the application of countervailing duties might force other countries to abandon export subsidies in the case of third country markets. (Page 987)

*Aluminum Association, International Policy Committee*

The association recommended that adequate procedural safeguards be provided so that any action by the President under title III of the TRA of 1973 would be preceded by ample notification and the procedures necessary for interested parties to present their views. (Page 2561)

*Computer and Business Equipment Manufacturers Association*

The association suggested: Provisions should be made for hearings prior to action against foreign import restrictions and export subsidies. The committee should also consider whether a formal report to the Congress should not be required whenever any action is taken under the provisions of section 301. (Page 3135)

*American Paper Institute*

The institute contended: The European Free Trade Association and the Common Market (EEC) have concluded an intra-European agreement to which neither the United States nor any other nations have been a party; under this agreement, the U.S. paper industry is placed behind a 12-percent tariff barrier. This agreement is discriminatory and will affect the United States. (Page 3315)

## GENERAL WITNESSES

*American Association of Port Authorities*

The association recommended that public hearings precede Presidential retaliatory action against unfair competitive practices and that the President be required to act within U.S. international obligations. (Page 839)

*National Constructors Association*

The association endorsed the proposed legislation and suggested that title III should encompass the proposed legislation in S. 1487—Foreign Procurement Practices Act of 1973. (Page 1068)

*United States-Japan Trade Council*

The council recommended hearings prior to Presidential action. (Page 1006)

*United States Council of the International Chamber of Commerce*

The council endorsed the proposed revision of the President's authority to deal with unreasonable or unjustifiable restrictions which discriminate against U.S. trade. However, to diminish the potential chain effect of retaliatory action, it would be desirable for the Act to provide that international consultation be held. (Page 937)

*American Farm Bureau Federation*

The bureau particularly endorsed section 301, giving the President authority to take appropriate action against a foreign country that gives unjustifiable subsidies which hamper U.S. exports of certain agricultural commodities and could lead to much greater abuses if not attacked in a forthright manner. (Page 1426)

*Chamber of Commerce of the United States*

The chamber of commerce recommended that retaliation against foreign export subsidies should be in the same product-sector or industry and that hearings should be held prior to any decision. (Page 1373)

*Port Authority of New York and New Jersey*

The port authority recognized that it may at times be necessary for the United States to deal with unfair foreign competitive practices which burden American exports and recommended that public hearings precede any potential retaliatory action. (Page 2520)

*Trade Relations Council of the United States, Inc.*

The council suggested that chapter 1 of title III should be deleted. (Page 2052)

*National Farmers Union*

The union generally approved the provisions of title III for "relief from unfair trade practices." (Page 2724)

*National Council of Farmer Cooperatives*

The council specifically supported title III. (Page 2804)

*League of Women Voters of the United States*

The league urged that the bill require the President to abide by U.S. international obligations. (Page 2997)

*National Retail Merchants Association*

The association suggested: The U.S. Tariff Commission should conduct hearings and recommend to the President whether retaliation appears warranted. The distinction made in section 252 of the TEA between "unjustifiable" and "unreasonable" foreign restriction should be maintained and retaliation authorized only when the practice is found to be the primary cause of lack of U.S. exports to such foreign country. Retaliation should be authorized only against imports directly competitive with the U.S. product whose export is being impeded. (Page 3012)

*American Retail Federation and Montgomery Ward & Co.*

The federation suggested the use of public hearings or congressional review prior to Presidential action. (Page 3067)

*Howard S. Piquet*

Mr. Piquet opposed granting the President authority to eliminate the traditional equal-treatment policy. (Page 1595)

*California Chamber of Commerce*

The chamber of commerce suggested that the powers of the President to impose import restrictions to curb unfair trade practices should provide for public hearings, be subject to review, and exclude in transit shipments or indemnify importers for losses sustained. (Page 1566)

*National Council of Jewish Women, Inc.*

The council urged that Presidential discretion under this title to impose or modify quotas or other import restrictions should be limited,

and the President be required to consider consumer interests prior to making a determination. (Page 1536)

*Machinery and Allied Products Institute*

The institute was in complete accord with the bill's provisions. (Page 1538)

*Packaging Machinery Manufacturers Institute*

The institute contended that the United States should attempt to equalize export subsidies granted by foreign governments which places them at a competitive advantage over U.S. goods. (Page 3100)

*General Electric Co.*

The company remarked: Section 301 represents a significant improvement over section 252 of the TEA of 1962, but it should be made clear that sustained foreign government tolerance of private behavior which, in a discriminatory or unfair or unlawful manner, restricts U.S. commerce, will be regarded as an act of the foreign country for purposes of invoking the retaliatory authority. The concept of unfair practices affecting U.S. trade with third countries might be extended beyond the specific case of subsidies and made applicable to such matters as the reverse preferences obtained by the Common Market. (Page 3140)

*German American Chamber of Commerce*

The chamber of commerce recommended that broad authority to institute discriminatory measures against countries which impair their U.S. trade commitments should be exercised within the framework of international rules. (Page 1564)

*New York Chamber of Commerce & Industry*

The chamber of commerce supported these provisions and suggested that where possible retaliatory action against foreign subsidies be applied to those products subsidized and that the President be required to hold hearings on actions taken and to allow interested parties to bring to his attention foreign restrictions against U.S. products. (Page 1569)

*Association of American Chambers of Commerce-Europe and Mediterranean, Inc.*

The association recommended: Retaliation against foreign export subsidies should be limited to the same product, sector, or industry as that subsidized by the foreign country. Public hearings should be required before any action which itself should be subject to judicial review. (Page 1560)

*California Council for International Trade*

The council requested that authority to increase tariffs on a country-by-country basis in cases of unfair trade practices against U.S. exports be limited to those where national interest is at stake and provide that this cannot be used to favor an industry for domestic political reasons. (Page 1580)

## B. ANTIDUMPING AND COUNTERVAILING DUTIES

## GOVERNMENT OFFICIALS

*Secretary of the Treasury*

Secretary Shultz asserted that the sections in the Trade Reform Act of 1973 amending the antidumping and countervailing duty statutes would improve procedures for protecting American workers and industry from unfair import competition. (Page 152)

## MEMBERS OF CONGRESS

*Hon. Guy Vander Jagt (Republican of Michigan)*

Mr. Vander Jagt endorsed the proposals to streamline the effectiveness of the Antidumping Act and the countervailing duty law. (Page 5114)

## WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Aerospace Industries Association of America, Inc.*

The association strongly endorsed the amendments to the countervailing duty law. (Page 820)

*National Machine Tool Builders Association*

The association remarked: The proposed provisions that would make antidumping and countervailing duty statutes more effective by imposing timetables for the completion of investigations and make certain other procedural protections are endorsed. It is urged that consideration be given to the provisions of H.R. 328 which would require Treasury to complete investigations in 6 months and permit judicial review of adverse Treasury Department or Tariff Commission decisions on the petition of a complaining domestic industry as well as an aggrieved importer. (Page 803)

*American Importers Association*

The association asserted: It is unsound policy to write rigid time limits into law, particularly when these time limits already are provided in Treasury regulations. The act should be amended to permit foreign exporters to reimburse importers for the amount of dumping duties assessed. An amendment to the antidumping act requiring that Treasury calculations be made in accordance with generally accepted accounting principals is not only necessary, but can receive no sound objections from any reasonable person. An amendment to H.R. 6767 is proposed to include a wholly new Treasury Department procedure which would enable importers and exporters to obtain advisory opinions as to the pricing of imported merchandise prior to the importation so as to insure compliance with the provisions of the Antidumping Act. The material injury requirement should apply to all countervailing duty actions, regardless of the dutiable status of the goods involved. (Page 765)

*Emergency Committee for American Trade*

The committee endorsed in general the proposed amendments to the antidumping and countervailing duty statutes in the TRA of 1973. (Page 658)

*Caterpillar Tractor Co.*

The company asserted: Authority for the application of countervailing duties to duty-free imports should be provided. Countervailing duties are not available as a recourse to export subsidies when the imported article enters duty-free. (Page 987)

*Builders Hardware Manufacturers Association*

The association endorsed TRA concept but suggested modifications that would incorporate the Clayton Act concept in determining the presence of dumping, allow injury to be found with anything greater than immaterial injury, remove the requirement to demonstrate cause in determining injury, provide that injury can be found where there is a reasonable likelihood of future injury. On countervailing duties the association stated that the injury concept should be anything greater than immaterial injury and in cases in which the Secretary of the Treasury decides against granting countervailing duties, adjustment assistance should be extended to workers and firms. (Page 1291)

*Manufacturing Chemists Association*

The association supported procedural changes to the Antidumping Act and the strengthening of the countervailing duty statute. (Page 1681)

*Manufacturers of Small Tools and Metal Fasteners*

The manufacturers proposed easier rules for obtaining affirmative rulings on the imposition of dumping and countervailing duties. (Page 1829)

*Bicycle Manufacturers Association*

The association asserted that the antidumping and countervailing duty laws should be strengthened in the new legislation. (Page 1891)

*National Association of Manufacturers*

The association urged the committee to amend sections 310 and 330 to insure judicial review in antidumping and countervailing duty cases. (Page 1911)

*National Livestock Feeders Association*

The association urged that the provisions relating to duty free articles and merchandise be deleted from the proposed bill and that these goods be treated in the same manner as dutiable imports and urged the deletion of language which provides for discretion in the imposition of countervailing duties. (Page 2807)

*Aluminum Association, International Policy Committee*

The association encouraged enforcement of the Antidumping Act and the countervailing duty provision in cases involving subsidies granted upon exportation and asserted that adjustment assistance is not effective or desirable in the case of a major industry such as the primary aluminum industry. (Page 2561)

*Copper & Brass Fabricators Council, Inc.*

The council recommended: The proposed amendment to the Antidumping Act of 1921 to codify the time limitations on the Treasury Department's antidumping proceedings should be passed, and the

Clayton Act's "line of Commerce" and "section of country" market concepts as well as the judicial review provisions of H.R. 328 should be adopted. The Secretary of the Treasury's discretionary authority to grant relief in countervailing duty proceedings should be stricken from the bill. (Page 2955)

*Lead-Zinc Producers Committee*

The committee recommended that the TRA of 1973 be amended to provide for Congressional reversal of decisions by the Secretary of the Treasury to withhold countervailing duties. (Page 2924)

*Pulp and Paper Machinery Manufacturers' Association*

The association asserted: The Antidumping Act should be amended to make it clear that the sale of foreign merchandise exported to the United States at prices which are below the cost of production is equal to a sale at less than fair value which is subject to the additional duties under the act, if the effect of that sale is to injure a domestic industry. The allowance of adjustments to the prices used to determine fair value which may defeat the purposes of the act should be prohibited. Amendments to the countervailing duty statute (section 303 of the Tariff Act of 1930) which specify certain classes of subsidies as subject to countervailing duties are urged. (Page 3082)

*Anti-Friction Bearing Manufacturers Association*

The association supported the provision in chapter 3 of title III of the TRA of 1973 which applies the countervailing duties to duty-free articles. (Page 3102)

*Western Electronic Manufacturers Association*

The association recommended: A provision should be included to exclude shipments in transit from increased duty assessments. Review by the judiciary would be appropriate in antidumping and countervailing duty cases. (Page 3216)

*Electronic Industries Association*

The association urged: Amendments to the TRA of 1973 should be adopted which would require the full, fair, mandatory, and rapid enforcement of both antidumping and countervailing duty laws. Elimination is recommended of the provision giving the Secretary of the Treasury authority to refrain from imposing an additional duty after the use of a bounty or grant has been determined. It is recommended that judicial review in antidumping and countervailing duty cases be authorized. (Page 3267)

*American Paper Institute*

The institute recommended: The provisions of the TRA of 1973, whereby countervailing duties would apply to duty-free goods, should include standards that would describe what constitutes "material injury" within the meaning of section 303(b), subpart (A) of the Tariff Act of 1930. Without such additional criteria for determination of injury, unforeseen abuses of this provision could take place, inviting retaliation by their trading partners. (Page 3315)

*Rubber Manufacturers Association*

The association asserted: The provisions of title III would give the Secretary of the Treasury authority to not impose countervailing

duties; this is opposed, as being too discretionary. Such authority, if it had been used in a recent case would have been in conflict with one of the chief objectives of the bill, namely to curtail the rapid rise of foreign imports. (Page 1455)

*ASG Industries, Inc., C-E Glass, Libbey-Owens-Ford Co., and PPG Industries, Inc.*

The producers agreed with the recommendations presented to the committee by the Trade Relations Council of the United States to amend the Antidumping Act and countervailing duties provisions. (Page 3769)

*American Iron & Steel Institute and American Specialty Steel Co.*

The institute recommended: The procedures available in antidumping and escape clause proceedings should be expedited so that a legislated trigger mechanism would be available by product line with automatic safeguard provisions: Product by product limitation of imports should be instituted. The Treasury Department should make its decision in an antidumping case within 4 to 6 months after a complaint has been filed and in countervailing duty decisions the American producers should have judicial review available to them. The discretion which the Secretary of the Treasury has to refuse to impose countervailing duties should be eliminated. (Page 3957)

*Independent Wire Drawers Association*

The association requested that the countervailing duty provisions reflected in section 330 of the TRA of 1973 be amended to make it clear that when a country aids an industry to establish a facility in a duty-free zone, then the importation of goods or materials from these facilities fall under the purview of the statute. (Page 4057)

*Cast Iron Soil Pipe Institute*

The institute recommended: Title III should be very specific in its requirements as to the administration of the TRA of 1973; complaints under the Antidumping Act should be published in the Federal Register within 30 days of their presentation to the Commission of Customs; and the final determination by the Treasury Department should be made not more than 6 months following the date of publication. An investigation as to why after 4 years, the cast iron soil pipe industry has not been able to obtain relief from injury under our countervailing duty regulations is questioned. (Page 4088)

*American Institute for Imported Steel, Inc.*

The institute recommended that the subject of antidumping regulations and countervailing duties be pursued in international trade negotiations before being dealt with by domestic legislation. (Page 4097)

*American Chain Association*

The association suggested: Treasury should make a tentative dumping determination or a notice of withholding of appraisement within 6 months of a complaint being filed if directed by Congress to do so, and the TRA of 1973 should provide that the Tariff Commission make an affirmative determination of injury when less than fair value sales of foreign merchandise have caused more than immaterial injury. Judicial review should be provided on petition of domestic as well as

foreign industries of determinations both by the Treasury and the Tariff Commission. Mandatory time tables should be established and the law should be amended to cover duty-free merchandise and the authorizing of the President to take unilateral action against imports from those countries maintaining discriminative and unjustifiable barriers to U.S. exports. Judicial review in these countervailing duty decisions should be established. (Page 4110)

*Northwest Horticultural Council*

The council supported chapter 3 of title III which would amend the countervailing duty law so that the countervailing duty may apply to duty-free goods. (Page 4316)

*National Milk Producers Federation*

The federation recommended very strongly that the countervailing duty statute not be changed to make imposition of the duties discretionary with the President. (Page 4350)

*United Rubber, Cork, Linoleum & Plastic Workers of America*

The union recommended the formation of a Trade Commission with authority to investigate and impose sanctions against dumping practices and impose countervailing duties. (Page 4741)

*National Shoeboard Conference, Inc.*

The conference stated that the present law is unsatisfactory, and suggested that when dumping is found, duties should be imposed on the affected imports from the origin of the offense to termination. (Page 4762)

*Tobacco Institute, Inc.*

The institute stated that the United States should have the means to counteract subsidies and to react to foreign "dumping" practices. (Page 4876)

*National Association of Chain Manufacturers*

The association suggested that antidumping procedures be modified so that all chain products could be incorporated into one proceeding. (Page 4133)

*American Machine Tool Distributors Association*

The association supported codified time limitations on Treasury Department antidumping and countervailing duty investigations. (Page 3065)

GENERAL WITNESSES

*United States-Japan Trade Council*

The council argued: Treasury should be required to consider all circumstances of sale whether or not related to the sale under consideration in dumping cases. The injury test should apply to free and dutiable articles under the countervailing duty law. (Page 1006)

*Public Interest Economics Center*

The center recommended that antidumping statutes be amended to distinguish between the different forms of dumping. (Page 1115)

*H. William Tanaka*

Mr. Tanaka recommended deleting the reference to in camera treatment of confidential information in section 310 (b). (Page 1343)

*Noel Hemmendinger*

Mr. Hemmendinger recommended section 310 of the bill should be amended by omitting time limits as unnecessary, since they are already covered by the regulations. The Antidumping Act, 1921, should be amended to provide that in comparing the home market price with the export price allowance shall be made for circumstances of sale which are found to exist under accepted accounting principles, whether or not directly related to the sale under consideration. Section 330 of the bill would wisely give the Secretary of the Treasury discretion not to impose a countervailing duty if this would cause economic detriment to the United States, but it is defective in not providing an injury test for dutiable articles. (Page 1353)

*AFL-CIO Economic Policy Committee*

The AFL-CIO endorsed a new Foreign Trade and Investment Commission proposed in the Burke-Hartke bill so that findings on antidumping and countervailing duty cases may be made more swiftly and workers' jobs could be saved. (Page 1209)

*Trade Relations Council of the United States, Inc.*

The council recommended: Section 310 should make appraisement of imports subject to antidumping duties retroactive to four months prior to the filing of an antidumping complaint. Antidumping investigations should not be judicially reviewable. The definitions of "purchase price" and "exporters sales price" should not be amended so as to require the addition to the transaction prices of the amount of duties and taxes which could have been but were not collected in regard to the reported merchandise. It should be mandatory that when the purchase price or exporter's sales price is less than the foreign market value, a dumping duty and an amount equal to such difference is to be levied. It should be made clear that if the foreign producer sells merchandise to the United States at prices below the cost of producing that merchandise, such sales are below the fair value of the merchandise.

Section 303(d) of the Tariff Act of 1930 should be deleted.

Section 330—the injury test should not be more severe than that set forth in article VI of the GATT.

Section 303 of the Tariff Act of 1930 should be amended to specify that the remission by foreign countries of internal taxes paid with respect to products produced for export, or the forgiveness of internal taxes with respect to such products, or the discrimination in price on raw materials sold for use in the production of goods for export in comparison with goods produced for home market consumption constitute bounties or grants which are to be remedied by the imposition of the additional duties specified by the statute.

Section 350, reducing Tariff Commission jurisdiction, should be deleted. (Page 2052)

*National Retail Merchants Association*

The association suggested: Antidumping procedures in section 310 (b) should require that a dumping determination be made only on the

basis of a hearing conducted in accordance with the Administrative Procedure Act and a single agency should be given responsibility for making the determination. Withholding of appraisement prior to an LTFV determination should be allowed only if irreparable injury and lack of alternative remedy have created an emergency situation. The Bureau of Customs should be required to determine within a specified time whether dumping duties should be assessed. U.S. law covering countervailing duty should be made consistent with GATT by amending the statute to apply the material injury standard in all cases. (Page 3012)

*National Tool, Die & Precision Machining Association*

The association fully supported tightening of the antidumping laws which have been inadequate and ineffective in the past to combat market development sales in this country by foreign firms at unfair low prices. (Page 3060)

*American Retail Federation and Montgomery Ward & Co.*

The federation suggested that the administration of the Countervailing Duties Act should be strengthened by language setting standards for determining what is a "bounty or grant" by a foreign nation. (Page 3067)

*Consulting Engineers Council, USA*

The council recommended that the anti-dumping provisions be interpreted to also include so called free services offered foreign consultants through their governments. (Page 3486)

*International Sino-American Trade Association*

The association recommended that there be included in section 303 (d) of the Tariff Act of 1930 an express exclusion of less-developed countries. (Page 3726)

*American Association of University Women*

The association offered support for the committee in its efforts to amend antidumping and countervailing duty laws and to provide speedier investigations and decisions. (Page 1586)

*California Chamber of Commerce*

The chamber contended that the imposition of antidumping or countervailing duties should exclude in transit shipments or indemnify importers for losses sustained. (Page 1566)

*General Electric Co.*

The company asserted: The suggested revisions of the Antidumping Act are endorsed but decisions on dumping should be made subject to judicial review. The proposed amendments of the countervailing duty statute are endorsed except for the provisions of proposed paragraph (d). The criteria for exercise of the discretion should be carefully delineated in the statute. A provision for judicial review should be accompanied by a requirement for a hearing on the record and for findings along the lines proposed in the amendments to the Anti-dumping Act. (Page 3140)

*New York Chamber of Commerce & Industry*

The chamber of commerce recommended the amendments to the antidumping and the countervailing duty laws be deleted from the

TRA of 1973, but recommended several amendments in lieu of deletion. (Page 1569)

*Cold Finished Steel Bar Institute*

The institute supported modification of the antidumping and countervailing duty regulations insofar as these changes would result in speedier and more efficient procedures. (Page 4143)

*Volume Footwear Retailers of America*

The retailers asserted: No American product should be forced to compete with an imported item if the price of the import reflects direct or indirect subsidy by the country in which it is manufactured. Chapter 3 of title III of the TRA of 1973 should therefore be strengthened. (Page 4805)

*Magnavox Co.*

The company contended: Some of the provisions in the TRA of 1973 would help enforcement of the countervailing duty provisions; other provisions should be added or improved. Discretionary authority for the executive branch in dealing with countervailing duty cases should be deleted. A provision should be added to give the right of judicial review to the U.S. complainant in a countervailing duty case. The rebate of indirect taxes should be named in the TRA of 1973 as a bounty or grant subject to countervailing duty. Other technical and more specific amendments to the proposed bill are offered in the statement submitted for the records. (Page 3291)

*Greater Detroit Chamber of Commerce*

The chamber of commerce asserted: The time required to determine the existence of "dumping" and remedy the situation should be reduced. Speed-up should not however, be at the expense of having full and open inquiry. The extension of the countervailing duty status to cover imports which are normally duty-free is commendable and local tax benefits should be provided to encourage industrialization rather than giving export expansion special consideration. (Page 1078)

*Dr. Walter Adams and Dr. Joel B. Dirlam*

Dr. Adams and Dr. Dirlam stated there seems to be nothing dangerous in the provisions of title III, but expressed concern with some definitions such as "exporters price," "purchase price" and "directly competitive with." (Page 1164)

*Emergency Committee of the Steel Wire Industries of the United States*

The committee recommended: Home market prices should be listed on each import invoice and where imports have obtained a substantial share of the domestic market, above perhaps 5 percent penetration, a special form of reporting should be required which would necessitate a uniform method of reporting. This information should be computerized and made available to Customs and Treasury and to the Department of Commerce for publication. (Page 4031)

*Association of American Chambers of Commerce-Europe and Mediterranean, Inc.*

The association recommended that the committee make provisions for judicial review of any action taken. (Page 1560)

## C. UNFAIR PRACTICES IN IMPORT TRADE

## GOVERNMENT OFFICIALS

*Secretary of Commerce*

Secretary Dent said the Trade Reform Act of 1973 would amend section 337 of the Tariff Act to provide U.S. patent owners with a simpler, quicker, and more effective remedy against infringing imports, with nonpatent situations covered by amendments to the Federal Trade Commission Act under separate legislation. (Page 496)

## WITNESSES WITH SPECIFIC PRODUCT INTEREST

*American Importers Association*

The association asserted that section 337 should be repealed, permitting the regular patent laws to function in this area. (Page 765)

*Manufacturing Chemists Association*

The association suggested that further consideration be given to the proposed limitation of section 337, Tariff Act of 1930 to patent infringement cases and that identification and dealing with relative unfair competitive acts prior to importation should remain an assignment of the Tariff Commission or other agency concerned with international trade. (Page 1681)

*Pulp & Paper Machinery Manufacturers' Association*

The association proposed an amendment to section 337 of the Tariff Act of 1930 which would provide that the sale of imported articles at a price which is less than the constructed value of such merchandise shall be deemed to be an unfair method of competition and an unfair act in the importation of such articles into the United States or in their sale. (Page 3082)

*American Iron & Steel Institute and American Specialty Steel Co.*

The institute opposed transferring the enforcement authority for unfair trade practices from the Tariff Commission to the Federal Trade Commission. (Page 3957)

*National Council of Music Importers*

The council contended: This section is unfair to the importers, especially when it comes to the question of patent infringement. This should be determined by the court. No action should be taken by the Tariff Commission in patent cases because the court's decision will be binding. (Page 4459)

*National Shoebound Conference, Inc.*

The conference supported these provisions. (Page 4762)

## GENERAL WITNESSES

*Noel Hemmendinger*

Mr. Hemmendinger recommended: Section 350 should be amended to repeal section 337 of the Tariff Act of 1930 altogether. The proposed provision would leave in the Tariff Commission jurisdiction with respect to patent cases with changes in the procedures and standards presently prescribed. Removing the economic tests from the law makes

it very clear that the Tariff Commission, an economic fact-finding and evaluating body, is not the appropriate organ to exercise jurisdiction. This is particularly true since the Tariff Commission would not be given the power to consider both validity and infringement, which are inextricably related. The patent issues should be left entirely to the courts. (Page 1353)

*General Electric Co.*

The company supported the proposed revisions of section 337 of the Tariff Act of 1930 but opposed the denying of jurisdiction of the FTC in cases where a remedy is provided by the Antidumping Act, the countervailing duty statute or the patent infringement provisions of section 337. (Page 3140)

*New York Chamber of Commerce & Industry*

The chamber of commerce supported these provisions but recommended the opportunity for public hearings be provided to the affected parties prior to action. (Page 1569)

*Harvey Kaye and Paul Plaia, Jr.*

Messrs. Kaye and Plaia suggested: Section 350 of the TRA of 1973 should be amended in order to assume that there would only be a violation if patent infringement is accompanied by economic injury of the type which is set forth in the present section 337 of the Tariff Act of 1930. Subsections (1) and (2) of paragraph (c) as proposed should be deleted as the proposed bill would legislatively prohibit the Tariff Commission from considering the issue of validity since the Tariff Commission is instructed to follow court action on this issue. (Page 1588)

*Association of American Chambers of Commerce-Europe and Mediterranean, Inc.*

The association supported these provisions. (Page 1560)

*United States-Japan Council*

The council suggested repealing section 337 of the Tariff Act of 1930. (Page 1006)

## TITLE IV. TRADE AGREEMENT HOUSEKEEPING AUTHORITY AND SPECIAL AUTHORITY

### A. BALANCE OF PAYMENTS AUTHORITY

#### GOVERNMENT OFFICIALS

*Secretary of the Treasury*

Secretary Shultz asserted: Trade rules cannot be allowed to shield large portions of national economies from the impact of balance of payments adjustment measures. Building trade liberalization incentives into balance of payments adjustment rules is also needed. (Page 152)

*Executive Director of Council on International Economic Policy*

Mr. Flanigan stated: In an effort to modernize the tools and use of trade policy in the United States, the bill grants authority to deal with

a persistent surplus or deficit in U.S. balance of payments and, where proper, to prompt necessary adjustment action by others. However, use of trade restrictive measures would be considered only as a last resort. (Page 170)

*Special Representative for Trade Negotiations*

Ambassador Eberle noted that more explicit authority for use of trade measures, such as renegotiation and compensation, as well as import quotas and surcharges, to help correct serious balance-of-payments problems would help insure that import relief and adjustment assistance measures do not bear the burden of dealing with overall foreign competition. (Page 341)

MEMBERS OF CONGRESS

*Hon. Peter H. B. Frelinghuysen (Republican of New Jersey)*

Mr. Frelinghuysen stated that the committee should provide guidelines for the authority sought under title IV dealing with trade policy management. (Page 5052)

WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Aerospace Industries Association of America, Inc.*

The association endorsed the provisions granting balance of payments authority. (Page 820)

*National Machine Tool Builders Association*

The association endorsed granting the President authority to impose temporary restrictions on imports in response to serious balance of payments problems and to ease import restrictions as a counter-inflationary device. (Page 803)

*American Importers Association*

The association asserted: The President should not be authorized to take such drastic action to correct a balance of payments deficit in situations where a trade surplus exists. Section 402 should be eliminated. It is both unwise and constitutionally unsound for Congress to delegate such broad power to the President. Congress should require the President to provide for public hearings in which all interested persons shall have a reasonable opportunity to be present, to produce evidence, and to be heard prior to any action taken under any section of title IV, not just those dealing with renegotiation and compensation. (Page 765)

*Emergency Committee for American Trade*

The committee remarked: The balance of payments authority proposal is endorsed, but with the qualification that the President utilize it in consonance with our international commitments and obligations. After the President has taken balance of payments action, many hardship cases could arise; therefore, it seems appropriate to require public hearings afterwards so that these cases may be heard and necessary corrective measures taken. (Page 658)

*Caterpillar Tractor Co.*

The company asserted: Reliance upon trade restraints as a solution to balance of payments problems should be rejected. The proper mechanism is through the international monetary system; a country shall be expected to revise the par value of its currency when there is a basic disequilibrium in its balance of payments. (Page 987)

*National Grain & Feed Association*

The association stated: The authority to protect the interests of the United States whenever our balance of payments is in serious deficit or surplus is supported. This authority should be used cautiously as its use could result in retaliation against our agricultural exports. (Page 2823)

*Manufacturing Chemists Association*

The association urged adoption of requirements for review and termination of actions under balance of payments authority. (Page 1681)

*Society of the Plastics Industry, Inc.*

The society asserted: A serious deficiency exists in section 401 in that it requires no advance notice or hearings in which interested parties could present their views. This omission should be corrected by an appropriate amendment. (Page 1792)

*Glastron Boat Co.*

The company asserted: The extensive balance of payments authorities requested in Title IV of the TRA should be requested; the technique of import restraints is a relatively ineffective mechanism for dealing with balance of payments problems. It is recommended that if the balance of payments authorities of the TRA are approved such authorities should be non-discriminatory in nature; limited to corrections of problems on the trade account; be reviewed by the Congress within 60 days of the imposition of surcharges and quotas; and be made applicable only to imports from the developed countries and exempt from its coverage the less developed countries. (Page 2544)

*National Association of Manufacturers*

The association opposed selective application of import surcharges since this action would go counter to the U.S. long standing tradition of MFN. (Page 1911)

*National Livestock Feeders Association*

The association asserted: The delegation of authority in title IV is too broad. The Presidential authority to reduce or suspend duties or any import restriction in dealing with persistent surplus, subject only to his judgment as to injury and the unequivocal provision that import restrictions shall not be imposed to protect individual domestic industries from imports are opposed. The President does, however, require authority to impose import measures to deal with serious balance-of-payments deficits. (Page 2807)

*Lead-Zinc Producers Committee*

The committee recommended that the TRA of 1973 contain a provision granting Congress authority to reverse a decision by the President to raise or lower import barriers temporarily to correct the balance of payments. (Page 2924)

*Anti-Friction Bearing Manufacturers Association*

The association supported the proposals for responsive action, such as a surcharge, on situations where there is a serious imbalance of payments. (Page 3102)

*Electronic Industries Association*

The association favored granting the President authority to impose temporary import surcharges when necessary to deal with serious U.S. balance of payments problems, but not on selective restrictive actions. (Page 3267)

*Computer and Business Equipment Manufacturers Association*

The association suggested that provision should be made for hearings and congressional disapproval. (Page 3135)

*American Paper Institute*

The institute endorsed in principal this provision of the TRA of 1973 but recommended that this title should include a provision requiring the President to negotiate a set of international rules for the management of balance of payments problems, and use trade restrictions as a unilateral instrument of balance of payments adjustment only if the trading nations fail to reach a satisfactory set of international standards. (Page 3315)

*Rubber Manufacturers Association*

The association asserted: Legislation that will correct the current balance of payments problem is needed. With respect to the American tire manufacturing industry a study by RMA reflects a favorable balance of payments of \$2.9 billion for 1964-72. If the foreign tax credit and deferral provision had not been in effect for the last several years, additional taxation levied against five multinational member firms would have resulted in nine less favorable balance of payments.

Title IV, of the TRA of 1973 is endorsed as long as deficits in our Nation's balance of payments persist; this authority will permit the President to directly attack many of the trade sources of such problems. (Page 1455)

*American Imported Automobile Dealers Association*

The association asserted that the President already has sufficient authority to meet balance of payments crisis but that if additional authority is granted that it be based on the most favored nation principle, be limited to corrections of problems of the trade account, exempt articles imported under bilateral discriminatory trade agreements (such as the United States-Canadian automotive agreement), be approved by Congress within 60 days of the imposition of surcharges or quotas and that even with Congressional approval, such restraints be limited to 1 year in duration. (Page 3379)

*Automobile Importers of America*

The association urged: The United States should seek an agreement with GATT countries that an import surcharge is a permissible tool for dealing with balance of payments difficulties. The criteria in section 401 are too broad. (Page 3470)

*Monsanto Co.*

The company endorsed section 401. (Page 3498)

*International Apparel Importers Association, Inc.*

The association contended that the authority of the President to impose import surcharges and/or quota limitations, without notice in order to improve balance of payment disequilibria was unfair and, that imports already under contract, should be excluded from any surcharge or quota limitation. (Page 3886)

*Florida Fruit & Vegetable Association*

The association suggested that Congress should share the authority that in the TRA of 1973 would be delegated to the President to deal with the balance of payments deficits or surpluses. (Page 4268)

*Stone, Glass & Clay Coordinating Committee*

The committee recommended that article XII of GATT be invoked immediately to bring U.S. balance of payments into equilibrium. (Page 4585)

*National Shoebound Conference, Inc.*

The conference endorsed the provisions which give the President power to impose surcharges on imports, when necessary to deal with balance of payments and export-import trade balances. (Page 4762)

*CITC Industries*

The company objected vehemently to including items subject to the American selling price method of valuation system under the provisions for imposing import surcharges. (Page 4813)

*American Machine Tool Distributors Association*

The association supported the provision in the TRA of 1973 which authorizes the President to raise or lower import barriers on a temporary basis to help correct serious deficits or persistent surpluses in the U.S. balance of payments. (Page 3065)

*Wimer's Furniture Upholstering*

The company opposed any import surcharge on sewing machines and stated that imposition of a surcharge would put it out of business, since an independent sewing machine dealer cannot purchase for resale from U.S. manufacturers. (Page 4910)

*Ward's Nursery, Inc., and Hastings Potato Growers Association*

The group concurred with the statement of the Florida Fruit & Vegetable Association suggesting Congress should share the authority that at present would be delegated to the President to deal with the balance of payments deficits or surpluses. (Page 4314)

## GENERAL WITNESSES

*Committee for a National Trade Policy*

The committee disagreed with use of import controls as a balance-of-payments device. (Page 787)

*Greater Detroit Chamber of Commerce*

The chamber of commerce welcomed the powers granted under title IV as useful measures, provided that all changes are preceded by public hearings and are subject to a 90-day congressional veto, where appropriate. (Page 1078)

*United States-Japan Trade Council*

The council recommended that all actions should be consistent with international obligations of the United States and that hearings be held prior to action under title IV. (Page 1006)

*United States Council of the International Chamber of Commerce*

The council asserted: The balance of payments adjustments ought to be taken within a modernized international monetary system rather than by unilateral trade action. Title IV proposals should be used only as a last resort. (Page 937)

*Dr. Walter Adams and Dr. Joel B. Dirlam*

Dr. Adams and Dr. Dirlam remarked: The evenhanded way in which the TRA of 1973 is drawn to permit the President to cope both with balance of payments and surpluses is applauded, but there are major reservations relating to power conveyed to the President by these provisions. Floating exchange rates are preferable to import restrictions for adjusting balance of payments. (Page 1164)

*American Farm Bureau Federation*

The bureau remarked: All of the objectives of title IV are endorsed. Specifically emphasized is support for section 401(a)(1)(A), authorizing the President to impose temporary import surcharges for balance-of-payment reasons. It is desirable to spell out unmistakably the right of the President to take such action. A temporary import surcharge should be imposed rarely, if at all, but the mere authorization of such a surcharge may strengthen the President's ability to negotiate with other countries with respect to balance-of-payments problems. The United States continues to have a serious balance-of-payments deficit, and a "full kit of economic tools" is needed. (Page 1426)

*Chamber of Commerce of the United States*

The chamber of commerce opposed section 401 as it relates to import surcharges. (Page 1373)

*Communications Workers of America*

The union stated that persistent deficits in the balance of payments are a result of shifts in the terms of trade and should be dealt with as such, through international monetary negotiations. (Page 2013)

*Trade Relations Council of the United States, Inc.*

The council agreed that the President should have this type of authority and took no exception to the substantive context of title IV. (Page 2052)

*National Farmers Union*

The union asserted: It is doubtful that more stringent measures need to be authorized for dealing with balance of payments difficulties and so on. The additional authority requested may merely encourage greater laxness and mismanagement in dealing with problems affecting the national economy. The measures proposed may do more to erode international confidence in the economic stability of the United States than to help promote it. (Page 2724)

*National Council of Farmer Cooperatives*

The council specifically supported title IV. (Page 2804)

*League of Women Voters of the United States*

The league urged that the bill require the President to abide by U.S. international obligations. (Page 2997)

*National Retail Merchants Association*

The association stated: The provisions of section 401 which permit balance-of-payments restrictions to be imposed on other than a most-favored-nation basis and without opportunities for a prior hearing are opposed. Temporary surcharges are favored over quantitative restrictions. Giving FTC jurisdiction over all section 337 cases other than patent infringement is opposed. (Page 3012)

*American Retail Federation and Montgomery Ward & Co.*

The federation opposed the initial administration's draft of this broad grant of authority to manage trade policy, particularly in the absence of hearings or prior consultation with Congress. (Page 3067)

*International Trade Mart and International House of New Orleans*

The trade mart remarked: The balance of payments proposals are endorsed. The U.S. should have authority to control the volume of imports particularly where barriers restrict the free flow of U.S. exports. The United States needs the leverage of retaliation. (Page 1581)

*Committee for Economic Development, Research and Policy Committee for International Economic Studies*

The committee recommended: Import surcharges for balance-of-payment purposes should be made contingent on internationally agreed rules and sanctions. The provision in the act which would authorize the use of quantitative restrictions for balance-of-payments purposes should be deleted and the United States should take the initiative to bring about the elimination of the GATT provisions that would sanction such measures. (Page 1511)

*Owens-Illinois*

The company urged that adequate safeguards be adopted. (Page 3850)

*International Sino-American Trade Association*

The association suggested that section 401(c) be amended to contain an express provision for the President to give due regard to voluntary efforts being made by individual countries to correct a persistent balance of payments surplus of such country (as is the case with the Republic of China) in its payments balance with the United States. (Page 3726)

*American Association of University Women*

The association offered support for the provisions of the legislation before the committee which would provide permanent authority for action on balance of payment and anti-inflation problems. (Page 1586)

*National Council of Jewish Women, Inc.*

The council urged that Presidential discretion to impose or modify quotas or other import restrictions in order to alleviate balance-of-payments problems should be limited, and the President be required to consider consumer interest prior to taking action. (Page 1536)

*Machinery and Allied Products Institute*

The institute remarked: Empowering the President alone to determine when to invoke balance of payments authority raises concern. The provisions should state specific definitions of terms, specific economic factors to be used as criteria, and provide for a specific non-political agency to make the determination as to when to invoke the authority. (Page 1538)

*New York Chamber of Commerce and Industry*

The chamber of commerce opposed the expansion of Presidential authority to impose trade restrictions in order to correct balance of payments deficits. (Page 1569)

*Scientific Apparatus Makers Association*

The association recommended that appropriate safeguards be included in these provisions along with requirements for public hearings and a report to Congress on progress being made to phase out import controls. (Page 3287)

*Vanco, Inc.*

The company urged that noninjurious imports of products be exempted from import quotas. (Page 4819)

*General Electric Co.*

The company proposed that action under this provision should be reported to the Congress and subject to congressional veto. (Page 3140)

*German American Chamber of Commerce*

The chamber of commerce questioned the grant of authority to take discriminatory measures prior to international negotiation against countries with favorable balance of payments. (Page 1564)

*Cold Finished Steel Bar Institute*

The institute supported a grant of express authority to the President to take measures to alleviate severe balance of payments difficulties. (Page 4143)

*Association of American Chambers of Commerce—Europe and Mediterranean, Inc.*

The association strongly opposed the authority in section 401 authorizing the President to impose import surcharges and quantitative limitations on imports in case of balance of payments deficits. (Page 1560)

*Los Angeles Chamber of Commerce*

The chamber of commerce recognized the possible need for imposition of a selective surtax but recommended advance notice be required. (Page 1568)

*California Council for International Trade*

The council urged: The right to impose surcharges should be tied to a serious imbalance in our trade balance rather than to our balance of payments. A surcharge should not be imposed on goods from a country with which the United States has a trade surplus. (Page 1580)

## B. WITHDRAWAL, RENEGOTIATION AND COMPENSATION

### WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Manufacturing Chemists Association*

The association supported authority for the President to make minor negotiating adjustments in maintaining existing trade agreements, recommended public hearings and advice gathering for all authorities delegated to the President in this legislation and agreed generally with concepts of stand-by authority covered in sections 402 (withdrawal of concessions), 403 (renegotiation of duties), and 404 (compensation authority). (Page 1681)

*Society of the Plastics Industry, Inc.*

The society asserted: Section 403 is too broad. The President's authority to adjust tariffs should be only to implement existing trade agreements. (Page 1792)

*National Association of Manufacturers*

The association urged public hearings before Presidential actions are taken. (Page 1911)

*Western Electronic Manufacturers Association*

The association suggested that review be mandatory and prior to the President's action under sections 402 and 408. (Page 3216)

*Automobile Importers of America*

The association asserted that the criteria in section 402 are too broad. (Page 3470)

*Monsanto Co.*

The company endorsed the proposals. (Page 3498)

*National Shoeboard Conference, Inc.*

The conference supported the provisions which give the President power to withdraw trade concessions from foreign countries for cause. (Page 4762)

### GENERAL WITNESSES

*Chamber of Commerce of the United States*

The chamber of commerce recommended hearings before any Presidential action to withdraw, suspend, or terminate trade agreement concessions. (Page 1373)

*New York Chamber of Commerce & Industry*

The chamber of commerce supported these provisions but recommended mandatory hearings prior to action. (Page 1569)

*Monsanto Co.*

The company recommended the authority in section 404(c) be limited to a reduction of 30 percent of the existing duty. (Page 3498)

*Manufacturing Chemists Association*

The association noted: The compensation authority proposed in section 404 of reductions of up to 50 percent with no limit on the volume of trade potentially affected does not appear consistent with what alleged minor character housekeeping authority should represent. Some limitation should be applied in section 404 as is provided for in section 403, which permits up to 20 percent reductions that can affect no more than 2 percent of U.S. imports. (Page 1681)

## C. PRICE AUTHORITY

## WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Manufacturing Chemists Association*

The association suggested that section 405 be deleted, because H.R. 6767 is designed to promote trade; authority to deal with inflation should be considered in more germane legislation. (Page 1681)

*Lead-Zinc Producers Committee*

The committee recommended that the TRA of 1973 be amended to contain a provision which grants the Congress authority to reverse a decision by the President which reduces import barriers temporarily to restrain inflation. (Page 2924)

*Dow Chemical Co.*

The company requested that authority to deal with inflation be the subject of separate legislation. (Page 3510)

*American Machine Tool Distributors Association*

The association supported the provision of the TRA of 1973 which permits temporary reductions in import barriers in order to reduce domestic inflation. (Page 3065)

## GENERAL WITNESSES

*General Electric Co.*

The company proposed that action under this provision should be reported to the Congress and be subject to congressional veto. (Page 3140)

*Aluminum Association, International Policy Committee*

The association asserted: The President should not be given permanent authority to suspend import barriers "to restrain inflation." Authority should be granted by the Congress on an ad hoc basis. Specific provisions should be included in the TRA of 1973 which can be invoked quickly to protect the domestic industry against disruptive imports. Utilization of the sector approach in the negotiations should be authorized where appropriate. (Page 2561)

*Monsanto Co.*

The company recommended that section 405 be deleted. (Page 3498)

## D. OTHER HOUSEKEEPING AUTHORITY (INCLUDING GENERAL PROVISIONS)

### MEMBERS OF CONGRESS

*Hon. Claude Pepper (Democrat of Florida)*

Mr. Pepper remarked: The Trade Reform Act should insure that international fair labor standards will be practiced that will enable developing countries to develop their own economy on the basis of rapidly expanding domestic markets. This would relieve the pressures to tap the huge U.S. market based on the high earnings of American workers. It would help to restrain the flood of foreign imports that is threatening to destroy part of our great American market by destroying the jobs of millions of American wage-earners. (Page 4951)

### WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Caterpillar Tractor Co.*

The company asserted: Matters of foreign trade and foreign investment are related and inseparable. More frequent adjustments in parities would reflect the true relative value of currencies. (Page 987)

*American Iron & Steel Institute*

The institute suggested changing its definition of "domestic industry" or "industry in the United States" to include an appropriate subdivision of a broader industry. (Page 3957)

### GENERAL WITNESSES

*United States-Japan Trade Council*

The council urged the President to use authority provided under this title to simplify and modify U.S. tariff schedules. (Page 1006)

*H. William Tanaka*

Mr. Tanaka suggested that sections 301, 401, 402, and 408 of the TRA should be amended to require advance notice when action under these sections is contemplated, thus providing all interested parties an opportunity to present their views concerning the merits and scope of the proposed action. (Page 1343)

*Texasgulf Inc.*

The corporation favored the very minimum in restrictions to free trade in order to provide the maximum long range economic benefits. (Page 2901)

*Monsanto Co.*

The company endorsed the general and other provisions. (Page 3498)

*Florida Cannery Association*

The industry recommended: The most-favored-nation treatment provision of GATT needs some safeguard provisions. There have been many violations of this provision under trading as carried out by the

EEC countries, and contrary to this policy, the discriminatory actions of EEC continue. (Page 4380)

*American Institute for Imported Steel, Inc.*

The institute opposed giving the President virtually unlimited and undefined tariff and trade restrictive powers under title IV of the TRA of 1973 and recommended that any legislative action be deferred until after the negotiations. (Page 4097)

*National Association of Scissors & Shears Manufacturers*

The association recommended that section 406 of the TRA of 1973 be amended to include guidelines to define the type of loss that would impair national security and be amended in order that no article be considered for duty reduction if imports have increased more than 25 percent during the past 5 years or in any case where the ratio of imports to domestic shipments is increasing. (Page 4117)

*Northwest Horticultural Council*

The council requested: Congress should take all possible steps during the negotiations to assure that the United States will obtain the market access and fair treatment to which it is entitled and that the United States will not conclude a trade agreement which does not provide such access and fair treatment. The Congress should exercise its oversight function during the negotiations and thereafter to assure that commitments obtained will be observed. (Page 4316)

*International Apple Institute*

The institute urged Congress to keep a close surveillance during and after the negotiations to make certain that the best interests of all Americans are taken care of. (Page 4322)

*International Union of Dolls, Toys, Playthings, Novelties & Allied Products Workers Union*

The union recommended that in forthcoming conferences on trade and tariff, including those under the aegis of GATT, emphasis should be placed by American spokesmen on the need for international fair labor standards—that is, making adjustments in duties and other tariff concessions predicated upon an appropriate upward adjustment in the wages and working standards of the exporting countries. (Page 4789)

*National Council of Jewish Women, Inc.*

The council urged that Presidential discretion regarding actions involving national security and the modifying of quotas or other import restrictions be limited and the President be required to consider consumer interests prior to taking action. (Page 1536)

*National Customs Brokers and Forwarders Association of America, Inc.*

The association urged that section 708 specifically limit the authority to modify the tariff schedules so not to enable conversion of TSUS to the BTN system. (Page 1582)

*Cordage Institute of the United States*

The institute contended that the national security test of section 232 of the Trade Expansion Act referred to in section 406 of H.R. 6767

should be broadened so that it encompasses any major damage to a domestic industry. (Page 3944)

*Eaton Corp.*

The company urged: Congress should include the areas of investments and service components of U.S. trade in its new trade legislation. Multiple imbalances which result from foreign government policies could be solved by a consolidated U.S. authority. (Page 4156)

*New York Chamber of Commerce & Industry*

The chamber supported the provisions of sections 706(f) and (g). (Page 1569)

*East-West Trade Council*

The council remarked: The provision of title VII which repeals the Johnson Debt Default Act is endorsed. The Johnson Act is just one more barrier facing the businessman doing business with the Socialist countries. (Page 3517)

*Russian Dollar Bondholders Committee of the United States of America*

The committee urged the retention of the Johnson Debt Default Act which would be repealed under section 706(g) of the TRA of 1973. (Page 3591)

*Carl Marks & Co., Inc.*

The company stated that the Johnson Debt Default Act should be strengthened, not repealed. (Page 3630)

## TITLE V. MFN FOR STATE TRADING COUNTRIES

### GOVERNMENT OFFICIALS

*Secretary of State*

Secretary Rogers asserted: Extension of MFN status to the Communist nations would be a major step toward political and economic normalization. It would not grant them exceptionally favorable treatment, for MFN status is extended to all countries with whom the United States has substantial trade. Congressional concern as to Soviet emigration practices is appreciated both officially and personally. But the best hope for a satisfactory resolution of this issue will not come from the confrontation that formal legislation would cause, but from a steady improvement in overall relations with the Soviet Union. In 1972 about 31,000 Soviet Jews were able to emigrate and at the present time, the average monthly level exceeds 2,500. The President has been assured by the Soviet Government that the present emigration policy will be continued indefinitely. Failure to grant MFN status would seriously jeopardize U.S. relations with the Soviet Union and Congress should permit the executive branch to handle the question of the Soviet Jews in diplomatic channels based on past success and Soviet assurances. (Page 162)

*Secretary of Agriculture*

Secretary Butz asserted: If the Soviet Union is going to come to us for grain and citrus, it is also going to expect most-favored-nation treatment. With the safeguards provided in the Trade Reform Act of 1973, extending MFN treatment to the Soviet Union would be very worthwhile and in the interest of the United States. (Page 491)

*Secretary of Commerce*

Secretary Dent said: Extending MFN treatment to the countries not now receiving such treatment is a basic prerequisite for the normalization of our commercial relations with these countries, which would work to further improve the political climate between the United States and them. MFN treatment will be closely related to the settlement of outstanding financial commercial and business facilitation issues. An administration analysis suggests that U.S. imports of manufactured goods from these countries would not be large enough to cause material injury to U.S. producers in the foreseeable future, but if the situation arose, the bill is considered to provide adequate safeguards. These safeguards require less stringent criteria for finding import injury than is the case in other import injury determinations, and allow the President to apply relief on a selective basis rather than on a MFN basis. (Page 496)

*President and Chairman, Export-Import Bank*

Mr. Kearns asserted: The authority to grant MFN treatment to countries when it is in the national interest is of significant importance. The Soviets have large reserves of certain raw materials and basic products needed in the United States, and we have technology, equipment, and know-how needed by the Soviet Union. Mutual benefit can be assured through careful analysis and persistent negotiations, but that it is unrealistic to believe one-way trade can long endure. (Page 596)

## MEMBERS OF CONGRESS

*Hon. Peter H. B. Frelinghuysen (Republican of New Jersey)*

Mr. Frelinghuysen noted: Authority to provide MFN treatment for Communist nations is a commendable effort towards opening world trade and cooperation. These nations are potentially large markets for U.S. manufactured goods, as proven by the experience of some of our trading partners and the United States needs some of the natural resources of these nations. Trade would also reduce East-West tensions. (Page 5052)

*Hon. Thomas M. Rees (Democrat of California)*

Mr. Rees remarked: Whatever triggering mechanism is devised for this provision should reside with the executive branch. The 3-year renewal provision should be accepted but the responsibility in the finding should be placed in the executive branch. (Page 5108)

*Hon. Guy Vander Jagt (Republican of Michigan)*

Mr. Vander Jagt endorsed the proposals to promote the opening of trade with the Communist world. (Page 5114)

## WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Aerospace Industries Association of America, Inc.*

The association endorsed granting most-favored-nation status to countries now subject to column 2 rates of duty with 3-year renewal provisions as a safeguard (Page 820)

*National Machine Tool Builders Association*

The association endorsed the administration's proposal to negotiate trade agreements with Communist countries that, subject to certain conditions, would afford them the same access to our markets as the non-Communist trading partners. (Page 803)

*American Importers Association*

The association stated: Title V provides for extension of MFN treatment for 3-year renewable periods. This 3-year period is needlessly restrictive; indefinite extension of MFN treatment is warranted, subject, of course, to Presidential authority to deny or revoke such treatment for reasons of national security. (Page 765)

*Emergency Committee for American Trade*

The committee endorsed the proposals before the Congress concerning trade relations with countries of Eastern Europe and considered they provide necessary safeguards so that imports from these countries will not be allowed to create serious injury for American manufacturers and workers.

The committee endorsed extension of most-favored-nation treatment to China and Eastern Europe. (Page 658)

*Caterpillar Tractor Co.*

The company endorsed the extension of MFN treatment with more eximbank credits and revision of interest equalization tax exempt operations of multinational firms. (Page 987)

*Aris Gloves, Inc.*

The company urged: Statutory restrictions or conditions should be imposed applicable to Czechoslovakia which will prevent a Presidential grant to that country unless it concomitantly makes settlement of awards granted by the Foreign Claims Settlement Commission for the expropriation of property in 1947. The United States should negotiate for the right to utilize gold belonging to Czechoslovakia and now held by the United States, which is sufficient to pay 80 percent of the principal on total claims amounting to \$75 million. (Page 1339)

*Society of the Plastics Industry, Inc.*

The society endorsed this section of the bill, except that provision should be made for industry-advisor input and more participation by Congress. (Page 1792)

*Glastron Boat Co.*

The company strongly supported this section which seeks authority from Congress to expand East-West trade. (Page 2544)

*National Association of Manufacturers*

The association supported the six sections of title V which would permit the expansion of MFN treatment to centrally, planned, non-market countries. (Page 1911)

*Great Plains Wheat, Inc.*

The corporation stated that trade with the People's Republic of China, the Soviet Union, and Eastern Europe is of vital importance to U.S. grain producers and the United States should be prepared to give these countries the same tariff treatment we give our other customers. (Page 2829)

*National Grain & Feed Association*

The association urged: The provisions which would enable the President to extend MFN treatment where he considers it to be in the national interest should be enacted. The volume of trade between the United States and the countries which are denied MFN treatment is dependent on the United States granting MFN treatment to them. (Page 2823)

*U.S. Feed Grains Council*

The council contended: Both East and West stand to gain from the gradual maturation of economic and political relations that would follow upon extension of MFN treatment. (Page 2780)

*Aluminum Association, International Policy Committee*

The association recommended: The proposed authority to extend most-favored-nation treatment to State-controlled economies should be accompanied with adequate provisions to protect the domestic industry against disruptive imports. If the United States is to normalize trade relations with the Soviet Union in aluminum, it is very important to have adequate official information of Soviet capacity, production, shipments, and consumption. (Page 2561)

*Anti-Friction Bearing Manufacturers Association*

The association opposed granting most-favored-nation status under title V of the TRA of 1973 to articles manufactured by state-controlled industries. (Page 3102)

*Liberty Lobby*

The lobby supported the demand by Jewish groups in the United States that MFN status be denied the Soviet Union until it rescinds its restrictions on emigration of Jews. (Page 3177)

*Western Electronic Manufacturers Association*

The association recommended greater liberalization in the granting of most-favored-nation status. (Page 3216)

*Computer and Business Equipment Manufacturers Association*

The association maintained that MFN status should be extended on the same basis as it has been extended historically to all countries with whom trade is conducted. (Page 3135)

*American Paper Institute*

The institute favored granting most-favored-nation treatment to the non-market countries, but recommended that an additional safe-

guard be included in the trade agreements with these nations by making the provisions of the escape clause mandatory rather than optional. (Page 3315)

*Monsanto Co.*

The company especially endorsed section 505 in relation to market disruption. (Page 3498)

*American Iron & Steel Institute and American Specialty Steel Co.*

The institute favored extension of most-favored-nation treatment to the Soviet Union, and suggested that the presence of threat of material injury caused by imports be sufficient to trigger relief. (Page 3957)

*Cast Iron Soil Pipe Institute*

The institute opposed extension of most-favored-nation treatment for those countries of Eastern Europe that do not have it. (Page 4088)

*Sunkist Growers, Inc.*

The league supported trade relations with countries not enjoying MFN treatment. (Page 4185)

*Northwest Horticultural Council*

The council supported title V and suggested that the Tariff Schedules of the United States should be expanded to 3 columns for rates of duty: (1) Most-favored-nation treatment limited to countries which grant MFN treatment to the United States and live up to their obligations; (2) Friendly countries which do not have trade agreements with the United States, either directly or through GATT; (3) Non-friendly countries, whose imports should bear duties higher than (2), which in turn should be higher than (1). (Page 4316)

*Poultry & Egg Institute of America*

The institute remarked: Increased trade with state trading countries is favored, but there is no position on granting them MFN status. At present, the state trading system puts free enterprise at a disadvantage. (Page 4327)

*American Petroleum Institute*

The institute said it would serve U.S. interest for the President to have authority to extend MFN treatment to other countries, including particularly the Soviet Union and Eastern European countries, through the conclusion of new bilateral agreements with them or by means of their accession to existing multilateral commercial agreements. (Page 4491)

*National Shoeboard Conference, Inc.*

The conference favored expansion of trade relations between the United States and China, and the U.S.S.R., consistent with our national interests. (Page 4762)

*Tobacco Associates, Inc.*

The associations urged that the President be given the authority to grant MFN treatment to Russia and most countries of Eastern Europe and Asia. (Page 4379)

*Society of American Florists, Growers Division*

The growers urged that no country be provided most-favored-nation treatment which discriminates in any way against U.S. exports (Page 4893)

*American Machine Tool Distributors Association*

The association supported those provisions of the TRA of 1973 which provide that MFN treatment may be granted to Communist countries and which retain the national-security and 3-year-life provisions. (Page 3065)

*Dow Chemical Co.*

The company suggested MFN treatment be given for countries not presently eligible. (Page 3510)

## GENERAL WITNESSES

*International Trade Club of Chicago*

The club endorsed granting the authority to the President to extend most-favored-nation treatment to countries previously denied such treatment. (Page 845)

*Greater Detroit Chamber of Commerce*

The chamber of commerce supported granting MFN status to Communist countries if such treatment would tend to lead to a normalization of trade with those countries, but recommended that such tariff treatment be subject to public hearings and the usual safeguards for American industry. (Page 1078)

*United States-Japan Trade Council*

The council endorsed most-favored-nation treatment for Communist countries. (Page 1006)

*United States Council of The International Chamber of Commerce*

The council endorsed the proposed provision. (Page 937)

*Greater Minneapolis Chamber of Commerce*

The chamber endorsed the grant of Presidential authority to extend most-favored-nation treatment to imports from countries currently subject to column 2 duty rates. (Page 1071)

*American Farm Bureau Federation*

The bureau remarked: Provisions of title V are endorsed. It is Farm Bureau policy that Congress should approve most-favored-nation status for tariff treatment of goods from the U.S.S.R. Any trade agreements with Communist countries should not provide more favorable terms of trade than granted to other nations. Governmental barter agreements and special credit arrangements should not be allowed to supercede normal commercial trade. (Page 1426)

*Chamber of Commerce of the United States*

The chamber of commerce recommended extending MFN treatment to all countries. (Page 1373)

*Port Authority of New York and New Jersey*

The port authority endorsed granting authority for the President to extend most-favored-nation treatment (consistent with the national interests) to imports from countries previously denied such treatment. (Page 2520)

*Trade Relations Council of the United States, Inc.*

The council asserted that the President should be given the substance of the authority described herein, but the language should be clarified. (Page 2052)

*National Farmers Union*

The union favored the provisions of title V to authorize the President, subject to a 90-day congressional veto procedure, to extend most-favored-nation treatment to imports from countries not now receiving that treatment, and recommended that this be applied to the Soviet Union and mainland China as expeditiously as possible. (Page 2724)

*National Tool, Die & Precision Machining Association*

The association stated: The provision to give authority to the President to extend most-favored-nation treatment to other countries is endorsed. The reciprocal advantages of the extension of this treatment will be great and will provide a great impetus for increased export sales by their firms. (Page 3060)

*East-West Trade Council*

The council asserted: Title V of the TRA of 1973 is endorsed. Recent increases in trade of all kinds with the U.S.S.R., the countries of Eastern Europe and the People's Republic of China have rested on the promises for and expectations of the removal of discriminatory treatment by the United States on the goods of those countries. (Page 3517)

*National Confederation of American Ethnic Groups*

The confederation asserted: The proposal granting the President authority to extend most-favored-nation status to any country is endorsed, giving Congress 3-month veto power guarantees against its abuse. The United States should use its bargaining position with the Soviet Union to insist on a liberalization of Soviet policy in Eastern Europe—meaning free movement of people and ideas, not just merchandise. If opposition to the Soviet Union prevents approval of the TRA, the commitment to Romania should be considered apart from the TRA. (Page 3539)

*League of Free Romanians*

The league recommended: Romania, as a member of GATT, should be given MFN status. The United States should grant MFN status to any socialist or Communist country which adjusts its legislation to be compatible with normal trade relations. (Page 3543)

*Dr. Emanuel Merdinger*

Dr. Merdinger advocated the granting of MFN status to Romania. (Page 3547)

*Sculptured Tubing, Inc.*

The corporation favored MFN status for Romania and stated that Romania without the benefit of most-favored-nation treatment cannot market in this country, (Page 3548)

*Ukrainian Congress Committee of America*

The committee contended: Most-favored-nation treatment should be denied at this time to the Soviet Union. One indisputable lesson is that trade with totalitarian powers, such as Japan, Nazi Germany, and Fascist Italy, did not serve the interest of world peace but rather contributed by the real aid given to the furtherance of their aggressive designs which led to World War II. If acute caution is not exercised today, this lesson can well apply to the militaristic U.S.S.R. whose bid for global supremacy remains undiminished. (Page 3550)

*Russian Dollar Bondholders Committee of the U.S.A.*

The committee urged: Congress should add a provision to the proposed TRA of 1973 specifying that MFN treatment not be granted to any nation which is in default of its debts to the United States or its citizens. This is in regard to bonds issued by the Russian Government and purchased by American citizens in 1916 and later repudiated by the communist regime. (Page 3591)

*Allen L. Fletcher*

Mr. Fletcher supported MFN treatment for all nations and recommended Import-Export Bank credits be extended to all nations. (Page 3598)

*John Nelson Washburn*

Mr. Washburn stated that the TRA of 1973 can be conducted with honor only if MFN treatment for the U.S.S.R. in the United States can be conditioned upon a clearly visible Soviet commitment to honesty in connection with U.S. lend-lease aid. (Page 3603)

*Satra Corp.*

The corporation urged that Congress extend most-favored-nation status to the Soviet Union. (Page 3626)

*Carl Marks & Co., Inc.*

The company opposed granting most-favored-nation treatment to the U.S.S.R. unless their bonded U.S. dollar debt to American investors is settled. (Page 3630)

*Atalanta Corp.*

The corporation supported granting MFN status to the Socialist countries as conditions and factors which led to the enactment of section 5 of TAA of 1951 have changed greatly over the last 20 years. (Page 3643)

*BAP Distributing Co.*

The company recommended: Most-favored-nation treatment should be granted to Romania. Based on experience through business dealings and the country's potential role in calming the Middle East situation, the granting of MFN status to Romania will lead to greater understanding and the operation of world peace. (Page 3652)

*Amtraco Corp.*

The corporation remarked: Granting MFN treatment to Bulgaria and Romania is endorsed. It would be beneficial for the United States to have unrestricted trade with these countries, so that they will have enough dollars to pay for U.S. products they desire. (Page 3654)

*International Commodities Export Co.*

The company suggested that the most-favored-nation authority should be considered on a country-to-country basis rather than on an entire East bloc basis. (Page 3706)

*Committee for Economic Development, Research and Policy Committee for International Economic Studies*

The committee stated that MFN treatment should not be accorded unilaterally, but only in return for adequate benefits. (Page 1511)

*National Cotton Council of America*

The council agreed that the President should be given the authority to grant MFN status to additional countries. (Page 3937)

*Texas Instruments, Inc.*

The company generally favored MFN treatment for state trading countries; however, it recommended that patent protection should be afforded U.S. patentholders in state trading countries prior to achieving MFN status. (Page 3298)

*Environmental Structures, Inc.*

The company supported the President's approach in dealing with the Eastern European countries through trade. (Page 3708)

*Bulgarian Claims Committee*

The committee recommended that negotiations for full compensation of the unpaid balance of American citizens' claims against Bulgaria should be tied in with the attempts by the Bulgarian Government to attain most-favored-nation treatment or other tariff relief, and propose a draft-bill with respect to Bulgaria. (Page 3613)

*American Association of University Women*

The association offered support for the extension of most-favored-nation treatment to countries which currently do not receive such treatment but urged the Congress to retain power of review and veto in the bill which it reports. (Page 1586)

*National Council of Jewish Women, Inc.*

The council commented: The TRA of 1973 contains no safeguards against the violation of human rights, namely freedom of emigration, as promulgated by the Soviet Union and directed primarily against Jews. Until this policy is repealed, no trade privileges should be accorded to the Soviet Union. Presidential discretion to impose or modify quotas or other import restrictions under this title should be limited and the President should be required to consider consumer interest prior to making a determination on import relief. (Page 1536)

*Machinery and Allied Products Institute*

The institute approved MFN for state trading countries with the proviso that (1) market disruption features of state trading countries be defined more thoroughly to obviate cost problems encountered

in dumping investigations; and (2) the Johnson Act be repealed to avoid the involvement of financial arrangements not directly related to exports. (Page 1538)

*Packaging Machinery Manufacturers Institute*

The institute favored granting MFN status to any country when the President feels it is in our Nation's best interest to do so. (Page 3100)

*Scientific Apparatus Makers Association*

The association supported extending MFN treatment to U.S.S.R., other Eastern bloc countries and China. (Page 3287)

*General Electric Co.*

The company supported granting MFN treatment to U.S.S.R., Eastern Europe, and China. (Page 3140)

*New York Chamber of Commerce & Industry*

The Chamber of Commerce supported the extension of MFN treatment to planned economy countries. (Page 1569)

*Lithuanian Republican Party of Cicero (Ill.)*

The party expressed its opposition to granting the "most-favored-nation" status to the Soviet Union, unless certain conditions regarding emigration and religious persecution are met. (Page 3709)

*Association of American Chambers of Commerce—Europe and Mediterranean, Inc.*

The association supported granting MFN status to Eastern European countries. (Page 1560)

*General Aviation Manufacturers Association*

The association favored extension of most-favored-nation status to Eastern Europe and China and that the President be authorized to grant this status. (Page 1553)

*Eaton Corp.*

The company considered that MFN treatment should be applied to the broadest possible area and that Congress and the executive branch should create an improved mechanism for developing and administering a trade centered foreign economic policy on a centralized basis. (Page 4156)

*California Council for International Trade*

The council urged that power be given to the President to grant MFN to any nation which does not discriminate against goods and services from the United States, but that congressional approval be required for the suspension of MFN to any nation. (Page 1580)

## TITLE VI. TARIFF PREFERENCES FOR DEVELOPING COUNTRIES

### GOVERNMENT OFFICIALS

*Secretary of State*

Secretary Rogers asserted: Almost all of the countries in Asia, Africa, and Latin America are asking for generalized tariff pref-

erences because they no longer want to be dependent upon aid and want to earn the foreign exchange required for development through expanded trade. These generalized preferences are in the U.S. interest because most of the energy and raw material imports, 30 percent of the total trade, and over half of the investment income in the United States come from these developing nations. If the United States wants these nations to take into account its interests, both political and economic, it must take into account their interests. Other industrial nations have already extended such preferences, the United States has a substantial trade surplus with Latin America, and such preferences will not be offered to those countries granting reverse preferences to other countries. (Page 162)

*Executive Director of the Council on International Economic Policy*

Mr. Flanigan stated: A matter of serious concern to the United States is the existence of specialized preferences that are granted by the other countries, especially the European Community. These preferences discriminate against American exports into those countries. The way to handle this problem is to turn the specialized preferences into generalized preferences so that all are making the same kind of an effort to help developing countries help themselves. This will be of benefit both to them and to the United States. (Page 170)

MEMBERS OF CONGRESS

*Hon. Dante B. Fascell (Democrat of Florida)*

Mr. Fascell remarked: While trade is of great importance to the United States, it is of substantially greater importance to the other nations of the hemisphere and absolutely vital to many of the Caribbean countries. It is hoped that the trade bill approved by the Committee on Ways and Means will reflect a genuine concern for the problems of the developing countries and will take full advantage of the possibilities of greatly expanding trade with developing countries in this hemisphere and elsewhere. As it is now proposed, it seems that the bill may be weighted too heavily toward protection of the status quo in the American economy. In general, the hemisphere countries appear to feel that the preference system proposed in title VI is too modest and restricted to stimulate exports to the extent required for more rapid and balanced development. Because it is generally confined to manufacturers and semi-manufacturers (rather than the agricultural and mineral products that make up most Latin America exports), and because important groups of manufacturers such as textiles, footwear, and certain steel products would be excluded, preferential advantages really would extend to only a small portion of Latin American trade. Considering the restrictive nature of the bill, their primary concern at this point is that no further restraints be included, such as further specific product exclusions, denial of Presidential authority to grant exceptions in section 608(c) and modifying the present discretionary nature of the criteria the President must consider in designating eligible countries in section 604(a)(5). It is important to the hemisphere countries that clear legislative history be established to show the intent of Congress to be that the authority granted in the Trade Reform Act should be implemented in a manner that will stimulate

the rapid and mutually beneficial growth of United States-Latin American trade. The bill would be improved to the mutual benefit of Latin America and the United States with the incorporation of several technical amendments that have been suggested in the statement submitted for the record. (Page 4911)

*Hon. Peter H. B. Frelinghuysen (Republican of New Jersey)*

Mr. Frelinghuysen stated: The United States will benefit politically and economically by trade with the developing countries needing technological goods obtainable only through open markets in developed countries. Thus, a generalized system of preferences (GSP) needed, but the provisions in the bill are potentially limiting. For example, as GSP is precluded for any item for which import relief is granted, developing countries could unjustly suffer when the larger imports from the more developed nations have caused the problem, as is most often the case. The bill should contain greater flexibility by imposing GSP ineligibility on a selective basis and only when these developing countries' exports have been a major cause of the injury. (Page 5052)

#### WITNESSES WITH SPECIFIC PRODUCT INTEREST

##### *American Importers Association*

The association recommended the bill should define "a developing country" in order to make the term clear to all, and to remove the determination from the everyday political process. (Page 765)

##### *Emergency Committee for American Trade*

The committee endorsed these proposals and recommended favorable action by the Congress. (Page 658)

##### *Caterpillar Tractor Co.*

The company endorsed tariff preferences for the developing countries contingent upon their extending to the United States any reverse preferences offered to other nations. (Page 987)

##### *Synthetic Organic Chemical Manufacturers Association and Dry Color Manufacturers Association*

The associations remarked: The general purposes of this title are endorsed but adequate safeguards should be included to prevent abuses of the preferences. The value added in developing countries for goods provided preference treatment should be required to be not less than 50 percent of the value of the goods. (Page 1704)

##### *Society of the Plastics Industry, Inc.*

The society asserted: The bill does not sufficiently safeguard U.S. domestic industry from potential abuses resulting from the preferential treatment. Therefore Congress should not relinquish the authority to approve any and all agreements which propose to grant preferences to developing countries. (Page 1792)

##### *Bicycle Manufacturers Association*

The association requested specifically that bicycles be exempted by legislation from any attempt to reduce the already low duties on bicycles from those countries, since less developed countries devalue their currency in line with dollar devaluations. (Page 1891)

*Cycle Parts and Accessories Association*

The association urged rejection of these proposals, particularly as they concern the cycle parts and accessories industry. (Page 1900)

*Glastron Boat Co.*

The company strongly supported this section which seeks authority from Congress to grant trade preferences to the less developed countries. (Page 2544)

*National Association of Manufacturers*

The association pointed out there is an apparent inconsistency between the expressed intentions of title VI and the Treasury's proposals for taxing foreign source income. (Page 1911)

*National Grain and Feed Association*

The association supported tariff preferences for developing countries. The goal in granting such preferences should be to assist the developing countries to graduate to the MFN category. (Page 2823)

*Aluminum Association, International Policy Committee*

The association accepted the need to provide the President with authority to participate with other developed countries, in granting generalized tariff preferences on certain imports to developing countries, but asserted that these preferences should be uniform and provisions be made to terminate the preferences where any country expropriates property owned by U.S. citizens and companies. (Page 2561)

*Mid-America Council for International Economic Policy*

The council favored trade preferences for developing countries but that checks need to be established in preventing such countries from becoming captive markets for selected countries by trade manipulation outside the agreed GATT framework. (Page 3103)

*American Paper Institute*

The institute endorsed granting general preferences to the developing countries, but recommended that an agreement be made with other developed nations on a set of international rules that would govern the granting of such preferences. (Page 3315)

*Monsanto Co.*

The company strongly endorsed section 605. (Page 3498)

*ASG Industries, Inc., C-E Glass, Libbey-Owens-Ford Co., and PPG Industries, Inc.*

The producers endorsed the recommendations of the Trade Relations Council of the United States to add a new provision to the TRA of 1973 defining preferences to developing countries, which would limit importations on certain articles from developed countries to allow a reasonable share of the import market for the developing countries. (Page 3769)

*Emergency Committee of the Steel Wire Industries of the United States*

The committee urged: Congress should include within the criteria for designating a beneficiary developing country, a requirement that the product under consideration for preferential tariff treatment not

be one substantially financed and controlled by foreign interest. The TRA of 1973 should designate a minimum percentage which indicates what value must be added to the appraisal value of an article before it is eligible for preferential treatment. A provision should also be added to section 605(c) which would make a developing country ineligible for preferential treatment where more than 30 percent by value of its exports of an eligible article are shipped to the United States. (Page 4031)

*American Iron & Steel Institute and American Specialty Steel Co.*

The institute opposed the granting of preferences which would further damage domestic industries already experiencing or threatened with severe import problems, and requested the Committee report indicate an intention to exclude all steel mill products from preferential treatment. (Page 3957)

*National Shoeboard Conference, Inc.*

The conference opposed such preferences because of the distinct possibility of the establishment of a subsidized plant manufacturing shoeboard in a so-called developing country, with disastrous effects on the U.S. shoeboard market arising from the export of such products. (Page 4762)

*Society of American Florists, Growers Division*

The growers urged that any system of preferences be developed on a commodity basis, particularly for agricultural products. (Page 4893)

*Miller's National Federation*

The federation stated: The Congress should provide further limitations on the extension of preferences to less developed countries that maintain unreasonable barriers to U.S. exports of low cost basic foods such as wheat flour so badly needed in most urban areas of the world. In addition to the criteria indicated in section 604, it should provide for an examination of nontariff barriers and high customs duties restricting U.S. exports to each requesting country. Many developing nations can become important future markets for the United States if existing trade restrictions are reduced or eliminated. (Page 4369)

#### GENERAL WITNESSES

*American Association of Port Authorities*

The association endorsed granting generalized preferences to less developed countries. (Page 839)

*International Economic Policy Association*

The association stated that the limitation in section 601 of title VI might be amended (in cases of uncompensated appropriation) to add "unless the dispute has been referred to an international arbitration tribunal." (Page 826)

*Committee for a National Trade Policy*

The committee favored tariff preferences to developing countries, but feared exemptions and loosening of escape-clause criteria make this section inadequate. (Page 787)

*United States-Japan Trade Council*

The council endorsed generalized system of preferences to underdeveloped countries. (Page 1006)

*United States Council of the International Chamber of Commerce*

The council welcomed the provisions for title VI, but recommended that such preferences not be granted to developing countries which grant "reverse preferences" to the products of other developed countries. (Page 937)

*Greater Minneapolis Chamber of Commerce*

The chamber endorsed the grant of Presidential authority to provide non-reciprocal tariff preferences to the developing countries of the world. (Page 1071)

*Public Interest Economics Center*

The center remarked: There is sympathy with the idea of generalized preferences, but there is the danger that these preferences will create a constituency for tariffs in general. This danger could be overcome by stipulating that preferences will be terminated not by restoration to previous tariff levels but by a reduction on tariffs on imports from developed countries. (Page 1115)

*Sherman E. Katz*

Mr. Katz asserted: Congress should replace Presidential discretion to determine eligible countries under title VI with its own specific list of beneficiary countries Congress should enumerate the articles eligible for preferential treatment, replacing the cumbersome and discretionary eligibility procedure proposed in the bill. Congress should eliminate the \$25 million ceiling which is arbitrary. (Page 1367)

*Overseas Development Council*

The council asserted: The decision to proceed with the U.S. preference scheme is a commendable element of U.S. trade policy toward developing countries. The shift from aid to trade should be accelerated to assist the developing countries in achieving a more prominent and cooperative role in a growing world economy. The use of trade restraints on imports from these countries is not sound policy as these restraints would have a much greater adverse effect on the developing countries economies than on developed countries economies. (Page 1463)

*Rubber Manufacturers Association, Footwear Division*

The association remarked: Were duty-free treatment to be accorded developing countries for manufacture of footwear, there could no longer be such an industry in this country. In addition to the fact that this industry is labor intensive, technology for manufacture of rubber footwear is readily available to other countries. At present ASP duty rates of 37.5 percent ad valorem on waterproof footwear and 20 percent ad valorem on footwear with fabric uppers, the United States is already being inundated with imports from less developed countries. (Page 1455)

*American Farm Bureau Federation*

The bureau asserted: The granting of generalized tariff, preferences to products imported from developing countries is opposed, and the

deletion of title VI is requested. It is in the long-term best interests both of the developing countries and of the United States that this country treat commercial transactions with developing nations in the same manner as similar transactions with other countries. Preferential arrangements are discriminatory and economically unsound whether the nations involved are considered to be either developed or developing. (Page 1426)

*Port Authority of New York and New Jersey*

The port authority stated that the United States should extend generalized preferences to products from less-developed countries. (Page 2520)

*Trade Relations Council of the United States, Inc.*

The council asserted that the President should be granted such authority generally in accord with this title with reservations such as quantitative limitations on imports from developed countries. (Page 2052)

*National Farmers Union*

The union contended: The provisions to grant generalized tariff preferences on imports from developing countries are too narrow in scope. The populations of the developing countries are the best potential customers in the world for American farmers. A larger share by far of the dollar that is spent for imports of labor-intensive goods from these hungry countries is likely to return immediately to buy food in the United States, than of the dollar that is spent to buy the capital intensive products of the richer developed countries. (Page 2724)

*International Trade Mart and International House of New Orleans*

The trade mart supported the provisions to correct present inequities adversely affecting U.S. foreign trade, especially restrictions on the free flow of trade between the United States and third countries (principally those with ties to member countries of the European Common Market) and restrictions imposed by Japan. (Page 1581)

*Hon. A. U. Fuimaono, Delegate-at-Large, Government of American Samoa*

Mr. Fuimaono recommended: General headnote 3(a) in the Tariff Schedules should be amended. Congress should subtract the cost of transporting by U.S. carriers foreign material to American Samoa from those other cost inputs which, if over 50 percent of content, cause articles entering the United States from American Samoa to be assessed customs duties. (Page 5168)

*American Institute of Merchant Shipping, Liner Council*

The council stated: Authorizing the extension of generalized tariff preferences to developing countries is endorsed. Section 603(a) as written, however, diminishes the effect of the new authority unnecessarily by requiring the President and the Tariff Commission to determine specifically what articles will be qualified for preferential treatment. It would be better to qualify all articles from a designated beneficiary developing country, except for articles specifically exempted. (Page 2558)

*International Sino-American Trade Association*

The association recommended that the Congress define precisely what countries would be eligible for generalized tariff preferences as beneficiary developing countries. (Page 3726)

*Committee for an Open Society, Inc.*

The committee recommended: The following clause should be added to section 602 of the TRA of 1973: "(4) The special commitment of the United States to further the economic development of the developing nations of the Western Hemisphere." Section 605(c) should be deleted or provide that the Latin-American countries be exempt from its limitations. The President should be required to submit all manufactured and semi-manufactured articles for preferential treatment unless a negative finding on a particular article is presented to the Congress. (Page 3702)

*American Association of University Women*

The association offered support for the extension of tariff preferences to imports from developing countries in the belief that the national interest, indeed the welfare of the United States—like that of other industrialized nations—is irrevocably linked through trade, investment and access to raw materials to the welfare of the developing countries. (Page 1586)

*California Chamber of Commerce*

The chamber of commerce suggested that the following sentence should be included in section 604(a) as item (6): "Whether or not such country has erected significant tariff or non-tariff barriers directed primarily against the United States." (Page 1566)

*American Cyanamid Co.*

The company recommended: A quota limit restricting annual growth in preference imports should be added to this title. Provision should be made that a substantial percentage, not less than 50 percent, of the value of preference goods represent costs or value added in the developing country and that such value represent actual value added by operations in the developing country, not a mere mark up on prices. (Page 3507)

*Greater Detroit Chamber of Commerce*

The chamber of commerce asserted: Tariff preferences for selected underdeveloped countries, subject to public hearings and the usual safeguards, are endorsed. Such special preferences should be predicated on the phasing out of existing reverse preferences accorded certain industrial countries, such as members of the European Economic Community. (Page 1078)

*New York Chamber of Commerce & Industry*

The chamber of commerce supported these provisions and contended the safeguard provisions are necessary. (Page 1569)

*United States Catholic Conference*

The conference urged fairer prices for raw materials and preferential treatment for exported manufactured goods of growing nations are needed. The "competitive need" formula in title VI of the TRA of 1973 should be eliminated or modified to apply only for a given year

in which a country has exceeded both the \$25 million limit and the 50 percent value added limitation on a commodity shown to work an adverse effect on U.S. economic interests or in our balance of trade with that country. (Page 1522)

*Cold Finished Steel Bar Institute*

The institute recommended that products covered by voluntary agreement or by other international understandings be exempt from preferential treatment. (Page 4143)

*Association of American Chambers of Commerce—Europe and Mediterranean, Inc.*

The association supported granting tariff preferences to developing countries. (Page 1560)

## TITLE VII. PROMOTION OF EXPORTS

### GOVERNMENT OFFICIALS

*Secretary of the Treasury*

Secretary Shultz noted that legislation has been proposed to amend the Export Trade Act, making explicit the application of the act to U.S. export of services as well as goods and clarifying the exemption of export associations from U.S. antitrust laws. (Page 152)

*Executive Director of the Council on International Economic Policy*

#### WEBB-POMERENE ACT (EXPORT TRADE ACT) AMENDMENT

Mr. Flanigan stated that the amendments to the Webb-Pomerene Act were designed to clarify the position of associations of exporters in relation to our antitrust laws and to expand coverage to certain services in order to put American exporters on an equal basis with their foreign competitors. (Page 170)

*Secretary of Agriculture*

Secretary Butz said the provisions of the Trade Reform Act of 1973 are needed to reduce our increased trade deficit through expanded agricultural exports.

The Secretary said exports permit farmers to operate at fuller capacity with resulting lower unit costs, thereby providing the American public with lower food costs and an increase in the number of jobs through expanded domestic economic growth. Worldwide demand for agricultural products is booming and the United States is uniquely suited to meet this demand. To take advantage of this demand, we need to encourage a freer flow of trade, in part through the liberalization of foreign import restrictions obtained under international negotiations. With more liberality on everybody's part, market expansion would probably take care of many of the problems most feared by presently protected sectors. (Page 491)

*Secretary of Commerce*

Secretary Dent asserted: The Trade Reform Act of 1973 is specifically designed to assist U.S. efforts to insure that American exporters

are given fair opportunity to compete in the increasing foreign market, as it is in the export area that our real problem lies rather than in the import field. Our current adverse trade position requires that export expansion be given top priority, and that the Department of Commerce is considering new export expansion initiatives which would be directed at taking full advantage of the more accessible world market that the provisions in the trade bill and the new round of negotiating would be designed to bring about. (Page 496)

*President and Chairman, Export-Import Bank*

Mr. Kearns reported: Deep, frank discussions in foreign countries showed the unlimited potentials for U.S. exports today, which are the most promising trade prospects since the days of reconstruction. The latest trade figures for March 1973 show that the rate of import increase has been significantly reduced, and exports were for the second consecutive month at an annual rate of more than \$60 billion. With measures already taken, adoption of the trade bill, and active public involvement, we will see an unprecedented period of export expansion.

Some of the factors on which this conviction for trade opportunity is based are: The volume of trade is destined to accelerate as industrial countries must import more primary products and developing countries improve their quality of life; more public and private buyers have the ability to purchase as a result of their increased export sales; transportation and communications improve the means to market and deliver; there is very high respect for U.S. products; Government services to buyers and suppliers were never better; and most important, U.S. products are now price competitive in nearly all categories. (Page 596)

*Assistant Secretary of Agriculture for International Affairs and Commodity Programs*

Mr. Brunthaver indicated: To the extent negotiations under the Trade Reform Act of 1973 result in removal of foreign trade barriers and correction of other distortions of international trade that limit the availability of foreign markets for U.S. agricultural commodities, the activities of the Commodity Credit Corporation in supporting farm income and prices may be reduced. For example, export payments, which have in the past been used to make domestically produced commodities competitive in the world market, would be eliminated when not necessary for this purpose, and if adequate prices are obtained on the world market, programs to support the price of agricultural commodities to U.S. producers may also be reduced. (Page 512)

WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Caterpillar Tractor Co.*

The company urged: Direct foreign investment as a means of expanding U.S. exports is necessary. The evidence is clear that establishment of Caterpillar plants abroad helped increase U.S. exports. (Page 987)

*Builders Hardware Manufacturers Association*

The association asserted: Individual small firms should be subsidized in seeking to establish export markets. Large tax credits should

be granted on their initial exports with the amount of the credit reduced as foreign sales increase until they are self-sustaining. (Page 1291)

*Manufacturing Chemists Association*

The association asserted: The expanded market opportunities title V will provide for exports of products of the chemical industry should be welcomed. Section 505 may be needed since the general provisions for relief from import disruptions might not be adequate in dealing with the state trade organizations of the socialized nations. (Page 1681)

*American National Cattlemen's Association*

The association urged Congress to adopt the strongest policy of reciprocity in the trading of beef and all livestock and to pattern this policy after the Meat Import Act of 1964, that is, share a percent of our market with the world in return for a like percent of the world market. (Page 2577)

*Anti-Friction Bearing Manufacturers Association*

The association urged export incentives be given attention equal to that afforded relief from unfair trade practices. (Page 3102)

*Mid-America Council for International Economic Policy*

The council advised of the need to strengthen the Webb-Pomerene provisions and allow domestic companies to join together to promote exports as do other GATT members by collective action. (Page 3103)

*American Paper Institute*

The institute favored DISC and stated that it is an equalizing factor in competing with other countries which provide many tax incentives. (Page 3315)

*UNA Corp.*

The corporation recommended that those provisions of the TRA of 1973 which will strengthen the export capabilities of American industry, technology, and agriculture should be passed. (Page 4218)

*International Tax Institute, Inc.*

The institute urged the committee to take a positive step to increase U.S. exports by repealing IRC 954(d) which is a U.S. income tax penalty on the export of U.S. products; this provision places a tax on foreign profits realized from sales of a foreign subsidiary selling its products abroad. (Page 4603)

*American Petroleum Institute*

The institute contended that the United States cannot limit imports as it needs exports to pay for necessary oil imports. (Page 4491)

GENERAL WITNESSES

*American Farm Bureau Federation*

The bureau asserted: Export subsidies are opposed. The U.S. Government needs to "put its own house in order" with respect to producer payments that actually are a disguised form of export subsidy. Prog-

ress is being made in that direction, and Farm Bureau has made recommendations to the Committee on Agriculture which, if adopted, would reduce this problem further. (Page 1426)

*National Tool, Die & Precision Machining Association*

The association asserted: The only major problem with the legislation is that it does not go far enough to prepare and support the industries of the United States to get into export trade that is so vital to future economic success. It is recommended that the pending legislation include provisions whereby funds will be available to small business upon application and submission of reasonable plans and sales objectives to pay for travel, proposal development and other incidental expenses. Such assistance would enable many small businessmen to explore foreign possibilities without going into difficult financial burdens, and would enable them to find that there really are markets abroad and that they really can compete in them with their knowledge and technical expertise. (Page 3060)

*International Trade Mart and International House of New Orleans*

The trade mart remarked: Legislation which would provide leverage in combatting discriminatory treatment of U.S. exports in world markets is endorsed. Possible means of obtaining such leverage include special preferential tariff treatment extended unilaterally by the United States to developing countries and alignment of the United States with the free countries of the Western Hemisphere, New Zealand, and Australia. (Page 1581)

*National Cotton Council of America*

The council recommended: Agricultural exports should be assured the lowest possible transportation costs in order to improve their competitiveness in world markets. Because of higher U.S. freight rates, exporters with financing by the Export-Import Bank or under other U.S. programs should no longer be required to ship at least half of the goods on U.S.-flag ships. (Page 3937)

*Greater Detroit Chamber of Commerce*

The chamber of commerce supported the suggestion that the scope of export associations be broadened to include services and recommended the removal of export associations from antitrust legislation. (Page 1078)

*Packaging Machinery Manufacturers Institute*

The institute urged free and fair competition in both world and U.S. markets, and the lifting of antitrust restrictions and the expansion of the DISC program to promote exports. (Page 3100)

*General Electric Co.*

The company recommended programs to promote exports, to include simplified documentation and financial incentives. (Page 3140)

*Consulting Engineers Council of the United States*

The council recommended that wording be included in the legislation to the effect that consulting services are included within the intent of Congress when it passed DISC legislation. (Page 3486)

## TITLE VIII. OTHER TARIFF AND TRADE MATTERS

### GOVERNMENT OFFICIALS

#### *Special Representative for Trade Negotiations*

##### THE MILLS-LONG BILL

Ambassador Eberle welcomed the Mills-Long proposal for a joint committee to work with the negotiators. (Page 341)

#### *Assistant Secretary of the Treasury for Tax Policy*

##### BURKE-HARTKE

Secretary Hickman stated: The proposals in H.R. 62 are undesirable because they would destroy the neutrality of the tax system with respect to decisions to invest abroad. The elimination of the foreign tax credit would be confiscatory and, therefore, unrealistic. The proposal to accelerate the time at which shareholders are taxed on foreign source income should be rejected. Such a system would put American-controlled corporations at a competitive disadvantage, force Americans to divest their interests in American owned foreign corporations, and result in only a minor revenue gain to the Treasury in comparison to the depressing effect on U.S. economic activity abroad. (Page 152)

### MEMBERS OF CONGRESS

#### *Hon. Glenn M. Anderson (Democrat of California)*

Mr. Anderson remarked: The utter disregard for domestic cats and dogs must be challenged by the Congress, and the factory-farming of cats and dogs for pelts—merely to satisfy human vanity—must be halted. By enacting H.R. 3347, introduced by this Member, which prohibits the importation of dog and cat skins, etc., and interstate commerce in such products, Congress could prevent the burgeoning of inhumane foreign industries built around the raising of domestic dogs and cats for slaughter. (Page 5149)

#### *Hon. Barry M. Goldwater, Jr. (Republican of California)*

Mr. Goldwater observed: In order to restrict emigration, the Soviet Government uses a number of devices directed primarily at Jews. This Member has felt it appropriate to co-sponsor a bill prohibiting MFN treatment to a non-market nation denying its citizens the right to emigrate. This is an appropriate vehicle for bringing about some permanent changes in this situation, as Russia is seeking to expand trade. The Kremlin reacts to any official discussion in this country of MFN, as seen by the suspension of the infamous "education tax". However, the tax is still part of Soviet law, and Soviet officials have more insidious ways of restricting emigration. The fact is that Soviet officials can still arbitrarily determine who can and cannot emigrate.

The incorporation of emigration-MFN language into trade legislation would be a great psychological boost to Soviet Jewry. Should the MFN section of the administration bill be endorsed by this committee, possibly the thrust of H.R. 3910-3921 could be included in the language of the section. Because better economic relations are so important to the Soviets, such relations can be an effective foreign policy tool, and specific concessions should be exacted from the Russians as a precondition to MFN treatment. (Page 5012)

*Hon. Sidney R. Yates (Democrat of Illinois)*

Mr. Yates stated: It is perfectly proper for the United States to use export controls to support basic human rights. It is in our national interest to improve relations with the Soviet Union, but a detente is not jeopardized by the Mills-Vanik bill. The administration's suggestion that the problem is being solved through "quiet diplomacy" is not true. While the emigration tax has been perhaps temporarily suspended there are still only two rabbis for half a million Muscovite Jews. One hundred thousand Jews have declared their intention to emigrate and an estimated 900 thousand additional would do so were it not for fear of overt and serious discriminatory reprisals. Soviet Jews need passage of this amendment as leverage against their government which greatly wants and needs U.S. trade. Precedent exists for using trade to protect minorities. The 1832 trade treaty with Russia was abrogated by the United States in retaliation for the vicious discrimination by the Czarist government against Jewish citizens. The same principle that motivated U.S. action on that early treaty prevails today. Trade agreements between the Soviet Union and the United States should seek to achieve this Nation's ideals and principles. (Page 5049)

*Hon. Peter H. B. Frelinghuysen (Republican of New Jersey)*

Mr. Frelinghuysen suggested that the House Ways and Means and Foreign Affairs Committees hold annual joint oversight hearings on the trend of U.S. foreign economic policy. (Page 5052)

*Hon. Edward I. Koch (Democrat of New York)*

Mr. Koch remarked: The Soviet Government placed an education tax on any of their citizens who wished to emigrate. Although since March 22, 1973, no one has had to pay the emigration tax, many persons requesting permission to emigrate have had their applications denied or previous permission revoked. Thus, the Soviet Government obviously has means other than the education tax to halt emigration. Since the Soviet Union is capable of turning emigration on and off like a faucet, the United States must meet this challenge by retaining the right to turn MFN treatment on and off in the same way. The Mills-Vanik bill, which would provide for freedom of emigration as a condition of East-West trade, is supported by this Member.

This bill would provide for review of any non-market economy country's emigration policy and deny or grant MFN accordingly. (Page 5007)

*Hon. Vance Hartke (Senator, Democrat of Indiana)*

Senator Hartke remarked: After two devaluations of the U.S. dollar and the loss of thousands of domestic jobs, the United States is in

the throes of an international trade and investment crisis. Had the Burke-Hartke Foreign Trade and Investment Act been enacted into law when first introduced 3 years ago, this crisis would have been averted. This proposal is designed to put U.S. industry on an even footing with foreign competition and make domestic investment just as attractive as investing abroad. By controlling predatory trade practices and regulating the American base of transnational firm, the Burke-Hartke approach to trade policy will put America back on the path to a world of free and fair trade. (Page 5019)

*Hon. Alphonzo Bell (Republican of California)*

Mr. Bell asserted: The Mills-Vanik freedom of emigration alternative to the language requested by the Administration is firmly endorsed. The plight of Soviet Jews continues unabated today; the prohibitively steep "education tax" which the U.S.S.R. apparently suspended in March of this year was only one of the obstacles used to dissuade emigration from the Soviet Union. There is adequate precedent for the approach in the Mills-Vanik proposal, including the United States endorsed embargo proclaimed by the United Nations against Southern Rhodesia for the purpose of altering that government's policy towards its black residents. The problem of Soviet Jewry is truly an international and not an internal problem confined to the Soviet Union. The Mills-Vanik proposal is nothing more or less than a progressive measure to implement articles 13 and 14 of the Universal Declaration of Human Rights, to which the United States subscribes, that provides for the right for everyone to leave any country, including his own. (Page 4961)

*Hon. Norman F. Lent (Republican of New York)*

Mr. Lent asserted: Forceful language barring preferential trade treatment or credits to those nations which deny their citizens the right to emigrate must be adopted in this trade legislation. The freedom of individual movement is one of the most basic of human rights. If Soviet policy toward emigres is what they say it is, and Soviet authorities do not object to Jewish emigration, then they could have no objection to the Congress adopting the language of the Mills-Vanik bill. (Page 5016)

*Hon. Ben R. Blackburn (Republican of Georgia)*

Mr. Blackburn observed: Careful scrutiny of Soviet internal and external policies clearly suggests that there have been no significant changes in the facts that the Soviet Union is still a police state and its long-term objective is to establish the Soviet Union as the unparalleled world power. In fact, the Brezhnev strategy is designed to use Moscow's new relationship with America as a double-edged sword toward that end. The Kremlin needs and wants the help of American know-how in solving Soviet problems of industrial backwardness and its lag in technological advance. In order to insure a defacto detente and a "generation of peace", it is recommended that Congress, before extending any long-term credits to the Soviet Union, require that they make settlement in full of all U.S. debt claims, permit American corporations to invest in the Soviet economy and operate its enterprises, permit American financial institutions to establish their

branches in the Soviet Union, and match every dollar of U.S. Government credits for the financing of commercial transactions with the Soviet Union and investment in the Soviet economy by an equal amount of U.S. dollars, provided by the Soviet Government. Only with establishment of American presence on the territory of the Soviet Union and by application of sound economic and business practices, can the liberalization of the Soviet system be assured and a meaningful detente and better world for our children be guaranteed. (Page 4964)

*Hon. John H. Dent (Democrat of Pennsylvania)*

Mr. Dent remarked: The proposed bill is not unlike the 1962 Trade Act, a wolf in sheep's clothing that is not equipped to minimize imports displacing American workers, correct the inadequacies of trade adjustment assistance or control U.S. and foreign multinational corporations. It is imperative to establish a trade policy that deals with the realities of today—not the realities of yesterday. The Burke-Hartke bill, co-sponsored by this Member, should be enacted. (Page 4928)

*Hon. John C. Culver (Democrat of Iowa)*

Mr. Culver asserted: Congress should form a bi-partisan joint committee to monitor trade negotiations and the President's use of congressional grant of authority and to convey the views of Congress to the President. This would enhance coordination of trade policy and keep Congress better informed. The joint committee should include members from many committees, not just from the Ways and Means and Senate Finance Committees. (Page 5065)

*Hon. Claude Pepper (Democrat of Florida)*

Mr. Pepper remarked: Congress must not yield to the President's recommendation of this change in the Soviet Union's trade status as long as the Soviet regime continues to deny the free right of emigration to its citizens, and particularly to Soviet Jews who wish to emigrate to Israel. This Member is pleased to co-sponsor with the distinguished chairman of this committee and other of the distinguished members, the Mills-Vanik legislation to deny more favorable trade relations with the Soviet Union while the right of emigration is denied. (Page 4951)

*Hon. Herman Badillo (Democrat of New York)*

Mr. Badillo remarked: Among the many problems which have continuously plagued the Russian Jewish community has been the restriction placed on the freedom of travel and emigration. In some eras Jews have been prevented from residing in certain areas of the Soviet Union and have been the victims of forced expulsion. Today, they are callously denied the right of free emigration. International public pressure achieved some modest success when the Soviet Union indicated it was relaxing its emigration education tax policy and, for a while, there was substantial emigration. However, the education tax is only one facet of the overall problem and the fact remains that Russian Jews do not have an automatic right to leave their country. Those who are courageous enough to even apply for exit documents are economically, socially and culturally isolated and are singled out

for particularly prejudicial treatment. The United States cannot in good conscience grant most-favored-nation status or extend credit or investment guarantees to any nation which would deny its citizens the right to emigrate freely. The Mills-Vanik Freedom of Emigration Act should be passed. (Page 5153)

*Hon. Elizabeth Holtzman (Democrat of New York)*

Ms. Holtzman remarked: Increased East-West trade as part of an overall detente is long overdue. Properly handled it could strengthen peaceful ties between our two countries. We must not, however, pursue such a policy if it means turning our backs on the repression of the Soviet Jews. If we give special trade concessions to a country that is violating fundamental human rights, we condone those violations. The Congress must be determined to do all that it can to aid the Soviet Jews in their efforts to seek freedom to practice their religious traditions and adhere to their cultural heritage. It is hoped that the passage of the Mills-Vanik bill will make this abundantly clear to the Soviet leaders. (Page 5166)

*Hon. James A. Haley (Democrat of Florida)*

Mr. Haley asserted: Enactment of H.R. 5413, which this Member introduced, to provide an orderly market sharing agreement for fruits and vegetables is needed to insure that our domestic growers will remain in business and to maintain the capacity to feed a large segment of the U.S. population. Fruit and vegetable growers in Florida have witnessed a significant encroachment on the U.S. market by imports of these crops from foreign low-wage nations such as Mexico. If this trend is permitted to continue, the nation will become dependent upon foreign imports of these food crops at the economic expense and likely disaster of many U.S. growers. (Page 5144)

*Hon. Robert F. Drinan (Democrat of Massachusetts)*

Mr. Drinan remarked: East-West trade must be viewed as being essentially political in character; that this trade constitutes a form of political leverage not to be ignored by the United States. In terms of economic benefit to the United States, increased trade with the Soviet Union means very little. However, contrary to what is often argued, the Soviet Union is seeking a preferential trading status with the United States—witness the grain deal and requested credits from the Eximbank—and stands to gain a great deal. In co-sponsoring the Mills-Vanik bill this Member asks that in return for preferential treatment and other trade favors currently contemplated, the United States act to insure Soviet compliance with the basic human rights and freedoms enumerated in a number of duly constituted internationally accepted agreements. When considering the provisions of the Mills-Vanik bill, the committee should be aware that freedom of emigration for Soviet Jews requires more than a lifting of the “education tax”. Consider also these factors: (1) the opportunity for Soviet Jews from all regions of the Soviet Union to apply for exit visas without fear of sanction or reprisal by the Soviet authorities; (2) the availability of all relevant visa application rules and procedures in published and public form; (3) the maintenance of all normal employment, dwelling, pension, and related economic, social and civil rights

and benefits for visa applicants; (4) an amnesty for visa applicants who have been imprisoned or otherwise confined by reason of having applied for emigration; (5) the maintenance of a significant level of permits to emigrate distributed among all geographic regions and occupational groups of the Soviet Union. (Page 5155)

*Hon. Burt L. Talcott (Republican of California)*

Mr. Talcott asserted: Any action that would encourage the importation of more foreign agricultural products into this country from low-wage nations without adequate protection is firmly opposed. We should strive for truly reciprocal trade with all nations, but it must be done with proper restraints necessary to prevent serious injury caused by extraordinary impact of cheap foreign competition. (Page 5147)

*Hon. Thomas M. Rees (Democrat of California)*

Mr. Rees remarked: The Mills-Vanik bill is endorsed because our trade policy should reflect foreign policy, the concepts we have in this country, and how we feel about individuals being suppressed and forced to pay outlandish charges to emigrate to another country.

Also, the Office of the Special Trade Representative should not be combined with the Council on Economic Policy. (Page 5108)

*Hon. Dante B. Fascell (Democrat of Florida)*

Mr. Fascell remarked: Article 13 of the Universal Declaration of Human Rights guarantees to everyone the right to leave any country, including his own, and to return to his country. The United States should not extend special trade preferences to a country pursuing an arbitrary and restrictive policy in direct conflict with this principle. The Mills-Vanik proposal, cosponsored by this Member with 250 House colleagues, would support this principle by denying most-favored-nation treatment and other trade preferences to any country that unduly restricts the emigration of its citizens and should therefore be enacted. (Page 4911)

*Hon. Silvio O. Conte (Republican of Massachusetts)*

Mr. Conte offered support for H.R. 421, which would remove the import duty from upholstery regulators, upholsterer's regulating needles, and upholsterer's pins, noting that as these implements are not manufactured in the United States and as the revenue from the duty is insignificant, the duty imposes an unreasonable burden on the U.S. manufacturers of furniture and automobile seats. (Page 5144)

*Hon. Benjamin S. Rosenthal (Democrat of New York)*

Mr. Rosenthal remarked: Soviet officials seem determined to treat the status of their Jewish citizens as an "internal" problem. In order to prevent emigration, the Soviet Union has posed a number of barriers and discriminatory practices against its Jewish citizens, including various forms of harassment, intimidation, and geographical discrimination. It would be an unfortunate diversion of our attention from the real problems of human rights in the Soviet Union were we to accept a suspension of the exit tax, whether real or not, as a solution to this problem. There is no guarantee it won't be reinstated or that other means of limiting emigration will not continue to restrict emigration. Also, this is not a problem affecting Jews alone. There are several

hundred nationalities in the Soviet Union who face similar or identical restrictions on emigration as do Soviet Jews. Improved trade ties are useful to the United States and the Soviet Union, but normal relations between our countries cannot proceed while Jews and others in the Soviet Union are harassed and prevented from exercising their right to emigrate. Let's use the Soviet need for American trade as a means to give Soviet Jews that which they so desperately desire and so richly deserve. (Page 5145)

*Hon. Guy Vander Jagt (Republican of Michigan)*

Mr. Vander Jagt recommended: The Committee on Ways and Means should establish a subcommittee to carry out the continuing responsibility to maintain surveillance over foreign trade policy matters. This subcommittee approach is urged in preference to a joint committee approach because actual Member-of-Congress involvement in this process is imperative. (Page 5114)

#### WITNESSES WITH SPECIFIC PRODUCT INTEREST

##### *American Importers Association*

The association asserted: The absence of any means of securing effective judicial review in emergency cases, notably those involving the exclusion of merchandise, is a conspicuous deficiency in the present scope of judicial review of customs issues. This deficiency should be remedied by adding the following provision to the Judicial Code by H.R. 6767:

The Customs Court shall have the original jurisdiction of any action in the nature of mandamus to compel an officer or employee of the United States or any agency thereof to perform a duty owed to the plaintiff under any provision of law with respect to the entry of merchandise into the United States, notwithstanding any other section hereof.

Title VII should contain a safeguard provision explicitly recognizing the import industry's contribution to the American economy, and providing reasonable safeguards to assist the import industry in coping with problems caused by the imposition of new import restraints. The title should be amended to include a provision exempting pre-existing contracts from restrictions imposed under the provisions of this bill. No new import restriction should be effective until the expiration of 90 days after the date of its announcement. (Page 765)

##### *Caterpillar Tractor Co.*

The company endorsed reform of international monetary system as essential to meaningful trade reform. (Page 987)

##### *National Conference of Motion Picture and Television Unions*

The conference endorsed the Burke-Hartke bill. (Page 1305)

##### *Society of the Plastics Industry, Inc.*

The society recommended: A new cabinet-level department should be established to coordinate U.S. trade policy and assume the present responsibilities of STR. Its Secretary should be answerable to both the President and Congress. Many permanent industry-government councils to work on trade problems should be established. (Page 1792)

*Manufacturers of Small Tools and Metal Fasteners*

The manufacturers proposed that clear marking of countries of origin on imports be required. (Page 1829)

*Alumina Ceramic Manufacturers Association*

The association stated: The purpose of H.R. 7905 is to revise tariff language to prevent an unintended exploitation of a highly technical flaw in the meaning of our tariff to the detriment of domestic producers. H.R. 7907, while carrying out much-needed reform in the presently unclear language of item 687.55, TSUS, would clarify the dutiable status of ceramic parts of semiconductors. (Page 1829)

*Bicycle Manufacturers Association*

The association endorsed H.R. 6642, extending the suspension of duty on certain bicycle parts, thus allowing U.S. bicycle producers to cut costs. (Page 1891)

*International Marine Expositions, Inc.*

The corporation proposed that equality of treatment be sought in the United States-Canadian boat market by adjusting the United States and the Canadian Tariffs on pleasure boats to the same level. (Page 2544)

*American Maritime Association*

The association remarked: A rewording is requested of the TRA of 1973 to require the employment of American ships to carry 20 percent of U.S. oil imports. This proposal is analogous to the methods of other countries which regard oil as a critical commodity over whose shipment they exert flag control. In combination, the Government should remit fees derived under the new licensing system with respect to oil imported on American ships. These proposals involve no violation of the GATT. (Page 2528)

*U.S. Feed Grains Council*

The council asserted: The enlarged European Communities owe the United States compensation under provisions of GATT article XXIV :6 because of the extension to new members of the Community's common agricultural policy. The European Communities should make some offers for compensation in the area of agricultural trade. (Page 2780)

*American Smelting & Refining Co.*

The company, a producer of nonferrous metals, endorsed H.R. 6191 and H.R. 6437, noting that lack of suitable restriction would further depress the U.S. lead and zinc industry. (Page 2989)

*Ethyl Corp.*

The corporation remarked: As a substantial consumer of lead, the lead import quota and flexible tariff provisions of H.R. 6437 are strongly opposed. Restrictions on the supply of lead would result in higher prices and diminish U.S. companies' ability to compete in foreign markets. (Page 2985)

*Indussa Corp.*

The corporation asserted: H.R. 6437, The lead and zinc quota proposal, is opposed, because its effect would be to force up the price

of zinc thus placing a burden on the domestic consumer and resulting in a weakening of the competitive position of zinc bearing manufactured products in export markets. The proposed bill would not provide an adequate supply of zinc for consumption in the United States because the present level of consumption greatly exceeds the present domestic production. Also, the proposed bill would effectively limit the amount of zinc imports; and, even at higher prices, the low-grade ore bodies in this country would remain unexploitable. H.R. 6437 is not necessary to assist in the national defense and might result in retaliatory measures taken by U.S. trading partners. (Page 2971)

*Cerro Corp.*

The corporation asserted: H.R. 6437, the lead and zinc proposal, is opposed, because it would aggravate the existing short supply of zinc in the United States, imperil the stability of our domestic fabricating metal business, add to the domestic inflationary spiral, and hurt the economy of Peru. H.R. 6191, which eliminates duties on zinc concentrates, is endorsed because it will stimulate the zinc smelting industry and the Peruvian economy, but H.R. 6191 should be amended to eliminate existing duties on refined lead and zinc. H.R. 1508 should be enacted which would provide necessary tax incentives to encourage the utilization of recycled materials, thereby offsetting tax advantages which promote the depletion of virgin natural resources. (Page 2969)

*American Die Casting Institute*

The institute asserted: H.R. 6437 (the lead and zinc quota proposal) fails to make provisions for an adequate and reasonably priced supply of special high grade slab zinc and is, therefore, opposed. Domestic supply and existing smelting capacity of special high grade slab zinc are insufficient to provide for the present needs of the domestic zinc die casting industry. (Page 2951)

*Independent Zinc Alloyers Association*

The association asserted: H.R. 6437 (lead and zinc quota proposal) would further depress the U.S. zinc industry and thereby aggravate the existing insufficient domestic supply of high grade slab zinc; its passage, therefore, is opposed. As an alternative, it is suggested that the U.S. Government provide assistance to the domestic zinc industry. Passage of H.R. 6191, which suspends the present duty of zinc concentrates, would be acceptable if the present duty on slab zinc is also suspended. The bill, as proposed, would result in a higher cost for zinc metal and an added drain on energy resources, as the energy requirements in its conversion to metal are very high. (Page 2941)

*Lead-Zinc Producers Committee*

The committee recommended passage of H.R. 6191, which will suspend the duty on zinc and other concentrates, and H.R. 6437, a flexible tariff bill on lead and zinc. (Page 2924)

*Texasgulf Inc.*

The corporation asserted: H.R. 6437 (The Lead and Zinc Act of 1973) is opposed as it provides a common formula to modify the tariff treatment of both lead and zinc, which have entirely different

economic prospects. Recent developments have made the United States virtually self-sufficient in lead; whereas the domestic zinc industry cannot produce even 50 percent of its requirements of zinc ore. The bill would work undue hardship on Texasgulf's recently completed zinc plant at Timmins, Ontario, Canada. (Page 2901)

*Union Carbide Corp., Ferroalloys Division*

The corporation remarked: The United States is completely dependent upon imports of manganese ore essential to the production of steel, therefore permanently suspending the duty on manganese ore is favored. The import duty of 0.12 cent per pound on the manganese content of ore has been suspended for about 9 years, but the suspension will terminate June 30, 1973. The suspension should be made permanent because U.S. producers of ferromanganese (the form in which manganese is used by the steel industry) would otherwise be at a competitive disadvantage. Ferromanganese is made in numerous other countries which have manganese ore deposits or access to duty-free manganese ore. Imports of ferromanganese have absorbed an increasing share of the U.S. market, now exceeding 50 percent. Reimposition of the duty on manganese ore would result in still further increases in imports of ferromanganese. (Page 2897)

*National Association of Secondary Material Industries*

The association asserted: Any new trade program should include important trade and marketing incentives urgently required to stimulate recycling throughout the United States. Such incentives are essential to conserve the country's dwindling supply of critical virgin raw materials, reduce the growing national dependence on foreign raw materials, aid in the battle against inflation, help alleviate the nation's worsening negative balance of payments, and attack the growing "mountains of solid waste" and related spiraling solid waste disposal costs. This can be accomplished if the pending legislation originally introduced by Mrs. Griffiths is included in any Trade Reform legislation. (Page 2850)

*C. Tennant Sons & Co.*

The company asserted: H.R. 6437 is opposed; the U.S. lead/zinc industry—both mines and smelters—already enjoy a substantial duty protection on both metal and concentrates, and there is no justification for any further Governmental protection. H.R. 6437 would disrupt trade patterns and be a hardship on U.S. consumers. H.R. 6191 should be enacted but amended to make the duty suspension permanent and to include all forms of zinc metal. (Page 2979)

*Mid-America Council for International Economic Policy*

The council opposed the corporate taxation, tariff or quantitative quotas, and transfer of technology of the Burke-Hartke bill (H.R. 62). (Page 3103)

*Brick Institute of Texas*

The institute requested that the quality and quantity of imported brick be regulated, and that the President should be given authority to regulate tariff on imported brick, to make imports more competitive with U.S. business. (Page 3165)

*American Watch Association, Inc.*

The association remarked: There is concern with respect to the conversion of Tariff Schedules of the United States (TSUS) to the Brussels Tariff Nomenclature, (BTN) including the conversion of existing specific and compound rates for watch movements to ad valorem rates. This process would be fraught with difficulties. Modifications in the duties can have drastic consequences for the cost-sensitive watch industry. Recognizing that the conversion to the BTN and from specific to ad valorem rates would have major consequences, the committee is urged to make it clear in the TRA of 1973 or its report that neither the advanced authority which the Administration is requesting nor the veto procedure should be used to effect the conversion from the TSUS to the BTN. The conversion to the BTN should be presented on an ad referendum basis for positive action by the congress. (Page 3180)

*Benrus Corp.*

The corporation opposed any radical revision of the tariff schedules under section 708, but recommended changes to separate the new "quartz-solid state timepiece" in the tariff schedules. (Page 3189)

*National Automobile Dealers Association*

The association urged the rejection of title III of the Burke-Hartke bill asserting the implementation of this title would be devastating because it would reduce the number of imports sold by 45 percent. (Page 3368)

*Automobile Importers of America*

The association objected to a reduction in automobile imports of the kind that would be required under the Burke-Hartke bill. (Page 3470)

*General Cable Corp.*

The company urged approval of H.R. 2323 and H.R. 2324, which would suspend the duties on copper and nonferrous scrap metals. (Page 3493)

*Sam Reisfeld & Sons*

The company requested that steel wire rod be removed from the voluntary restraint program since there is a shortage of this item in the United States. (Page 4159)

*American Brush Manufacturers Association*

The association asserted: H.R. 2261, extending the duty suspension on certain istle fiber until September 5, 1975, should be passed. The retroactive clause should remain in the bill. (Page 4908)

*National Paper Box Association*

The association remarked: Passage of H.R. 4922 is recommended. An increasing world-wide shortage of animal glues has forced prices constantly upward and made this important product scarce. There is no substitute for animal glues used in manufacturing rigid boxes and since virtually every American glue producer must import raw animal glues, there is no longer a need for protective tariffs on animal glues. (Page 4467)

*Feather & Down Association, Inc.*

The association recommended elimination of duty on crude, sorted, or treated feathers and downs and that importers could obtain refunds of duties on these products paid on or after January 1, 1973. (Page 3923)

*International Apparel Importers Association, Inc.*

The association contended that the delegation of authority throughout the executive branch of Government was illegal; and that Congress was solely responsible for determining the rules and regulations affecting trade practices—not Government agencies. (Page 3886)

*Amalgamated Clothing Workers of America*

The union supported the concept of mandatory quotas as proposed in title III of the Burke-Hartke bill (H.R. 62 and S. 151) which would give to the President the tools with which to avoid disruption and excessive unemployment, either through negotiated agreements on a multi-lateral basis, or through the self-imposed quota. (Page 3870)

*International Ladies' Garment Workers' Union*

The union recommended that in order to strengthen the hand of the President of the United States in dealing with foreign nations, the Congress should pass legislation such as is embodied in H.R. 62 and S. 151 (Burke-Hartke bill). (Page 3859)

*Textile Workers Union of America, AFL-CIO*

The union endorsed the provisions of the Burke-Hartke bill. (Page 3874)

*American Importers Association, Apparel Quota Group*

The group recommended: Textiles and textile products should be deleted from the Agricultural Adjustment Act since manmade fiber products now predominate the trade. Conflicts in customs classification have caused confusion in the industry and require clarification (Page 3892)

*American Iron & Steel Institute and American Specialty Steel Co.*

The institute asserted: The voluntary restraint arrangements have not reached their expectations and have been ineffective with respect to the specialty steel industry. There have been rapidly rising imports from non-signatory nations. (Page 3957)

*Cast Iron Soil Pipe Institute*

The institute recommended amending the tariff laws to collect duties on a c.i.f., rather than f.o.b. basis. (Page 4088)

*American Chain Association*

The association endorsed title IV of H.R. 328 which would amend the Revenue Act of 1916 to permit the recovery of antitrust treble damages where the effect of the price discrimination was to injure competition. (Page 4110)

*SMC Corp., Glidden-Durkee Division*

The corporation fully supported the incorporation into the TRA of 1973 of H.R. 3368 which would increase the duty on California-style olives and decrease the duty on Spanish-style olives. (Page 4174)

*California Olive Association*

The association urged: H.R. 3368 should be incorporated in the TRA of 1973. This bill would increase the duty on California-style olives; decrease the duty on Spanish-style olives, which are not produced in the United States in substantial quantity; benefit the domestic and foreign olive industries as well as consumers; and simplify the presently confusing tariff provisions for olives. (Page 4162)

*National Association of Greenhouse Vegetable Growers*

The association asserted: All international trade that is done on a fair and equitable basis is endorsed, but when imports are greatly increased from countries having a very low wage rate, the situation must be reviewed. In the case of fresh tomatoes, an increase in duty is necessary especially during the months of February through May when about three-fourths of the imports enter and when the bulk of the greenhouse tomatoes are marketed. A system of daily quotas should be established to regulate imports of fresh tomatoes. (Page 4262)

*Florida Fruit & Vegetable Association*

The association urged: The TRA of 1973 should be amended to include the provisions of the Fresh Fruit and Vegetables Market-Sharing Act of 1972 (H.R. 1500 and H.R. 5413). This legislation marks a shift away from rigid protection of domestic industry by recognizing the claim of foreign countries to a fair share of the U.S. market. The legislation is designed to establish a ceiling over imports while permitting them to participate proportionately in the domestic consumption of any product made subject to the ceiling. (Page 4268)

*Poultry & Egg Institute of America*

The institute asserted: U.S. agricultural export trade should be adjusted so that the U.S. economy will receive reasonable benefits. The U.S. "export only-raw-agriculture products (feed grains) policy" should be abolished because that exports U.S. labor and the inordinately large exports of grains without adequate reserves work a hardship on industry and generate higher prices for the U.S. consumer. (Page 4327)

*Southeastern Poultry & Egg Association*

The association stated: The poultry industry has the production capacity and technical knowledge to produce in excess of domestic consumption and has demonstrated its abilities to market in those countries where trade barriers have not been restrictive. Trade restrictions in the form of excessive tariffs, gate prices, etc., in other countries are preventing our poultrymen from developing their international trade to their maximum potential. It is imperative that the United States effectively negotiate with other nations for the removal of major tariffs and nontariff barriers against poultry and egg products. (Page 4347)

*National Milk Producers Federation*

The federation urgently requested: The following provision should be added to the TRA of 1973: "Nothing contained in this act shall be construed to affect in any way the provisions of section 22 of the Agricultural Adjustment Act, or to apply to any import restriction

heretofore or hereafter imposed under such section or pursuant to any other provision of law." Provision should be made in the TRA of 1973 requiring that representatives of the dairy farmers be provided an opportunity to be present at the trade negotiations, and that members of the Congress be authorized to participate in the negotiations. (Page 4350)

*Nicholson & Co., Inc.*

The company urged immediate passage of H.R. 4922, a bill to abolish import duties on animal glue for both MFN's and non-MFN's, and requested an amendment to the bill to include animal glue valued over 40 cents per pound and fish glue. (Page 4463)

*American Petroleum Institute*

The institute contended: Because of the international character of the energy supply system, and the central role played by the petroleum industry in world energy trade, legislation on foreign trade in general is likely to have both specific and far-reaching impacts on the Nation's energy flow and on the domestic economy. Imports of petroleum are the only remaining short term supply solution. Efforts to boost the U.S. production of oil and gas have been discouraged by such measures as the 1969 tax increases on oil and gas production. Tax provisions such as accelerated depreciation and the investment credit should be preserved. (Page 4491)

*Stone, Glass & Clay Coordinating Committee*

The committee recommended: The Burke-Hartke bill should be passed without delay. Regulations should be adopted to control U.S. multinational firms from interfering in the affairs and sovereignty of other nations. Accurate and realistic trade statistics on our imports and exports would make possible more responsible and responsive decisions on our Nation's foreign trade policy. Congress should retain control over foreign commerce as provided by the Constitution, and regain or expand authority previously relinquished. (Page 4585)

*American Footwear Industries Association*

The association asserted: The enactment of the Burke-Hartke bill (H.R. 62) and the Footwear Articles Import Relief Act of 1973 (H.R. 8518) are endorsed. The inability to secure import relief from the executive branch following Tariff Commission escape clause reports, indicates the need for enactment of these bills. (Page 4699)

*United Shoe Workers of America and Boot & Shoe Workers' Union*

The unions asserted: The enactment of the Burke-Hartke bill is endorsed. It provides a rational, logical, reasonable framework for attacking the pressing problems faced as a result of the trade position. The United States is not going to ameliorate its balance-of-payments problem, high unemployment and ever worsening inflation as long as it is a dumping ground for shoes, TV sets, apparel, steel and automobiles. (Page 4737)

*International Leather Goods, Plastics & Novelty Workers' Union, AFL-CIO*

The union asserted: The Burke-Hartke bill is endorsed, especially its provision for mandatory quotas. Adoption of the policy of seeking

labor standards in international trade through GATT and the International Labor Organization are recommended. These would include raising of wages and improving labor standards in exporting countries. (Page 4779)

*United Rubber, Cork, Linoleum & Plastic Workers of America*

The union endorsed enactment of the Burke-Hartke bill. (Page 4741)

*International Union of Dolls, Toys, Playthings, Novelties & Allied Products Workers' Union*

The union maintained that the Burke-Hartke bill is a more realistic and viable approach to the problems of foreign trade and supported the imposition of mandatory quotas, as set forth in the bill. (Page 4789)

*Natural Rubber Thread Committee, Inc.*

The committee supported passage of legislation which would increase the duty on rubber thread or filament from 10-21 percent ad valorem. (Page 4908)

*The California Asparagus Growers' Association*

The association contended that the current rates of duty are relatively insignificant as indicated by the substantial increase in imports of fresh, frozen and canned asparagus in recent years and must be increased to place the U.S. producer and processor on an equal basis with their foreign competitors. (Page 4373)

*CITC Industries*

The company suggested that Congress should provide for a 12 month lapse between the time that domestic producers freely offer a footwear product line shoe and the time when customs may use such shoe in assessing ASP duties on a similar imported shoe which theretofore was admitted under an ad valorem f.o.b. rate, because importers evidence a 12 month lag between design and retail rate. (Page 4813)

*Globe Union, Inc.*

The company opposed passage of H.R. 6437 (lead and zinc bill) as it would increase the price of batteries for consumers. (Page 2995)

*Inland Steel Co.*

The company opposed H.R. 6437 (lead and zinc bill) because it would worsen the competitive position of U.S. consumers of lead and zinc and would disrupt normal supply patterns. (Page 2996)

*Northern Textile Association, Wool Manufacturers' Council*

The council urged the committee to approve H.R. 3908, which would reduce the Virgin Islands quota on imports of heavyweight woolen fabrics, particularly from Italy and Romania. (Page 3942)

*National Association of Chain Manufacturers*

The association recommended that a provision be added to the TRA of 1973 to require importers to mark their chain with the country of origin, and that welded and weld-less chain be subject to an ad valorem duty rate. (Page 4133)

*American Machine Tool Distributors Association*

The association recommended retention of the 7 percent job development credit and the ADR system of depreciation as permanent features of our tax laws, and a further reduction in permissible depreciation lives to the 40 percent urged by the President's Task Force on Business Taxation. (Page 3065)

*Colombian Association of Flower-Grower Exporters (Forwarded through the U.S. Department of State)*

The association rebutted certain statements made by the witness for the Society of American Florists relative to import competition from cut flowers. (Page 4905)

*Meat Importers Council of America*

The council urged that Congress remove the duties on beef, veal, mutton and lamb entered under TSUS items 106.10, 106.20, and 106.30. (Page 2837)

*Ametalco, Inc.*

The company asserted: H.R. 6437, the Lead and Zinc Act, is opposed. This bill sets arbitrary limits on imports of lead and zinc, and although referred to as a flexible tariff, is in reality a thinly-disguised system of import quotas which has failed in the past. (Page 2992)

*Continental Hatfield, Wire and Cable Division*

The company endorsed the passage of H.R. 2323, which would continue until June 30, 1974, the suspension of duties on certain forms of copper. (Page 3497)

*Frederick-Willys, Inc.*

The company described what it considers an inequity in the duty treatment of nylon string and polyethylene netting; these items carry a higher duty than the more advanced or finished articles made from them. (Page 4909)

*Universal Oil Products Co., Wolverine Tube Division*

The company endorsed the passage of H.R. 2323, which would continue until June 30, 1974, the suspension of duties on certain forms of copper. (Page 3498)

*Armco Steel Co.*

The corporation opposed the Burke-Hartke bill and contended that passage of such a bill would immediately adversely impact the corporation's world-wide operations, reduce the ability of its foreign subsidiaries to compete in local markets and would significantly worsen the U.S. balance-of-payments deficit. (Page 4147)

*American Iron & Steel Institute*

The institute indicated its support of H.R. 6669 and H.R. 6676, which would eliminate the duty on manganese ore, and of H.R. 6191, which would suspend the duty on zinc ore for a period; opposed, however, was H.R. 6437, which would impose additional duties on zinc metal imports above tariff quota levels. (Page 3957)

*Ward's Nursery, Inc. and Hastings Potato Growers Association*

The group concurred with the statement of the Florida Fruit & Vegetable Association urging that the TRA of 1973 be amended to include the provisions of the Fresh Fruit and Vegetables Market-Sharing Act of 1972 (H.R. 5413 and H.R. 1500). (Page 4314)

## GENERAL WITNESSES

*Committee for a National Trade Policy*

The committee asserted that the basic thrust of the Burke-Hartke bill (H.R. 62) is comprehensive government control—restrictive regulations—of imports, and opposed its enactment. (Page 787)

*Greater Detroit Chamber of Commerce*

The chamber of commerce asserted that the power of delegation concerning trade matters should be limited to ministerial acts, and the power of decision, at least on policy matters, should be reserved to the President himself. (Page 1078)

*United Auto Workers*

The union recommended development of an effective international code of fair labor standards. (Page 849)

*National Constructors Association*

The association argued that H.R. 62 would have a definite adverse effect on our future export ability. (Page 1068)

*Greater Minneapolis Chamber of Commerce*

The chamber urged meaningful negotiations with our trading partners in the agricultural sector. (Page 1071)

*National Committee on International Trade Documentation*

The committee recommended the amending of the Trade Reform Act of 1973 to add their proposed title VIII, which provides for the simplification of trade agreements. (Page 1093)

*Consumer Education Council on World Trade*

The council asserted that there should be included a representative of consumer interests whenever there is a matter of adjudications, negotiations, determinations or interpretations, or the creation of advisory bodies to President, or any other entity concerned with the formulation and implementation of U.S. trade policy. (Page 1301)

*International Association of Machinists, International Brotherhood of Electrical Workers, and International Union of Electrical, Radio & Machine Workers (AFL-CIO)*

The unions endorsed the Burke-Hartke bill. (Page 1439)

*AFL-CIO Maritime Trades Department*

The union asserted that the use of American-flag tankers should be encouraged. (Page 2533)

*National Farmers Union*

The union asserted: While recognizing that many improvements in the international trading environment for American farmers can be achieved through the forthcoming trade negotiations nonetheless the

trade bill is not the full answer. It will be a number of years before any benefits will come from trade negotiations and further the negotiations under GATT would exclude two large grain producers and consumers—the U.S.S.R. and China. The convening of negotiating conferences for an international grains agreement and an international dairy products agreement is urged. (Page 2724)

*National Council of Farmer Cooperatives*

The council expressed firm opposition to the Burke-Hartke bill stating that it would establish sweeping and dangerous unilaterally imposed import quotas.

The council endorsed the concept of a Joint Congressional Committee on Foreign Trade to monitor or to actually participate in the upcoming round of international negotiations.

The council urged that Congress encourage opportunities for private agricultural and other trade interests to consult with our negotiators and urged that Congress assist in every possible way in maintaining the stature and prestige of the President's special trade representative as our chief trade negotiator. (Page 2804)

*League of Women Voters of the United States*

The league urged that the interest of consumers be given serious consideration when national trade policy is taken into account. (Page 2997)

*Bulgarian Claims Committee*

The committee asked that no tariff adjustment or bilateral agreement be made with Bulgaria until the Bulgarian Claims Committee grievances are settled. (Page 3613)

*Romanian Orthodox Episcopate of America*

The episcopate supported the proposed legislation but with the condition that the Romanian Government desist from using the political and economical relations with our country as a tool of their propaganda among American citizens. (Page 3722)

*Gottfried von Meyern-Hohenberg*

Mr. von Meyern-Hohenberg suggested: The 30 percent withholding tax levied on interest payments to foreign investors in U.S. Government securities, to AAA-A rated utility and industrial bonds, to bank guaranteed certificates of deposit, mortgages and equipment trust notes should be repealed. This action will repatriate U.S. dollars from abroad and attract other hard currency funds so that they can be used for development purposes in the United States. (Page 4669)

*East-West Trade Council*

The council asserted that the Freedom of Emigration Act should be rejected. (Page 3517)

*Howard S. Piquet*

Mr. Piquet proposed a joint declaration by Congress and the President in favor of worldwide free trade. (Page 1595)

*Union of Councils for Soviet Jews*

The union asserted: The policy of delisting many formerly classified strategic materials and of lending money to finance pipelines and

truck plants in the Soviet Union is opposed. Also, H.R. 3910 on the right to emigrate, should be enacted as part of the trade bill. (Page 3614)

*Caprock Developments, Inc.*

The company recommended raising the value limit on merchandise imported under the informal entry provisions of the Bureau of Customs. (Page 1586)

*National Interreligious Task Force on Soviet Jewry*

The task force indicated interreligious support for the "Freedom of Emigration Act of 1973" and expressed their commendation to Senator Jackson and all other Members of the Senate and House who support this legislation. (Page 3693)

*National Conference on Soviet Jewry*

The conference advocated passage of the Freedom of Emigration Act (H.R. 3917) as part of the trade bill. (Page 3665)

*Sheldon S. Cohen*

Mr. Cohen endorsed H.R. 5400, which would amend the DISC legislation so as to permit an exporter to hold accounts receivable in any related DISC (including its financing subsidiary's DISC) rather than requiring that the accounts receivable be held in the same DISC which holds the export profits. (Page 4694)

*Heavy Duty Truck Manufacturers Association*

The association opposed the Burke-Hartke bill as it would discourage American investments abroad and limit the flow of imports into this country. (Page 3483)

*Scientific Apparatus Makers Association*

The association strongly opposed the Burke-Hartke bill. (Page 3287)

*National Customs Brokers & Forwarders Association of America, Inc.*

The association contended that U.S. laws regulating "captive" U.S. subsidiaries of foreign customs brokers discriminate against U.S. brokers and need revision. (Page 1582)

*American Bankers Association*

The association continued to oppose the Burke-Hartke Bill or similar legislation because it would impair multilateral cooperation necessary to insure fairer trading rules for the United States. (Page 1520)

*Vegetable Growers Association of America*

The association suggested: The wage differential between foreign producing areas and the United States could be equated either by a countervailing duty or an ad valorem duty based on the percentage differential between the foreign wages and the minimum wage standards in the United States. An alternate solution would be the establishment of an import quota or a market sharing program. The committee should consider amending H.R. 6767 to incorporate the safeguards necessary to protect U.S. producers and processors from low-cost imports from low-wage countries (Page 4367)

*National Grange*

The Grange asserted that quotas or other trade regulatory measures should be utilized to reserve to domestic producers such portions of the market for any agricultural commodity as they are able to supply at a fair and reasonable price level. (Page 2835)

*AMF Inc.*

The company strongly opposed the Burke-Hartke bill. (Page 4671)

*William L. Casey, Jr.*

Mr. Casey asserted: The Burke-Hartke bill is opposed. The present role of multinational corporations in international dealings is a proper one. Natural market processes would seem sufficient to guard against the loss of U.S. competitive advantages in high technology endeavors. Artificial barriers against technology transfer is no more defensible than artificial trade or capital restrictions. Free technological transfer is a corollary of free trade and free capital flows. (Page 1590)

*American Japanese for Freer International Trade*

The groups recommended: An assembly of nations should be convened to consider ways and means of encouraging and practicing mutually beneficial and profitable trading operations. To adjudicate and arbitrate disputes and disagreements, a type of world trade court might be the answer.

If there is a time deadline for some definitive congressional indication of its intentions in world trade matters, Congress would be well advised to limit itself at this time to a minimum temporary program. (Page 1532)

*Woodward Governor Co.*

The company considered that the TRA of 1973 offers the best alternative to the Burke-Hartke bill. (Page 4693)

*B'nai B'rith*

B'nai B'rith supported the Mills-Vanik bill requiring international morality and law concerning the precious right to emigrate as a basis for MFN treatment for the U.S.S.R. (Page 3695)

## **TITLE IX. INVESTMENT CONTROL AND TAX TREATMENT FOR FOREIGN INCOME**

### **A. FOREIGN INVESTMENT**

#### **GOVERNMENT OFFICIALS**

*Secretary of the Treasury*

Secretary Shultz remarked: Foreign investment by U.S. firms is, in the overall, good for the U.S. balance of trade and balance of payments. Where foreign investment opportunities exist, foreign firms will take them if American firms do not, and would lessen the flow of American-made goods into foreign markets. Although our tax system should not be used to inhibit foreign investment, neither should it or any other tax system be permitted to induce American businesses to make foreign investments they would not otherwise make. The present

tax system which allows American controlled business operating in a foreign country to operate under the same tax rules as its foreign competitors in the same country is a sound one, and new rules should not be devised which would disadvantage American business with respect to its foreign competitors. It is business factors rather than income tax factors which lead to foreign investment and it is therefore, concluded that drastic changes in the tax credit and deferral provisions that relate to foreign investment are not justified. There are three areas, however, that produce artificial distortions and incentives and are requested to be changed. These areas relate to tax holidays, run-away plants, and recovery of foreign losses. (Page 152)

*Assistant Secretary of the Treasury for Tax Policy*

Secretary Hickman asserted: The present system of taxing foreign source income has on the whole proved beneficial; it minimizes the intrusion of taxes into investment decisions. The income flowing back to the United States from investments abroad is today roughly twice as large as the flow of new investment out, and foreign subsidiaries repatriate about half of their foreign earnings and reinvest about half abroad. The proposals made in H.R. 62 are undesirable because they would destroy the neutrality of the tax system with respect to decisions to invest abroad. The tax holiday proposal to abrogate tax entitlement in certain foreign investment decisions should be enacted. (Page 152)

MEMBERS OF CONGRESS

*Hon. James C. Corman (Democrat of California)*

Mr. Corman remarked: The source of income from exhibition of motion pictures should not affect the application of the investment credit. The application of the investment credit to the production costs of motion pictures should be only on that portion incurred in this country, which would encourage producing domestically as much of a film as possible. (Page 4666)

WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Emergency Committee for American Trade*

The committee asserted that American investments abroad have been accompanied by increases in employment in the United States and contribute heavily to the balance of payments position of the United States.

The committee asserted that any restriction on flow of American technology or investment abroad would have the perverse effect of reducing sales by U.S. companies abroad and of reducing American exports.

The committee opposed any restriction on flow of technology in or out of the United States. (Page 658)

*Business International Corp.*

The corporation asserted the twin brother of trade is direct investment, a fact recognized with great success by international companies. (Page 607)

*Caterpillar Tractor Co.*

The company asserted: The proposition that foreign investment is damaging to U.S. interests should be rejected. Caterpillar's multinational operations have helped increase U.S. exports and employment and have improved the U.S. balance of payments. (Page 987)

*National Conference of Motion Picture and Television Unions*

The conference recommended initiating direct restrictions and controls on U.S. investment in production activities in developed foreign countries and repealing all provisions of the Tariff Code which provide financial encouragement to foreign production and the juggling of operations by U.S. based multinational corporations. (Page 1305)

*Aluminum Association, International Policy Committee*

The association recommended that barriers to foreign investment be removed. (Page 2561)

*Robert B. Stobaugh*

Mr. Stobaugh supported U.S. investment abroad. (Page 4609)

*American Petroleum Institute*

The institute remarked: In considering possible changes in U.S. tax policy toward foreign investment, it should be noted that making foreign investment opportunities unattractive to U.S. companies will not promote greater investments in the United States. Proposals that would drastically change U.S. tax policy on U.S. foreign investment are opposed. If there are distortions, the way to deal with them lies in efforts toward international harmonization of tax policies, not in unilateral actions against U.S. companies. (Page 4491)

## GENERAL WITNESSES

*United Auto Workers*

The union asserted: Foreign investment and tax treatment of foreign income proposals of TRA of 1973 should be stronger. Foreign investment for U.S. multinational concerns is necessary but controls and tax regulations need revising. Legislation requiring licenses for foreign investment by U.S. corporations, including reinvestment of profits made in foreign operation should be enacted. Regulations to curb speculation by U.S. multinational companies are also needed. The tax provisions in the Burke-Hartke bill are supported. (Page 849)

*Communications Workers of America*

The union suggested that foreign investments by U.S. corporations should not be subsidized by our tax system. (Page 2013)

*Texas Instruments, Inc.*

The company strongly favored investment by U.S. interests in foreign facilities to reach foreign markets by setting up facilities within the foreign country. (Page 3298)

*Machinery and Allied Products Institute*

The institute opposed restrictions on foreign investment of U.S. firms and asserted that such restrictions would benefit foreign competitors who are not subject to such restrictions. (Page 1538)

*Packaging Machinery Manufacturers Institute*

The institute opposed changes in treatment of foreign investment. (Page 3100)

*American Bankers Association*

The association supported expanding American foreign investment abroad as beneficial on balance to the American people and economy. (Page 1520)

*Woodward Governor Co.*

The company opposed the Burke-Hartke bill because data indicate that U.S. investment abroad has a favorable effect on trade in the long run. (Page 4693)

*Dart Industries, Inc.*

The company strongly supported encouragement of foreign investment by U.S. multinational corporations in order to improve the balance of trade, especially where high freight costs prevent exports to foreign markets. (Page 4677)

## B. TAX TREATMENT OF FOREIGN INCOME

### GOVERNMENT OFFICIALS

*Secretary of the Treasury*

Secretary Shultz requested that the tax laws be changed to neutralize tax inducements relating to tax holidays and runaway plants, and elimination of the present ability of U.S. firms to offset foreign losses against their U.S. income without ever paying U.S. tax on subsequent profits. (Page 152)

*Assistant Secretary of the Treasury for Tax Policy*

Secretary Hickman, remarking that the tax credit granted to corporate shareholders for foreign income taxes paid by the foreign corporation eliminates the possibility of double taxation of the same income, concluded that the present system of taxation of foreign income is not only fair but allows foreign subsidiaries to compete in foreign markets under the same tax burdens as their foreign competition.

### TAX HOLIDAYS

Secretary Hickman asserted: The tax holiday offered to corporations by foreign countries is the kind of deliberate and wholesale tax enticement that often controls investment decisions. It is a tax distortion and it should be neutralized by a Treasury proposal to that effect.

### FOREIGN LOSSES

Secretary Hickman observed: Under the present tax treatment of foreign losses, the United States bears the cost during the loss years, but receives none of the revenue during the profitable years. The Treasury proposal that would insure a fair share to the United States of tax revenues should be enacted.

## RUNAWAY PLANTS

Secretary Hickman asserted: The United States has a legitimate interest in taxing currently the income of a corporation that has moved abroad to take advantage of lower tax rates to manufacture goods destined for the United States. The Treasury proposal to that effect should be enacted. (Page 152)

## MEMBERS OF CONGRESS

*Hon. Charles S. Gubser (Republican of California)*

Mr. Gubser asserted: The enactment of these proposals would provide no benefits to the United States with the possible exception of some limited increase in short-term revenues collected by the Federal Government. Their enactment would put U.S. corporations in a weaker competitive position with foreign firms and damage U.S. participation in foreign markets where joint ventures with local interests are involved. (Page 5142)

*Hon. Guy Vander Jagt (Republican of Michigan)*

Mr. Vander Jagt asserted that enactment of the tax proposals would be unwise and contrary to the best interests of the United States. (Page 5114)

## WITNESSES WITH SPECIFIC PRODUCT INTEREST

*Aerospace Industries Association of America, Inc.*

The association recommended (1) retention of provisions treating foreign taxes as credits to U.S. tax returns, (2) retention of present U.S. tax treatment of undistributed profits on foreign operations, (3) liberalization of DISC, (4) retention of current U.S. tax laws allowing accelerated depreciation of foreign assets. (Page 820)

*National Machine Tool Builders Association*

The association urged the rejection of the administration's trade proposals relating to taxation of foreign source income. (Page 803)

*Caterpillar Tractor Co.*

The company asserted: Tax proposals aimed at restricting foreign investments by U.S. companies should be rejected. Caution should be used in enacting any proposals which will lessen the competitive position of U.S. companies abroad. (Page 987)

*American Mining Congress*

The congress maintained: The proposed reduction in income from a foreign country for losses previously claimed in applying the foreign tax credit limitation will result in double taxation, and that this would place a handicap on the U.S. mining industry. The administration's tax revision proposals which suggest that minimum taxable income for individuals include earned income from foreign sources are opposed. (Page 2839)

*Western Electronic Manufacturers Association*

The association asserted: The tax proposals would handicap U.S. corporations and foreign firms would enjoy tax incentives denied

U.S. companies. Taxes paid abroad should continue to be directly creditable against U.S. taxes. (Page 3216)

*California Semiconductor Manufacturers*

The group asserted: The proposed modifications of the Internal Revenue Code regarding foreign investment are opposed, except for the proposal relating to the recovery of a tax on foreign losses. The proposals for taxation of foreign source income should apply only to that portion of earnings of U.S. controlled foreign corporations from the sale of products manufactured abroad and sold in the U.S. market. (Page 3258)

*Electronic Industries Association*

The association opposed the proposed tax measures which would tax undistributed income and recommended that taxes paid abroad should continue to be directly creditable against U.S. taxes. (Page 3267)

*Computer and Business Equipment Manufacturers Association*

The association contended that the proposals advanced will cause greater harm than any possible benefit. (Page 3135)

*Rubber Manufacturers Association*

The association stated opposition to the Treasury's tax proposals. (Page 1455)

*Prudential Insurance Co. and Metropolitan Life Insurance Co.*

The companies proposed an amendment intended: (1) to exclude from the computation of taxable income for U.S. life insurance companies all the items that relate to insurance contracts issued to Canadian residents; (2) to require the inclusion of U.S. income of any amounts repatriated from the Canadian branch to the United States; and (3) to make the foreign tax credit inapplicable to the extent that the Canadian branch income is excluded. (Page 4666)

*Robert B. Stobaugh*

Mr. Stobaugh asserted: Elimination of tax deferrals on foreign income of U.S.-based firms is opposed. Increasing taxes on such income should be avoided unless similar increases take place for their major foreign competitors, possibly through the adoption of multilateral tax agreements with other nations headquartering multinational enterprises. (Page 4609)

*American Petroleum Institute*

The institute asserted: Any possible changes in the U.S. tax treatment of foreign income reducing the competitiveness of the U.S. firms vis-à-vis foreign firms are opposed. The proposal for the recovery of foreign losses would severely burden those in the U.S. petroleum industry using the per-country method. Any proposals that would reduce or penalize U.S. petroleum companies vis-a-vis foreign-owned petroleum companies would be particularly inappropriate at this time of fuel shortages. (Page 4491)

*National Foreign Trade Council*

The council was opposed to the Treasury recommendations and recommended that there be no change in the present system for taxing foreign source income. (Page 4595)

*International Union of Dolls, Toys, Playthings, Novelties & Allied Products Workers' Union*

The union contended that while the administration has finally recognized that taxation of profits of foreign subsidiaries is a problem, the proposals do virtually nothing to close lucrative tax loopholes for American-based multinational companies. (Page 4789)

*CITC Industries*

The company supported the exclusion from income tax of foreign earned income of a U.S. citizen who has been in a foreign country for 17 months out of 18. (Page 4813)

*Dow Chemical Co.*

The company urged that measures be adopted to penalize "regressive" multinational companies who destructively exploit unusual economic situations and that the President's tax proposals as well as the provisions for dealing with inflation, be considered separately from the act. (Page 3510)

*Armco Steel Co.*

The corporation opposed the elimination of deferral of taxation on foreign earnings. (Page 4147)

*Manufacturing Chemists Association*

The association contended: Proposal to tax currently the earnings of U.S. foreign investments in manufacturing will discriminate against American interests and create an advantage to foreign competitors of U.S. industry. Change of rules relating to deferral of taxation of foreign source income is opposed. (Page 1681)

*Society of the Plastics Industry, Inc.*

The society opposed the proposal to tax unrepatriated earnings of U.S. companies doing business in host countries offering tax incentives, because this would serve to competitively disadvantage U.S. firms in relation to other countries' multinational firms doing business in these same countries. (Page 1792)

*National Association of Manufacturers*

The association contended that the tax proposals are not necessary nor in the best interests of the United States and strongly urged: Legislation should be addressed to the specifics of potential job displacement and not to tax incentives; current taxation of controlled foreign subsidiaries should not be applied either in "tax holiday" or "runaway plant" situation if less than 25 percent of the controlled foreign corporation's gross receipts were derived from sales to the U.S. market; Congress should not delegate absolute authority to the Treasury Department if a designation of "tax holiday" is required; appropriate transitional rules should be provided for companies otherwise subject to any new restrictions that are adopted, where investment decisions already have been made under existing tax law. (Page 1911)

*American Mining Congress*

The congress endorsed the decision to exclude mining companies from the proposals affecting tax holidays and runaway plants. (Page 2839)

*American Paper Institute*

The institute asserted: The Treasury proposal for changes in taxation of foreign source income should be rejected, as this proposal goes far beyond the Administration's intent to correct the existing distortions in the tax laws. Foreign investments of the U.S. paper industry are not made because of tax incentives. The U.S. paper industry foreign manufacturing facilities have produced a steadily increasing inflow of funds contributing positively and importantly to the U.S. balance of payments. (Page 3315)

*Monsanto Co.*

The company recommended that the TRA of 1973 not include tax or other measures that would inhibit or penalize foreign operations of U.S. firms. (Page 3498)

*Springs Mills, Inc.*

The corporation suggested: The Treasury proposal to change the tax laws related to income earned by foreign manufacturing subsidiaries enjoying tax holidays abroad should be amended to specifically exclude projects already under contract at the time the Treasury proposal was announced. The law should apply only to subsidiaries of 80 percent or more U.S. ownership instead of 50 percent. (Page 3931)

## GENERAL WITNESSES

*International Trade Club of Chicago*

The club argued: The foreign tax credit providing for a credit against U.S. taxes for foreign taxes on income earned abroad must be retained. Serious consideration should be given to elimination of the U.S. withholding tax on U.S. source income to non-resident aliens and foreign corporations. (Page 845)

*United States Council of the International Chamber of Commerce*

The council opposed the Treasury proposals on taxation of foreign income. (Page 937)

*Greater Minneapolis Chamber of Commerce*

The chamber recommended against adoption of the so-called tax holiday proposal, but took no position with respect to problems regarding taxation of mineral imports, or the recovery of foreign losses proposal. (Page 1071)

*Communications Workers of America*

The union stated that our tax policy should be based on equity in taxation and the maintenance of a stable economy, and not on the basis of manipulating or subsidizing private interests. (Page 2013)

*AFL-CIO Maritime Trades Department*

The union stated that tax provisions that make it more profitable to operate overseas than in the United States should be abolished, and the national security fee for American-flag tankers should be waived. (Page 2533)

*Tax Council*

The council asserted that the Treasury should continue to allow the full tax credit. (Page 2516)

*Owens-Illinois*

The company asserted: The proposed changes regarding taxation of foreign source income are strongly opposed. The present method of taxing this income and the use of foreign tax credits as a means of avoiding double taxation is basically sound. The tax holiday provision should be deleted. (Page 3850)

*Pfizer, Inc.*

The company asserted: The proposed tax treatment of foreign income which would increase U.S. taxation of foreign source income by taxing additional undistributed earnings of American-owned subsidiaries abroad and by reducing the amounts that can be claimed as credits against U.S. taxes is opposed. The Treasury Department's recommendations, if enacted, would add to the competitive disadvantage of American companies with foreign firms. The Treasury's proposal to curb "runaway plants" which go abroad would also give further competitive advantage to Japanese and European companies. The Treasury's recommendations demonstrate the urgent need for an international agreement on the tax treatment of the multinational companies of the major industrial nations. (Page 3514)

*PPG Industries, Inc.*

The company recommended: Respecting Treasury's proposals on the taxation of foreign source income, the provision for the recapture of foreign losses should be made inapplicable to losses incurred on investments made prior to April 10, 1973, and to investments in Puerto Rico and other possessions of the United States. With respect to item *x* of the Treasury's proposal of April 30, 1973, dealing with foreign tax haven manufacturing corporations, there is no definition of "manufacturing or processing." This is an extremely critical point for mining operations and it is asserted that such definitions should allow for processing at the mine site. (Page 4682)

*Texas Instruments, Inc.*

The company asserted: Taxing of undistributed income as proposed in the bill is opposed. No other tax system had such a levy. Such a tax would be counterproductive to the competitiveness of a multinational firm. (Page 3298)

*International Sino-American Trade Association*

The association stated that negative tax incentives should not be used to discourage investment in manufacturing facilities in Taiwan and similar areas by American-based parent companies. (Page 3726)

*A. W. Chesterton Co.*

The company asserted: The "tax holiday" provisions of the Treasury recommendations on changes in the taxation of foreign-source income are opposed. The present subpart F provisions of the Internal Revenue Code of 1954, as amended, covering sections 951-964 are sufficiently stringent to deter any legitimate manufacturing operation from altering its operation to engage in tax gimmickery. In addition, the regulations (15 CFR sections 1000-1050) promulgated and administered by the Office of Foreign Direct Investments of the Commerce Department should effectively keep a check on the amount of U.S. investments abroad. (Page 4672)

*G. D. Searle & Co.*

Elimination of the foreign tax credit and the provisions under which undistributed earnings of a foreign subsidiary are not taxed until remitted to the United States are opposed. Instead of taxing all profits of all foreign affiliates when earned rather than when distributed back to the United States, something should be done about abuse of nondistributed earnings. Congress has moved against so-called tax-haven abuse under section 951 of the Tax Code. Where so-called "tax preferences" do not get the job done for which they were intended, the law should be changed or eliminated. (Page 4687)

*Mr. John S. Nolan*

Mr. Nolan suggested that the Treasury's foreign loss recovery rule should be made inapplicable in any case in which the foreign country allows the loss to be taken into account for purposes of its tax, unless the time at which the loss is to be taken into account is postponed for an unreasonably long period of time. (Page 4695)

*General Electric Co.*

The company opposed the tax incentive proposal and the runaway plant proposal, recommending that specific abuses should be dealt with on a case-by-case basis. (Page 3140)

*American Cyanamid Co.*

The company asserted that current laws and practices governing the taxation of foreign source income should be retained without change. (Page 3507)

*H. H. Robertson Co.*

The company suggested: Section 301(b)(1)(c) of the Internal Revenue Code should be made inapplicable to distributions of stock by foreign corporations, at least where subsequent sales or exchanges of that stock would be subject to section 1248. Section 312(a)(3) of the Internal Revenue Code should be amended so that where a dividend, in kind, paid by a foreign corporation to a domestic corporation, is valued at fair market value (rather than at the lower of basis of fair market value), the earnings and profits of the distributing corporation would be reduced by the fair market value of the property distributed. Since these proposals are designed to correct an apparent unintended result of the Revenue Act of 1962, it would be appropriate to make the suggested amendments retroactive to 1962. (Page 4689)

*Machinery and Allied Products Institute*

The institute stated: Assumption of extra-territorial taxing jurisdiction is unprecedented and that such taxation is counter productive in view of the provisions of the TRA of 1973 relating to tariff preferences for developing countries. These taxation provisions are similar in many respects to the Burke-Hartke bill and should be extensively revised. (Page 1538)

*Greater Detroit Chamber of Commerce*

The chamber of commerce strongly opposed the proposed changes in the treatment of foreign-earned income of U.S. corporations, as spelled out in Treasury recommendations, contending American busi-

ness abroad needs to remain competitive with investors from third countries, many of which have tax laws much more favorable to their own investors. (Page 1078)

*Packaging Machinery Manufacturers Institute*

The institute contended that these proposals are unclear with respect to many items, that is, "tax holiday" restrictions, and asserted that all tax measures should be referred to pending tax legislation or considered separately after disposal of trade legislation. (Page 3100)

*Scientific Apparatus Makers Association*

The association opposed any change in the existing tax treatment of foreign subsidiaries of U.S. companies. (Page 3287)

*American Bankers Association*

The association urged continuation of the present IRS provisions regarding taxation of foreign source income. (Page 1520)

*United States Catholic Conference*

The conference recommended three control mechanisms with respect to overseas operations of U.S.-owned multinational corporations (MNC's): (1) Canceling government subsidies (preferential tax provisions) to MNC's in favor of a special tax for the economic and human development of Third World countries, with the fund being administered by a multinational agency; (2) imposing penalties for intervention by MNC's in the political and economic affairs of Third World nations; and (3) legislating limits to profit-taking in the Third World. (Page 1522)

*AMF, Inc.*

The company opposed the proposed changes in tax laws regarding earnings of U.S. multinational corporations. (Page 4671)

*New York Chamber of Commerce & Industry*

The chamber of commerce contended that the tax proposals should be deleted from the TRA of 1973 and considered as separate legislation. (Page 1569)

*National Ocean Industries Association*

The association opposed the proposed change in the tax policies on foreign source income. (Page 1555)

*Association of American Chambers of Commerce-Europe and Mediterranean, Inc.*

The association strongly opposed the changes proposed by the Treasury Department relating to tax treatment of foreign income of U.S. multinational companies as it is exceedingly unwise to adopt taxation methods which would inevitably harm our competitive position in world trade. (Page 1560)

*Dart Industries, Inc.*

The company stated: Making foreign taxes deductible business expenses rather than tax credits as at present is opposed. The charge would reduce net profitability to the point where Dart could no longer afford to operate overseas. Thus, the United States would gain no exports yet would lose repatriated earnings and taxes and worsen the balance of payments. (Page 4677)

*Eaton Corp.*

The company asserted: The vital question of taxation must be addressed on an economic rather than political basis. If an overseas plant's profit is subject to U.S. tax immediately, the debt charges will be serviced from the United States with a corresponding capital outflow and a reduction in the investment attractiveness. (Page 4156)

*Los Angeles Chamber of Commerce*

The chamber of commerce recommended this provision be deleted from the trade bill and be considered as a part of over-all tax policy. (Page 1568)

*International Trade Club of Chicago*

The club remarked: Any broad proposal to tax currently the earnings of U.S. corporate subsidiaries abroad prior to repatriation of such earnings is opposed. The free flow of capital is advocated and foreign investments should be stimulated in the United States. (Page 845)

*Robert T. Cole*

Mr. Cole suggested: The Committee on Ways and Means should go beyond the subjects covered by the Treasury recommendations on changes in the taxation of foreign source income. When the committee reports out a bill dealing with the major issues, the bill should also deal with the minor issues. Some suggestions: (1) a specific provision for judicial review be incorporated in section 367 of the IRC; (2) the extension of gross-up provisions to dividends from less developed country corporations and also consider the elimination of the other special less developed country provisions found in sections 954 and 1248; (3) the very complicated rules of subpart F and the administration's new proposals for tax holiday corporations and runaway plants could well have exceptions for investments which total less than \$1 million; (4) DISC should provide for deferral of 100 percent of export profits on the first \$5 million of export sales; (5) it would seem desirable to provide for the waiver of U.S. withholding tax on international issues after the termination of the interest equalization tax. (Page 1083)

*National Constructors Association*

The association remarked that the construction industry finds beneficial the advantages provided in existing tax regulations and is thereby able to compete equitably with entities supported by foreign governments. (Page 1068)

*Greater Minneapolis Chamber of Commerce*

The chamber recommended against adoption of the "runaway plant" proposal. (Page 1071)

*Chamber of Commerce of the United States*

The chamber of commerce endorsed the existing law and is opposed to any change that would repeal or modify the foreign tax credit. (Page 1373)

*Tax Council*

The council asserted that as far as American interests are concerned the tax holiday proposal is a "no win" proposition, and that imposition

of tax penalties on American companies producing abroad would be unsuccessful. (Page 2516)

*General Electric Co.*

The company opposed the proposals concerning taxation of controlled foreign corporations. (Page 3140)

