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U.S. HOUSE OF REPRESENTATIVES

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THE COMMITTEE ON WAYS AND MEANS

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in Connection With the Hearings on Foreign Trade and Tariffs

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FOREWORD

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 Proposed Trade Act of 1969 (H.R. 14870 detailed by the five major provisions of the bill).
- II. Import quota proposals and similar proposals to restrict imports (including H.R. 16920).
- III. The competitive position of the United States in international trade (including proposals related to the balance of trade and balance of payments).
- IV. Export promotion (including the DISC proposal, rebate of indirect taxes, and other export promotion matters).
- V. Foreign investment and existing controls on United States foreign investment.
- VI. Role of multinational firms in U.S. trade policy.
- VII. Foreign trade practices (including non-tariff trade barriers).
- VIII. Provisions of U.S. law related to imports (including antidump-countervailing duties, national security, institutional changes in development and execution of trade policy, etc.)
- XI. Other trade and tariff matters (including articles assembled or processed abroad, the International Coffee Agreement, results of the Kennedy Round and general comment).

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

Government officials

Witnesses with specific product interest

General witnesses, including representatives of business, mining, agricultural, and labor organizations.

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.

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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I. THE PROPOSED TRADE ACT OF 1969:

A. EXTENSION OF THE PRESIDENT'S TRADE AGREEMENT AUTHORITY

1. GOVERNMENT OFFICIALS

The Special Representative for Trade Negotiations

The requested authority is not designed to be used as authority for major tariff negotiations, rather it is intended to make possible such minor adjustments as individual circumstances from time to time require, as, for example, when it becomes necessary to raise the duty on an article as the result of a favorable "escape clause" action or when a statutory change is made in a tariff classification.

The Secretary of Commerce

The request to give the President leeway to reduce our tariffs 20 percent is only a minor mechanism that would be used primarily when it is the result of escape action in which some tariffs are raised. It must be borne in mind that making relief more available to our industry in the form of tariff adjustment or other restrictions on imports carries with it the responsibility to compensate countries whose trade may be adversely affected as a result.

The Secretary of State

An affirmative trade policy is an indispensable part of an effective foreign policy. An expanding, open trading system will help to make a more open and more cooperative world in which we can have greater hopes for peace. The Trade Act of 1969 will be a sign to the world that the United States will continue to exercise leadership in this important area—that we are not abandoning the policy that has served us and the world so well.

The Secretary of Labor

The Trade Act of 1969 represents a consistent continuation of the nation's reciprocal trade-agreement program, and should help make trade policy a valuable component in the array of measures aimed at non-inflationary economic growth. This Act provides modest tariff reduction authority for the President, to permit this country to continue to make minor adjustments which are required from time to time in our trading relations with other countries.

The Secretary of Agriculture

Enactment of this legislation will continue the overall drive toward freer trade. American agriculture favors any measure which emphasizes a liberal rather than a protectionist approach to trade. Although the Kennedy Round resulted in some trade liberalizing agricultural concessions with a number of countries, it did not deal effectively with agriculture's major trade problems.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Aerospace Industries Association

AIA supports this Act because it believes that the way out of the current trade dilemma is to export more. Specifically aerospace export revenues have exceeded \$1 billion in each of the last 12 years. Such revenues have regularly amounted to 10 percent of total aerospace sales.

The association believes that such limited authority will be useful in compensating our trading partners following a mandatory increase in duty, for example, an escape clause action. Because of the high level of aerospace exports, our industry is particularly vulnerable to foreign retaliation.

Society of the Plastics Industry, Inc.

The Society recommends enactment of sec. 201 of H.R. 14870 subject to certain limitations: (1) a maximum reduction of 10% rather than 20% (2) provision that such authority be exercised only where necessary to implement existing trade agreement programs. One very serious problem of Sec. 203 of H.R. 16920 is the restriction on the extension of the President's tariff reducing authority to what remains unexercised after the "Kennedy Round" cuts. Thus the only items to which the proposed extended authority could apply would be those deemed by our negotiators to be particularly import-sensitive.

National Shoeboard Conference

The conference recommends a strictly limited and qualified authority for the President to negotiate future trade agreements. The conference suggests that future trade agreements might be authorized, under certain conditions, to eliminate all tariffs and non-tariff charges on identical products that move in international trade between the principal producing and consuming countries.

Continental Can Co., Inc.

Continental Can Co., Inc., favors the President's proposals which would continue U.S. trade policy on the same course it has followed for many years.

National Association of Scissors and Shears Manufacturers

The domestic manufacturers of scissors and shears urge that no action be taken on the proposed Trade Act of 1969 without an amendment to continue the provisions of Section 225 (b) of the Trade Expansion Act of 1962. This recommendation applies only to imported scissors and shears valued over \$1.75 per dozen.

Maestro International Industries, Inc.

The President should be given authority to make modest reductions in U.S. tariffs as required from time to time for individual circumstances.

American Cyanamid Co.

The extension of the President's tariff reducing authority should be far less than the 20 percent proposed, and the criteria to govern its exercise should be clearly set forth by the Congress.

California Fig Institute and the California Dried Fig Advisory Board

Any policy for freer trade should not disregard those industries such as the California fig industry which unavoidably are dependent upon reasonable protection from ruinous and unfair import competition. Any reduction in duty on either dried figs or fig paste would result in serious injury to the domestic industry which even with the existing tariffs finds it hard to compete with low priced foreign imports. A duty reduction would result in a disorderly market situation which would result in the removal of a substantial portion of the California fig acreage and a reduction in labor requirements in an area that already has more unemployment than the national average.

Builders Hardware Manufacturers Association

Legislation to extend the President's trade agreement authority should require appropriate government agencies to hear representatives of affected industries before and/or during negotiations with foreign governments. Adequate safeguards for U.S. industry must be included in any legislation which involves a reduction of import duties.

Chrysler Corporation

The extension of the President's limited trade agreement authority as set forth in the President's trade proposals of TA of 1969 is favored.

U.S. Potters Association

The President should not be given further authority to reduce duties. To permit the President to have authority to further reduce for any reason in those instances where the full 50 percent reduction in duty was not used would be imposing an undue hardship by the mere threat of further reductions on those domestic industries. If in a specific instance for a specific purpose it is necessary, Congress can authorize such authority.

Imported Hardwood Products Association, Inc.

The Association favors unrestricted foreign trade and, in this respect, we hope that the Committee will adopt, and urge upon the entire Congress a national free trade policy designed to develop a maximum flow of goods and people between nations large and small, rich and poor.

The Association supports the Administration's trade proposals, subject to changes recommended by the Committee for a National Trade Policy, presented on May 18, 1970. The changes, which we support, are essentially the moderate relaxation of the escape clause and the more liberal relaxation of the provisions relating to adjustment assistance.

Stone, Glass, and Clay Coordinating Committee

The TA of 1969 is inadequate to protect or help U.S. industries and workers.

McDonnell Douglas Corp.

We strongly support the liberal trade policy enunciated by the Proposed Trade Act of 1969. We hope a way can be found to authorize immediate negotiations with Canada to lower or eliminate the duty on item 694.60. It is vital to our competitive position in world markets.

American Soybean Association

Favors the stated objective of the proposed Trade Act of 1969 to move toward fewer trade restrictions.

Manufacturing Chemists Association

The President's authority to further reduce U.S. tariffs should be no more than 10% for "housekeeping" purposes. To permit use of this authority only because of U.S. escape clause action would seem unduly restrictive. Other appropriate circumstances are as compensation for tariff reclassification or loss of concessions from termination of a bilateral trade agreement.

General Electric Company

Presidential authority to make compensatory tariff concessions is important in view of possible quotas and the growing resort to "escape clause" action. Section 201 of H.R. 14870 is preferable to the more restrictive Section 203 of H.R. 16920 because it gives the President reasonable options. H.R. 16920 would limit compensation to items not reduced 50 percent in the Kennedy Round, the very items subject, or potentially subject to quotas, escape-clause rates, or increased import competition. The few items remaining—agricultural or fisheries products and a few electrical and mechanical equipment items—would bear an undue burden of compensation and their U.S. producers might in turn be injured as a consequence.

Compensation should be granted only after consultation with the industries concerned and after the President has issued a finding that potential compensatory imports are not enjoying the advantage of unfair competitive practices.

National Machine Tool Builders Association

Supports Administration's request for limited new negotiating authority to afford compensatory treatment to nations disadvantaged by successful escape clause actions.

American Saint Gobain Corp., C-E Glass, Libby-Owens-Ford Co., PPG Industries, Inc.

Foreign trade problems of the United States range far beyond the scope of the TA of 1969. The TA of 1969 should include the tariff increases on sheet glass recommended by the Tariff Commission. The TA of 1969 should be refined to include the substance of H.R. 16920 and H.R. 791. The President should be authorized to enter into trade agreements providing for the limitation of imports of major import-sensitive products, such as flat glass.

Corn Refiners Association, Inc.

U.S. negotiators should have the authority and responsibility to negotiate the removal of unreasonable foreign tariff barriers. Use of this authority should be consistent with a basic fairness consideration to American industries that have no tariff protection, providing them with Government assistance to insure that other countries are not able to take unfair advantage of us.

California-Arizona Citrus Industry

Supports the President's proposals, especially an extension of section 252 of the TEA 1962 to show opposition to EEC violations of the MFN provision of the GATT.

Automobile Manufacturers Association, Inc.

The membership of the Automobile Manufacturers Association supports the basic principles and purposes of the "Trade Act of 1969" (H.R. 14870). We support the concept of reciprocity and efforts to expand world trade and investment.

Rolled Zinc Manufacturers Association

The administration's bill, while providing authority for selective limited tariff reduction under special circumstances, contains no irresponsible program for widespread, ruthless, across-the-board tariff cutting which is contained in the current Trade Expansion Act.

Meat Importers Council of America, Inc.

Favors passage of TA of 1969 which provides ample protection for U.S. industries while at the same time furthers the best interest of the U.S. continuing trade policy.

Florida Fruit & Vegetable Association

We oppose H.R. 14870 because it is too much like the Trade Expansion Act which sought to extend the authority of the President to negotiate trade agreements and tariff reductions, and provides for a "decent funeral" at government expense for those industries which fall victim to foreign competition.

National Cannery Association

Supports legislation to renew the President's authority to adjust U.S. tariffs. In supporting such legislation, however, we are obliged to emphasize that the effective administration of the trade agreements program does not rest on the enactment of legislation but depends on forceful and effective pursuit of trade objectives by the Executive Branch.

National Electrical Manufacturers Association

NEMA urges the adoption of Section 203 of H.R. 16920 rather than Section 201 of H.R. 14870. Section 203 seems far more equitable than authorizing up to 20 percent additional duty reductions on products which were subjected to the full 50 percent reduction in the Kennedy Round. Electrical equipment should not be exposed to further tariff reductions until other industrialized countries effectively open their markets to American-made electrical equipment. Furthermore, tariffs on other industrial products reduced less than 50 percent in the Kennedy Round should first be subjected to any needed compensating reductions. Section 252 of the TEA of 1962 was intended to be an important weapon for penalizing unfair foreign competition. Section 252 should be amended to broaden the President's authority to act against discriminatory foreign import restrictions against our exports. It is doubtful that the two proposed amendments to Section 252 (set forth in Section 203 of H.R. 14870) would adequately improve the existing law.

International Apple Association, Inc.

Execution of our trade policy is even more important than legislation. Our government has not taken a strong position at the bargaining table. We have been consistently out-talked, out-negotiated and out-bargained. In effect, the horticultural industry has been "sold down the river" by our Government at the bargaining table.

Article XXVIII negotiations have been going on for three years with Brazil, including a request for a seasonal concession on the Brazilian duty for apples and pears of 37½ percent ad valorem plus 18% sales tax. Argentina has objected to any duty concession by Brazil, who is forced to observe those objections because of LAFTA arrangements. I have recently been informed that a one year trial concession on pears for four months has been agreed to and that our representatives in Geneva have the go ahead to accept the piddling concession on pears, forget apples, and consummate the Article XXVIII negotiations.

Card Clothing Manufacturers Association

The President should not be given additional authority to enter tariff-cutting negotiations or to give compensatory concessions to countries inadvertently hurt by U.S. trade restrictions on other product imports. Where an industry's production has been declining there should be no further tariff reductions, not even under *de minimis* theory of removing tariff rates of 5 percent or lower.

ALCAN Aluminum Corporation

H.R. 14870 and H.R. 16920 fail to provide the President with sufficient authority to negotiate duties on aluminum. Legislation being considered should include an affirmative program to reduce some tariff duties and we suggest that the authority which was contained in the Trade Expansion Act of 1962, Section 202, authorizing the President to reduce or remove entirely rates of duty amounting to less than 5 percent ad valorem or its equivalent should be included. We also suggest that limited authority be given to the President to reduce certain U.S. tariff duties without necessary regard to compensation or offset to any increase in other duties made as a result of escape proceedings. We refer to those situations where only part of the President's Trade Expansion Act authority was used to reduce duties in the Kennedy Round. The existing rates on alumina and primary aluminum represent a wholly unnecessary burden on the industry with no benefit that we can see to any domestic manufacturing or labor interest.

Ceramic Tile Manufacturers Association

The Association favors a liberal foreign trade policy and supports the proposed Trade Act of 1969 but suggests that the bill can be strengthened in several important respects without departing from its basic purposes.

United Automobile, Aerospace, and Agricultural Implement Workers of America

UAW supports Trade Act of 1969 insofar as it continues a policy of tariff reduction.

3. GENERAL WITNESSES

West Coast Importers Association

The Association believes that approval of H.R. 14870 will point the country in the progressive direction of domestic and international economic development.

Mass Retailing Institute

Delegates to the very recent convention of the Mass Retailing Institute (MRI) unanimously passed a resolution which, among other things, expressed support for basic trade expansion legislation. The MRI membership generally supports H.R. 14870.

Farm Bureau

Favored to negotiate reciprocal tariff reductions.

German-American Chamber of Commerce, Inc.

Supports the Administration's bill, H.R. 14870, and the Administration's related request that the Congress join in the task ahead of dealing with non-tariff trade barriers, initially through a declaration of Congressional intent in this area.

American Importers Association

The Association supports the proposed amendments to the Trade Expansion Act of 1962 which would give the President limited authority to reduce duties existing as July 1, 1967, up to 20 percent in order to carry out any trade agreement subsequent to June 30, 1967.

National Council of Jewish Women

The President should have authority to negotiate tariff reductions or carry on any negotiations which a changing trade situation may require.

League of Women Voters of the United States of America

The authority of the President to make limited tariff reductions should be restored. This would enable the President to make adjustments required by individual trade contingencies and obligations. Without this presidential authority some American industries may suffer needless discrimination. The minimal authority should be extended to June 30, 1973.

International Economic Policy Association

The President should be given authority to make minor tariff adjustments to offset escape-clause increases in duties, statutory changes in tariff classifications, etc.

British-American Chamber of Commerce

The President should be authorized to make modest amendments to U.S. tariffs in order to effectively conduct a national trade policy. The lack of such power can expose U.S. exports to foreign retaliation.

Commerce and Industry Association of New York

The TA of 1969 is supported as is granting the President limited tariff-cutting authority.

Committee for Economic Development

With the expiration of the negotiating authority of the TEA of 1962 the United States has no means to conduct the nation's normal international trade relations within the GATT framework. Because it is necessary for the United States to meet its GATT obligations and at the same time protect its own interests, the President requires a grant of limited negotiating authority with respect to tariffs.

Greater Detroit Chamber of Commerce

It is desirable that the Executive be granted authority for minor tariff reductions when it is deemed necessary to grant tariff relief to domestic industries.

AFL-CIO

AFL-CIO supports Chairman Mills' bill, H.R. 16920, which we believe contains the "minimal" trade agreement authority for the President.

ILWU

The proposed Trade Act of 1969 is a modest, but vital, step in the direction of freer, expanding trade.

Caterpillar Tractor Co.

We strongly urge the Committee to give favorable consideration to legislation along the lines of H.R. 14870.

U.S. Council, International Chamber of Commerce

The council supports granting authority to the President for a three-year period to reduce tariffs by 20% or two percentage points ad valorem below the rate on July 1, 1967. The "housekeeping authority" called for in the bill would be a clear indication of our overall long run objective of increasing the freedom of goods to move internationally to the benefit of all countries.

American Association of Port Authorities

The Administration's proposed Trade Act of 1969 should be supported as a vital step to expanded trade on a fair and equitable basis with adequate provision for both domestic and internal adjustment. The President needs the flexibility to offer limited tariff reductions which will avoid unnecessary exposure of U.S. exports to foreign retaliation.

Chamber of Commerce of the United States

The chamber favors granting authority to the President to make limited tariff reductions. Vigorous and forthright trade policy negotiations are needed to gain equitable access to overseas markets for U.S. goods. The chamber feels that the principles and objectives embodied in H.R. 14870 will give a realistic and consistent direction to U.S. trade policy.

U.S.-Japan Trade Council

The council supports the grant of limited authority to the President in H.R. 14870 to reduce duties up to 20 percent, and oppose the limitation on Presidential authority in H.R. 16920.

Committee for a National Trade Policy, Inc.

The bill is not wholly adequate even as an interim device to ensure continuity in our vitally important trade agreements program.

Greater Minneapolis Chamber of Commerce

Supports the President's authority to negotiate trade concessions as contained in the TA of 1969 and the trade policy of the United States to remove unnecessary trade barriers and to expand foreign trade.

Emergency Committee for American Trade

Urged as needed for reciprocal tariff adjustment in the case of escape clause action in order to avoid less desirable retaliatory action by other countries.

The Cooperative League of the USA

Support the President for a freer trade policy between our country and its neighbors around the world.

International Trade Club of Chicago

The President should be given enough authority to negotiate lowering of tariffs and to invoke countermeasures against improper trade measures by others, within the legal framework of GATT.

New York Chamber of Commerce

The President should have authority for a 3-year period to reduce tariffs by 20 percent or 2 percentage points below the July 1, 1967, rate and to adjust tariffs under particular circumstances (e.g., when the escape clause is used). Inability to give compensatory tariff reduction invites retaliation by other countries, thereby restricting U.S. exports. This authority is needed to fulfill GATT obligations and carry out agreements recently negotiated.

Leaf Tobacco Exporters Assn., Inc.

The association, composed of 62 companies, endorses the proposed Trade Act of 1969.

Italy-America Chamber of Commerce, Inc.

The chamber supports the principles underlying the President's proposed Trade Act of 1969, H.R. 14870, which is suited to assist the U.S. footwear industry while advancing American trade interest in the world.

California State Chamber of Commerce

The Chamber gives unqualified support to the Administration's trade bill, H.R. 14870, because it believes the measure is based on sound principles and will improve U.S. trade relations with other nations.

United Presbyterian Church

Support the President to use our economic power responsibility by sharing our resources and technology with other nations in the context of negotiation and by taking appropriate measures such as tariff agreements with other nations to expand world trade. In so doing, reflect genuine concern for the welfare, security, freedom, and democracy of other peoples and nations as well as our own.

National Federation of Independent Businesses, Inc.

We support the President for a free and fair market in which to exchange our goods and services.

National Soybean Processors Association

We support the proposal that would grant the President authority to reduce tariffs by 20 percent (or two percentage points ad valorem below the rate established on July 1, 1967).

Hon. Richard B. Ogilvie, Governor of Illinois

We support the TA of 1969 (H.R. 14870) and strongly urge that it be favorably reported out by your Committee without amendments which would weaken it and that it be enacted into law without delay.

American Association of University Women

We support continuation of this country's current policy of encouraging a non-discriminatory or multilateral system of trade.

National Council of Farm Cooperatives

Under GATT, expanded trade to benefit all countries is possible only if offers by all trading partners represent comparable concessions. The National Council recommends renewal of Presidential authority to enter into further trade agreements based on true reciprocity.

Board of Trade, City of Chicago

Favors Trade Act of 1969 because through export expansion the U.S. can achieve equilibrium in its balance of payments without resorting to restrictive policies affecting the movements of goods, services and capital and without weakening its commitment for defense and economic aid to less developed countries.

National Foreign Trade Council, Inc.

The Council endorses granting to the President the authority through June 30, 1973, to make the limited tariff reductions which are called for by international agreements in compensation for an increase in duty on an article under "escape clause" action, or when a statutory change is made in tariff classification.

American Retail Federation

The Federation supports the proposal to extend the President's trade agreement authority for two reasons: (1) it would provide a way of compensating a foreign country when the U.S. is forced to withdraw trade concessions in order to deal with hardship cases at home; and (2) it would provide a method of retaliating against unfair foreign competition. In these two ways the extension of the President's authority could be used to defend our interests.

B. ADJUSTMENT ASSISTANCE PROVISIONS AND INDUSTRY RELIEF PROVISIONS

1. GOVERNMENT OFFICIALS

The Special Representative for Trade Negotiations

The present link to a past tariff concession has been the major stumbling block encountered by the Tariff Commission. It should be removed and our attention properly focused on the real issue—has import competition been the cause of the injury. If the requirements for action under the "escape clause" are liberalized, a great many cases will be filed. The difficulties in the interpretation of the present adjustment assistance provisions should be removed so that firms and workers in demonstrable need of assistance can reasonably expect expedited, sympathetic consideration. Direct aid to firms and workers injured by competition, while the rest of their particular industry is not in need, should be more readily available than tariff or quota relief for an industry.

The Secretary of Commerce

The proposed bill will ease the eligibility requirements by eliminating the linkage between past tariff concessions and increased imports.

It would reduce the eligibility requirements from major factor to substantial cause for adjustment assistance and to primary cause for the escape clause. The bill would also transfer the function of making determinations on the existence and cause of injury for adjustment assistance from the Tariff Commission to the President, although the Commission would continue its fact-finding investigations. The Secretary expects that the Adjustment Assistance Advisory Board, as provided by the proposed Act will take an active role in the development of adjustment assistance programs.

The Secretary of State

We should clear away some of the legal obstacles that have limited the effectiveness of the adjustment assistance provisions of the Trade Expansion Act (of 1962).

The Secretary of Labor

We must have policies and programs that prevent industry dislocation when it can be foreseen, and to provide remedies where advance actions are impossible. One of the central tasks of manpower policy is to cushion the shocks of both temporary and structural displacement by providing adequate methods for adjustment. We propose elimination of the requirement that tariff concessions must be shown to be the cause of increased imports; adjustment assistance for firms and workers should be available whenever increased imports have been a substantial cause—but not necessarily greater than all other causes combined, or even greater than any other single cause—of serious injury to a firm or unemployment or underemployment of the workers.

We propose that determinations of eligibility for firms and workers to apply for adjustment assistance be made by the President (via an inter-agency board), rather than by the Tariff Commission. However, the Tariff Commission would continue to gather and report the required factual information.

The Department of Labor is starting programs to improve its ability to assist adversely affected workers quickly and efficiently. Private companies can do much toward solving, or preventing, dislocation problems. Those firms with important stakes in foreign trade should have special concern to help improve the adjustment process. All resources and techniques will be employed on behalf of displaced workers: among these are supportive assistance for a period of up to 1½ years, registration in advance of actual lay-off, job banks, remedial medical or dental assistance, individual training and reemployment plans, and the like.

The Department of Labor estimates that about 15,000 to 20,000 workers will qualify for adjustment assistance in the first year of operation under the proposed new criteria, at a cost of \$40 to \$45 million.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Hardwood Plywood Manufacturers Association

Labor is still the largest single production cost in the hardwood plywood industry. The workers have very little job mobility and can

least afford to lose their employment. A large number of the producers, located in the South, have had substantial increases in their production costs as a result of increases in the minimum wage rate.

In two escape-clause investigations before the U.S. Tariff Commission, in 1955 and 1959, the domestic hardwood plywood industry was denied relief from competitive imports. Since tariff reductions in 1950, imports of hardwood plywood have continued to flood the U.S. market. U.S. producers had 93 percent of the hardwood plywood market in 1950 and, by year end of 1969, as a result of the impact of imports, the domestic share now stands at 30 percent—a loss of 63 percent of the hardwood plywood market.

Japan, the leading source of hardwood plywood imports, can buy a walnut log in the United States, ship it to Japan, make walnut hardwood plywood and ship it back into this country to be sold at a price lower than U.S. produced walnut plywood. It is impossible to cope with such competition.

Society of the Plastics Industry, Inc.

The Society strongly urges liberalization of the criteria for tariff adjustment and adjustment assistance. The U.S. Tariff Commission should retain its fact-finding and advisory roles in this area. The definition of industry should be sufficiently flexible to permit tariff adjustments to be granted where imports are causing or likely to cause injury in an appropriate regional area. It is recommended that Sec. 202(e) be amended to insert the phrase “. . . appropriate regional or national” immediately before the word “aggregate” in line 13, page 10 of the Committee Print of H.R. 16920.

Maine Sardine Packers Association

The sardine industry is a classical example of the need for liberalization of the escape clause procedures under the Trade Expansion Act. In recent escape clause proceedings before the U.S. Tariff Commission (Investigation No. TEA-I-13 under Section 301(b) (1) of the Trade Expansion Act of 1962, July 1969) evidence was submitted to the Commission as follows:

The share of the U.S. market supplied by domestically produced sardines has decreased from 71.7 percent in 1958 to 35.9 percent in 1969. During the same ten-year period, imports of sardines had soared from 28 million pounds valued at 8.5 million dollars to 58 million pounds valued at 18.8 million dollars. The U.S. tariff rates applicable to imported sardines had steadily declined from 1930 until in 1969 they were only 20 percent of the 1930 rates.

In the face of increased imports, the Maine sardine industry had taken many major steps for survival, such as a state imposed tax on production for a development program; stringent inspection and quality control; mechanization; advertising and promotion; and market, biological and technical research. Nevertheless employment, production, profits, distribution, and overall economic stability in the industry showed drastic and continuing declines.

Notwithstanding this clear showing of injury from imports, the Commission said: “Inasmuch as the increase in the imports is not attributable in major part to trade-agreement concessions, the Commission is precluded from making an affirmative finding of serious injury or threat thereof, regardless of the effect of such imports upon the domestic industry.”

The Administration's proposals with respect to the escape clause (Title III of H.R. 14870), although a step in the right direction, are not adequate to create a realistic remedy for industries adversely affected by imports. The difference between a "major factor," as provided in the present law, and a "primary cause," as proposed in the Administration's bill, is hardly sufficient to be characterized as a liberalization of the escape clause test. The test of "substantial cause" in H.R. 16920, the Mills bill, is, in our view, more meaningful in the context of a liberalization of the escape clause.

National Association of Scissors and Shears Manufacturers

The association believes it is in the national interest to retain a scissors and shears industry in the United States, therefore the association does not feel that the adjustment assistance provided for in the Trade Expansion Act of 1962 and the proposed Trade Act of 1969 is the answer to our import problem. The workers in our industry don't want "adjustment assistance"; they are not interested in retraining. They want to use the skills they have developed over many years.

National Board of Fur Farm Organizations

The Trade Act of 1969, as proposed by the Administration, simply would not afford the mink industry any meaningful relief. Because of the interrelated nature of the economics of any industry, including the mink industry, it would seem to be realistically impossible to sort out and identify any one particular economic factor as a "primary" or "major" cause of a given industry's economic ills. In fact, there is little distinction, if any, in terms of definition between "major" cause and "primary" cause.

Of the various proposals pending before this Committee to amend the escape clause law, we do support and strongly urge the Committee to adopt the proposals outlined in H.R. 16920 relating to the amendment of the escape clause law procedures whereby the domestic industry would be required to show that imports were a "substantial" cause of serious injury or the threat thereof.

Distillery, Rectifying, Wine and Allied Workers International Union of America, AFL-CIO

The union favors the measure for liberalizing adjustment assistance for firms and workers proposed in the Administration's Trade Act of 1969 and in such bills as H.R. 16920, but feels that the legislation should be expanded to include portability of union seniority-related and retirement benefits. The union deplors the fact that retraining does not assure a desirable job elsewhere and that if a move to another community is necessary there is much attendant personal suffering for which adjustment assistance cannot compensate.

Machinists, Electrical, and Radio IAMAN, IBEW, IUERMW

We support a simplified qualifying process for adjustment assistance for workers displaced by imports. This assistance should be accessible and readily available.

H. Kohnstamm & Co., Inc.

Kohnstamm's benzenoids are generally produced in batches at plants located in Brooklyn, N.Y., Camden, N.J., and Chicago, Ill. Our 600 employees include a large number of semi-skilled trained laborers. Perhaps the government could re-train these workers and create em-

ployment opportunities, but the need will not occur if our federal representatives pursue a meaningful course of action and retain the ASP.

Footwear Group, American Importers Association and American-African Export Company

In the TEA of 1962 the conception of adjustment assistance was new, and it was the desire of Congress to keep it within narrow limits. Today there is a consensus that tests for relief should be liberalized. In the last six months three members of the Tariff Commission have adopted a liberal construction which is allowing the law to work much as would result from the proposed amendment. The Commission's decision in the case of the workers in the Uniroyal Plant at Woonsocket, Rhode Island is an example. It is suggested that all connection between increased imports and tariff concessions not be severed since such connection is required by the terms of the GATT. It is also urged that Congress not go beyond the conception of "primary" cause which is embodied in the administration's bill. The Association opposes the conception of segmentation embodied in H.R. 16920, allowing relief if a portion of a company is hurt.

Zenith Radio Corp.

The suggestion that we merely liberalize the escape clause in the 1962 Act is really no solution for anyone. Workers displaced in our industry don't want some form of tax supported relief—they want jobs and an opportunity to work. Thus, the solution is to eliminate the negative trade deficit in consumer electronics. With the present trade policies, this deficit will rise from nearly \$900 million in 1969 to more than \$3 billion by 1975. Elimination of this deficit can be done by increasing the tariffs on imports of electronic components.

Optical Manufacturers Association

The proposed changes in the escape clause contained in the TA of 1969 would be an improvement over the present provision. However, it does not fully meet the needs of the ophthalmic industry.

Clothespin and Vencer Products Association

The Association supports with reservations those parts of H.R. 14870 proposing amendments to the Escape Clause. The amendments proposed by H.R. 16920 would restore a realistic possibility of "escape" to the Escape Clause. Essentially, these amendments would accomplish three principal objectives: (1) the criteria of eligibility for tariff adjustment relief to an industry would be made less rigorous; (2) the unacceptably long period accorded to the Tariff Commission and the President between the filing of a petition and a final decision would be shortened; and (3) the definition of industry producing like or directly competitive articles would be narrowed.

International Leather Goods, Plastics, and Novelties Workers Union, AFL-CIO

When plants are shut down because of import competition, workers lose seniority and seniority-related benefits, including retirement; often they are forced to relocate in another part of the country in order to get a job. Adjustment assistance should be liberalized so as to include portability of benefits and the Government should pay moving expenses attendant to relocation.

Volume Footwear Retailers of America (VFR.A)

The V.F.R.A. endorses the liberalization of the escape clause and adjustment assistance in those cases where an industry, firm, or group of workers can demonstrate serious injury or threat thereof from imports.

In the event of a three-three finding by the Tariff Commission on adjustment assistance, the V.F.R.A. favors a ruling by the President so that a petitioner would not be barred from final resource by such a decision.

National Shoebord Conference

The conference recommends that existing legislation be reviewed to provide effective relief to American industries that are seriously disrupted by excessive imports. The administration of the Trade Expansion Act of 1962 has not provided such protection.

Association of Japanese Textile Imports, Inc.

Importers of Japanese textiles support the Trade Act of 1969, including liberalized adjustment assistance, and the establishment of the Commission on World Trade. They suggest amendments to: (1) retain in the escape-clause provision the requirement of a causal relationship between increased imports and a previous trade concession, (2) require that Presidential actions under the escape-clause provisions be accompanied by an explanatory statement, and (3) limit the application of section 252 to agricultural products, as currently provided.

The National Farmers Organization

We believe that it is necessary to loosen up and properly underwrite the programs to reimburse industries that have been adversely affected by imports from other countries.

American Institute for Imported Steel, Inc.

The institute is in favor of liberalized adjustment assistance. Temporary problems of worker or firm dislocation due to import competition should be handled by temporary adjustment assistance, just as we ameliorate the rigors of domestic competition through unemployment insurance and loan assistance to small businesses.

The Administration's bill would eliminate the present precondition of escape clause relief that increased imports, which are claimed to even be causing or threatening serious injury to the domestic industry, be "a result in major part of concessions granted under trade agreements." The total deletion of this precondition to escape clause relief would eliminate the very reason for existence of the escape clause mechanism and would contribute and constitute a violation of United States Treaty obligations under Articles XIX of the GATT. If, as the Administration proposes, escape clause relief is not to be related in any way to a tariff concession negotiated pursuant to the GATT, the very *raison d'être* of the section will have been eliminated.

The institute recommends that an amendment should be added to section 301(b) defining "domestic industry". Such an amendment should make clear that the industry to be considered is composed of all domestic producers of the article competitive with the imports involved. The Administration's bill is defective in failing specifically to define the industry as a national industry and H.R. 16920 is defec-

tive in defining the industry in such a way as to expressly permit segmentation. It is our view that a specific provision should be added to section 301 to require an investigation of the probable results of escape clause action with respect to the U.S. exports and with respect to price level in the United States for the product as to which protection against import competition is proposed.

U.S. Potters Association

The proposed changes for securing relief should apply with equal force to workers, firms, and industries. To offer relief to firms and workers and not similar relief to the domestic industry involved is absolutely worthless. Tax assistance or loans to a firm are not beneficial if the industry is forced out of business of producing the article because of low-cost foreign competition. The workers are not benefitted in the long run even with increased unemployment benefits, training, and relocation if the industry in which they are employed transfers its manufacturing to low-wage countries because of imports from similar low-wage countries. It is strongly urged that the criteria for relief proposed by any new act be changed so that it would be identical for domestic industries, individual firms, or workers.

Copper & Brass Fabricators Council, Inc.

The Council urges that the pending legislation include a fairer escape clause, which will not leave industry subject to the changing views resulting from a change in Tariff Commission personnel. Congress should set forth in clear and explicit language when industry is entitled to relief, so if appropriate tests are met, relief will follow. Relief should be available to an efficiently operated industry if it is suffering from increased quantities of imports and it establishes that the imports are a "substantial" (not "primary") cause of the injury, as proposed in the Mills bill, H.R. 16920. A casual or incidental cause is not enough, but a substantial cause should be.

Adoption is recommended to those provisions of H.R. 14870 which would eliminate the requirement of causal relationship between tariff reductions and increased imports as a relief criterion.

Provisions for relief should be equitable with respect to ad valorem and specific rates of duty. The Council proposes, therefore, that Subsection 201(b) of the Trade Act of 1969 be amended by adding a paragraph permitting the conversion of a specific rate of duty existing on July 1, 1934 to an ad valorem rate for purposes of determining relief limitations, and that Subsection 351(D), of the Trade Expansion Act of 1962 be similarly amended (legal language is provided in each instance).

The Council further recommends that "decline in normal or prospective growth" should be added to the specified economic factors the Tariff Commission is enjoined to take into account in its investigation of a petition for relief under paragraph (2) of Subsection 301(b) of the Trade Expansion Act of 1962.

Textile and Apparel Group of the American Importers Association

There may be particular product sectors which are experiencing injury due to import competition, and if so the proper remedy is selective relief by way of tariff, quota, or adjustment assistance as may be appropriate under established procedures or, more desirably, by way of the procedures as outlined in the TA of 1969 rather than those as pro-

vided in H.R. 16920. In any event, relief should be granted to injured industries, firms, or workers only after an appropriate investigation by the Tariff Commission.

Oil, Chemical and Atomic Workers International Union

TA of 1969 should be amended to include recommendations of the National Commission on Technology, Automation and Economic Progress for adequate adjustment systems for displaced workers. First, those displaced should be offered either a substantially equivalent or better job alternative or the training or education required to obtain such a job. Second, they should be guaranteed adequate financial security while searching for alternative jobs or while undertaking training. Third, they should be given sufficient financial assistance to permit them to relocate their families whenever this becomes necessary. Fourth, they should be protected against the forfeiture of earned security rights, such as vacation, retirement, insurance, and related credits, resulting from job displacements.

American Iron and Steel Institute

The Institute believes that the provisions for remedial action against harmful imports should be administered more stringently and effectively than they have in the past. The present procedures for remedial action in the case of import damage leaves much to be desired. Relief from the debilitating effects of unfair trade practices is often too little and too late. The desirability of a single government agency to hear, investigate, and act upon complaints under significantly shorter time limits than now should be explored.

California Fig Institute and California Dried Fig Advisory Board

Producers of perennial tree crops, such as figs, cannot be "adjusted" to loss of protection from imports through any form of "adjustment assistance" such as is incorporated in the Trade Expansion Act of 1962 or any other conceivable version of adjustment assistance.

International Molders and Allied Workers Union

We support an injury determination based on the individual firm or group of employees rather than on a broad industry basis.

International Chemical Workers Union

Rather than providing adjustment assistance for workers who lose their jobs as the result of increased imports, we believe that it would be far better to prevent increased imports from reaching such injurious levels in the first place. While supporting liberalization of the criteria for according adjustment assistance, we also urge that the standards for invoking the "escape clause" be liberalized in the same manner.

Pulp and Paper Machinery Association

The Association is well aware of the adjustment assistance provisions and is somewhat in favor of them. The Association endorses as necessary and desirable the adoption of the proposed legislation's more fair and workable standard for escape clause relief. These provisions are viewed as means to preserve the competitive health and vigor of the U.S. industry.

Manufacturing Chemists Association

Eligibility for tariff relief or adjustment assistance for industries, firms, and workers should be judged on the same criteria; and the Tariff Commission should continue to determine eligibility for adjustment assistance.

Slide Fastener Assoc., Inc.; Pin, Clip and Fastener Association

Changes in criteria of eligibility for tariff adjustment relief are inadequate to provide any meaningful remedy for small industry. There is no reason for establishing tougher criteria for tariff adjustment than for adjustment assistance for firms and workers.

National Grain and Feed Association

The liberalized "escape clause" provisions are far more desirable and superior than quantitative restrictions in dealing with problems arising out of increased imports.

American Sprocket Chain Manufacturers Association

We strongly endorse the proposal, advanced by both the Administration and Chairman Mills, to liberalize the "escape clause" to make relief against injury caused by imports more readily available. We think relief should be available when an industry can show that imports, whether or not resulting from tariff concessions, have increased to the point where they are causing or threatening serious injury.

National Electrical Manufacturers Association

While NEMA favors the liberalizing provisions of H.R. 14870 with regard to escape clause relief and adjustment assistance, neither remedy was designed to deal with foreign restrictive practices and unfair competition.

Rolled Zinc Manufacturers Association

We favor the Fair International Trade bill, but believe that it should be included as part of the Mills' bill (H.R. 16920) substituting Title I of that bill. We favor the Mills' bill which also would provide for improvements in adjustment assistance and in the escape clause provisions to make relief more readily available.

Mushroom Processors Association

Loans, tax relief, or any adjustment assistance envisaged by the TA of 1969 would be of no real value to this industry. We would amend current escape clause requirements that tariff concessions be the *major* cause of increased imports and restore a viable escape clause. Expanding world production, including that within the Far East and that within the EEC and increasing protectionism by the EEC (such as French subsidies on exports to West Germany and proposed EEC floor prices on canned mushrooms) forecasts increasing supplies of canned mushrooms for the U.S. market.

Florida Fruit & Vegetable Association

We recommend that adjustment assistance be directed to those exporting industries, since they only represent 4 percent of our Gross National Product, which might be adversely affected by any retaliatory actions as a result of a policy of proper and reasonable restraint on imports that are injuring so many of our other industries and represent a major portion of our Gross National Product.

National Soybean Processors Association

The Association supports the provisions for adjustment assistance—particularly those which make escape clause relief more available.

National Council of Music Importers

The National Council of Music Importers urges that the Ways and Means Committee report out favorably a test no less stringent than the “primary” cause, which is suggested in the Administration’s bill, with regard to injury resulting from increased imports after a duty reduction.

We also urge that the Committee retain the causal connection between increased imports and tariff reductions.

Further, we urge that the so called segmentation provision not be adopted.

California-Arizona Citrus Industry

Urges that any solutions to severe import competition be something other than quotas or other NTB’s through specific legislation.

American Saint Gobain Corp., C-E Glass, Libbey-Owens-Ford Co., PPG Industries, Inc.

The tariff adjustment provisions of the TEA of 1962 should be amended in accordance with the provisions of Title II of H.R. 16920.

The escape-clause provisions of the TEA of 1962 is of little or no value to domestic industries and their workers. The findings of the Tariff Commission in an escape-clause (tariff adjustment) investigation should be final, and not subject to nullification by the Executive Branch.

National Machine Tool Builder Association

Recommends an escape clause that will enable a domestic industry to secure effective relief from serious injury, or threat thereof, resulting from imports.

National Confectioners Association

Favors H.R. 14870 because it would seem to restore the Escape Clause as a means of dealing with unfair import competition.

Electronic Industries Association and American Loudspeaker Manufacturers Association

The adjustment assistance provisions of 1962 Trade Expansion law were useless and the Administration’s revised bill has requirements which are just as difficult to meet. Adjustment assistance simply does not match the quota system as a remedy. We believe that the Tariff Commission findings of injury and recommendations for tariff changes of import quotas necessary to correct injury, now provided for under existing law must be made self-executing without intervention by the Executive, similar to the way in which the Commission’s findings of injury in antidumping cases, automatically trigger the imposition of antidumping duties.

Earthenware Dinnerware Emergency Committee

The criteria for injury and relief should be the same for industries, firms, and workers. Escape-clause relief criteria for an industry should be revised so that: 1. Injury can be found regardless of when or whether the duties were reduced on the injurious imported articles.

2. Relief can be granted if an increase in imports, either actual or relative, is a substantial cause of serious injury or threat thereof. 3. The U.S. industry is defined as those firms or appropriate subdivisions thereof which produce the articles that are like or directly competitive with the injurious imports.

United Automobile, Aerospace, and Agricultural Implement Workers of America

Determination of adjustment assistance eligibility should be removed from the Tariff Commission and given to the President. In the past adjustment assistance has been largely in theory rather than in practice. Workers should be fully compensated for lost wages and fringe benefits, rather than required to sustain losses on their part. The Trade Act of 1969 should be amended to delete the phrase "and before July 1, 1968" from Section 302(a) of APTA and the provision for dislocation assistance should be extended indefinitely. Authorization should be given for renewed APTA adjustment assistance when the operation of auto agreements causes "substantial" not "primary" dislocation. Adjustment assistance for dislocated workers in an amount equal to 100 percent of their wage and fringe benefits is urged under the Trade Expansion Act.

3. GENERAL WITNESSES

National Council of Jewish Women

We support the liberalized trade adjustment provisions of the TA of 1969. This method of alleviating injury to individual firms and groups of workers serves as an effective alternative to the meat axe approach of import quotas.

Wilkes Chamber of Commerce, Inc.

The Chamber supports a program in which the U.S. Government would continue to strengthen trade agreements to include a workable tariff adjustment for industries and other assistance for firms and workers affected by imports, to reduce or eliminate non-tariff barriers to trade, and to promote fair treatment of U.S. exports.

British-American Chamber of Commerce

The Chamber believes that the provisions of this bill to remedy by means of financial assistance, injuries caused to particular U.S. industries as a result of liberal trade policy, to be the appropriate way to deal with such specific damage.

Brazilian-American Chamber of Commerce, Inc.

The Chamber recognizes the necessity of not inflicting substantial damage to domestic industries on the one hand and on the other, the critical role which international trade plays in the pursuit of world peace and relative ability.

Charles H. Taquey

Supports broader adjustment provisions as an integral part of trade liberalization and as a means of developing a sound process of resource allocation to supplement market forces. Opposed to adjustment assistance if it is to remain a fitful handout.

Howard S. Piquet

The Administration trade bill is weak and indefinite as to the goal of U.S. foreign trade policy. It is merely for housekeeping purposes and would only be used in connection with the escape clause when compensatory reductions are called for. However, the only really "liberal" provisions in the bill are those that would ease the criteria for determining eligibility for adjustment assistance and the elimination of the ASP. The remaining sections of the bill are restrictionist in outlook and invite retaliatory trade measures by other countries.

The bill should make it easier to secure adjustment assistance than to secure tariff relief through the escape clause.

West Coast Importers Association

The proposed amendments to the present escape clause and adjustment assistance provisions of the Trade Expansion Act of 1962, which appear in the Administration's bill should be very effective in making available assistance and, when the case warrants it, protection to affected workers, firms, or industries. It is especially appropriate to introduce different standards of causality for industries on the one hand, and for firms and workers on the other. Before raising tariffs or, more drastically, imposing quotas, there should be an evident causal connection between the volume of imports and serious, proven injury, and we believe the word "primary" in H.R. 14870 will do just that.

At the same time, we do not believe that the requirements of a link between tariff concessions and an increase in imports should be terminated, since this link seems to be clearly required under Article XIX of the GATT. We believe that a provision requiring an increase in imports resulting "in whole or in part" from tariff concessions would allow sufficient flexibility and yet meet the requirements of the GATT.

Greater Detroit Chamber of Commerce

The Chamber supports easing of adjustment assistance and industry relief provisions—with amendments suggested by American Importers Assn.

Mass Retailing Institute

The MRI supports assistance, as detailed in H.R. 14870, to those who suffer economic hardship because of trade expansion policies.

Farm Bureau

Favored for workers and industries adversely affected by imports.

League of Women Voters of the United States of America

Adjustment assistance provisions are a constructive way to help domestic industries and workers injured by increased imports make economic adaptations. It enables both firms and workers to be helped without the imposition of restrictive measures and without impairing benefits to the U.S. consumer and the general economy. Liberalization of the requirements for adjustment assistance is needed, but greater use of escape clause relief will only cause international reverberations and reverberations against other domestic industries. Use of the escape clause should be a measure of last resort and should be regarded as temporary relief in extreme cases and under unusual circumstances.

American Association of Port Authorities

Adjustment to foreign competition should be made easier. The past inability of domestic industries to obtain relief by the escape clause mechanism has contributed to the pressures for enactment of numerous legislative proposals for import quotas. A viable escape clause provision should be enacted but it should be used in only the exceptional cases. Firms and workers deserve help while market adjustments take place and production is shifted to areas of greater comparative advantage.

National Foreign Trade Council, Inc.

More liberal criteria for such relief and assistance are likely to be warranted. The Council does not fully endorse, however, the specific proposals in the TA of 1969. The council holds that for such relief and assistance to be granted, there should be shown, in addition to a determination that an increase in imports has been a substantial cause of serious injury, that such increase in imports resulted in a direct and substantial way either from a tariff concession granted or from other U.S. governmental action in reduction or removal of a non-tariff restriction on trade. The Council does not agree that an increase in imports is in itself enough justification.

Commerce and Industry Association of New York

Liberalized adjustment assistance and escape-clause criteria are necessary.

Caterpillar Tractor Co.

We strongly support the provisions of "TA of 1969" that would provide for adjustment assistance to workers and groups of workers whose jobs and livelihood are adversely affected by imports. Relief for firms should be related to a change in the tariff structure rather than simply to greater imports.

American Retail Federation

The Federation advocates the maintenance of more rigorous standards for escape clause cases than for adjustment assistance. It urges the Committee to accept the language in the Administration bill rather than that in H.R. 16920, specifically opposing the definition of "domestic industry" in H.R. 16920. Under this definition injury could be alleged for a portion of the industry quite independent of the health of the entire industry.

Committee for Economic Development

The Committee proposes a program in which adjustment assistance for import competition would be a part of a comprehensive assistance program to deal also with adjustments necessitated by domestic developments. If such proposal does not appear to be feasible, the best course is to relax the existing import assistance provisions along the lines proposed by the Administration.

If the market disruption caused by imports is sudden and massive, the escape clause of the tariff laws should be applied. The escape-clause section of the Administration bill should make it potentially applicable to industries seeking quota protection. This escape-clause section should not be substantially weakened as this would be detrimental to the effectiveness, strength, and virility of the nation's industry.

Committee for a National Trade Policy, Inc.

Pursuant to GATT, the escape-clause provisions of the Bill should require a meaningful link to a trade agreement concession as a factor accounting for the rise of imports.

For escape-clause purposes, (a) serious injury should be defined as "rapidly rising imports;" (b) industry petitions should represent at least 50 percent of industry's production of affected products; and (c) findings of serious injury should be limited to cases where most of the firms producing the affected products are found to have been injured or so threatened with injury.

Regarding Tariff Commission findings of serious injury in escape-clause proceedings: The President should (1) report damage and cost to the nation for imposing import restrictions (if any) and follow with annual reports until restrictions are removed, and (2) phase out trade restrictions in the shortest period possible.

Adjudication of adjustment assistance petitions should be the responsibility of the Tariff Commission because it is better equipped (than the Executive Branch) to act in a non-political way.

Delete the section of the Bill authorizing the President to restrict imports from a country or common market "unfairly" promoting exports to third markets; there is some question as to this section's consistency with GATT.

U.S. Council, International Chamber of Commerce

The council supports the principle of adjustment assistance and believes that the provisions of the 1962 Trade Expansion Act could well be broadened to permit adjustment assistance to be given to industries or workers whether or not increased competition is related to prior tariff concessions. The council opposes the proposed liberalization of the escape clause. Adjustment assistance permits international trade to expand with the competition in the market place while assisting those adversely affected. Escape clause procedures, on the other hand, are restrictive, if only temporarily, of international trade and are a denial of the advantages of competition.

Emergency Committee for American Trade

Supports together with the proposed elimination of linkage between increased imports and prior tariff concessions. Prompt and adequate assistance is urged.

American Importers Association

The Association is basically in favor to the Administration's proposals to modify the requirements, but we are opposed to the repeal of the present authority of the Tariff Commission to make recommendations to the President with respect to adjustment assistance to firms or workers.

The Association proposes that the new criteria in Section 301(b) (1) be amended to read as follows: (new language is italicized)

(1) Upon the request of the President, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon the filing of a petition under subsection (a) (1), the Tariff Commission shall promptly make an investigation to determine whether *in the recent past significantly* increased quantities of imports of an article directly competitive with an

article produced by a domestic industry, *consisting of all the domestic establishments producing such article*. have been the primary cause of serious injury, or the *imminent* threat thereof, to the *establishments* in such industry *accounting for the preponderance of the production of such article*.

The Association also proposes that the following new subsection (subsection 4) should be added to Section 301(b) :

This subsection shall not apply to any imported article that is subject to quantitative restrictions imposed by or pursuant to any provision of law.

We strongly urge the adoption of a new subsection (h) in Sec. 301, which would require a public demonstration of the fact that a price must be paid for every escape-clause action, and that a number of disadvantages must be taken into account in deciding whether or not to take such action, for example, the probable increase in prices to U.S. consumers, and the potential loss of export volume to U.S. firms.

AFL-CIO

In favor of the Administration's proposals for a workable adjustment assistance policy, which would provide for findings of injury by the President, with the Tariff Commission supplying factual information. In this connection, we suggest that the relationship of injury to a decline in U.S. production be fitted into the escape clause and other adjustment assistance provisions.

Joel B. Dirlam, University of Rhode Island

If someone is unemployed through imports, if we can show there has been an increase in imports and someone has lost his job, then he should be aided.

U.S.-Japan Trade Council

The council supports H.R. 14870 escape clause provisions, with some changes as follows: (1) Concerning the relationship between tariff concessions and industry escape-clause relief, change the word "major" to "substantial;" and (2) include more relaxed standards for adjustment assistance where individual firms and groups of workers have been injured.

Greater Minneapolis Chamber of Commerce

Favors the proposals which would make both the escape-clause and adjustment assistance provisions operative without the necessity of showing that the increase in imports must be related to prior tariff reduction.

Retain the provisions of the present Act which require Presidential review of tariff adjustment decisions under the escape clause. The requirement for periodic review will help guard against the inherent dangers of indiscriminate use of this form of relief to prolong the adjustment process or to encourage inefficient industrial or uneconomic production.

Industrial Union Department, AFL-CIO, and International Union of Radio and Machine Workers of America, AFL-CIO

The President's call, in his November trade message, for easing the qualifications for relief to industries under the escape clause and for workers assistance is encouraging, but inadequate. More effective ad-

justment assistance should be provided for all workers displaced by a rise in imports, if the rise is a major or significantly contributing cause.

The Nation-Wide Committee on Import-Export Policy

The Nation-Wide Committee is opposed to this section of the bill. While the bill provides some relaxation of the adjustment assistance provisions and industry relief provisions of the TEA of 1962, it is not sufficient, mainly because it represents the view that inability of the U.S. industry to compete with imports results from relative inefficiency.

The Cooperative League of the United States of America

The measures for granting relief and assistance to the deserving industries, firms, or workers should be carefully judged to avoid political log rolling and narrow sectionalism.

Chamber of Commerce of the United States

While supporting the change in the "escape clause" criteria from "major cause" to "primary cause," the chamber cautions against use of relief devices to unduly prolong the adjustment process or encourage inefficient industries with resultant uneconomic production. Accordingly, the chamber opposes the proposed removal of the causal link of import inquiry to prior tariff concessions. Such a change the chamber feels could result in misuse of the "escape clause" for trade restrictive purposes and would make the U.S. economy less competitive. The misuse of the "escape clause" could also provoke retaliation.

ILWU

Supports the improvement of adjustment assistance.

International Trade Club of Chicago

Approves the provisions of H.R. 14870 to make adjustment assistance a more practical instrument than it has been in the past. Also, the bill seems appropriate in the easing of the escape clause criteria so it will not operate on too limited a scale. Otherwise, labor and industry are more likely to seek direct legislative action for protection against import competition.

American Association of University Women

The objective of a liberal trade policy is to help industries adjust to competition, not shelter them from it indefinitely. The TA of 1969 offers a liberalization of the escape clause for those industries which suffer from hardship of import competition. It does this without making this relief a permanent crutch for the industries.

National Federation of Independent Business, Inc.

Make adequate provision for relief and assistance to industries, firms, and workers injured by reason of imports as the major factor.

New York Chamber of Commerce

Criteria for adjustment assistance to firms and workers should be liberalized and made more workable, but measures to alleviate the burden of fair international competition should be domestic in nature and effect. This form of relief should not be used indiscriminately. The Chamber is favorable to changing the criteria for injury in "escape clause" actions from "major cause" to "primary cause," again provided the relief is not used indiscriminately.

Trade Relations Council of the United States

Changing criteria for finding of injury under Section 301(b) of TEA from *imports as major cause* to *imports as principal cause* seems to reform this provision but would create a heavier burden of proof on U.S. industries than the present law. Presently industry must show only that 51 percent of injury was caused by imports. Under proposed change industry would have to determine and weigh all factors and prove that imports constitute the largest cause, quantitatively.

Robert W. Stevens, Indiana University

The TEA provides for adjustment assistance to American workers, businessmen and local communities who are injured by competition from imports. Greater use of adjustment assistance should be brought into play now and used liberally until we can put an end to the Viet Nam war and the American inflation, thus opening the way for a strengthening of our trade balance.

Danish-American Trade Council, Inc.

The Council supports the President's trade bill proposals broadening the possibilities for escape clause relief in the event that severe injury is proven in a Tariff Commission case; and broadening the availability of adjustment assistance to U.S. companies and workers on whom imports have had an undue impact.

National Council of Farm Cooperatives

Procedures for adjustment assistance should be liberalized to provide for more effective and prompt relief. The Council expresses great concern over past restricted interpretation of Congressional intent in this regard.

National Grange

Favors giving more government assistance to industries damaged by imports.

Swiss Union of Commerce and Industry

Some of the proposals to facilitate the application of the United States escape clause may go beyond the provisions of Article XIX of the GATT. The implementation of Article XIX of the GATT is a matter of domestic law in the United States. We would hope, however, that the principles of Article XIX would be the touchstone of any U.S. action in regard to the escape clause and that realistic standards will be enacted.

C. ELIMINATION OF AMERICAN SELLING PRICE VALUATION

1. GOVERNMENT OFFICIALS

The Special Representative for Trade Negotiations

The elimination of the ASP system of customs valuation is an essential first step in the direction of a sustained and serious effort to reduce non-tariff barriers to trade. The ASP system is an obsolete, unfair, and an unnecessary provision of our present law which places an altogether disproportionate burden upon our ability to seek fair treatment and to advance our own proper commercial interest

abroad (see Mr. Gilbert's submission of May 14, 1970 for a fuller discussion of the elimination of ASP).

The Secretary of Commerce

The elimination of the ASP system of valuation would mean that other countries would carry out their programs under the Kennedy Round and move ahead further to reduce their tariffs on imports of certain chemical products. The elimination of the ASP would improve our export possibilities. European government officials view the ASP as a symbol of U.S. intentions to work in the direction of free trade. The Secretary is convinced that efforts to get our major trading partners to examine possible solutions for reducing or eliminating non-tariff barriers will be significantly affected by the decision of the Congress on eliminating or retaining the American Selling Price.

The Secretary of State

The key to progress toward freer trade is elimination of the American selling price system of customs valuation. The repeal of ASP is essential if we are to get on with the business of reducing non-tariff barriers that hurt our exports. Action on this proposal will implement agreements, negotiated during the Kennedy Round, that will provide additional benefits to our chemical industry as well as to the automobile and other industries.

The Secretary of Labor

This Act would repeal the American selling price system of valuation thus carrying out agreements developed in the Kennedy Round and removing one of the major obstacles to a concentrated attack on the non-tariff barriers of other countries.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Organic Chemical Group, American Importers Association

A study of the effects of adoption of the ASP package leads to the following conclusions:

1. Adoption of the ASP Package would result in an increase of approximately \$110 million in the United States net trade balance in chemicals in 1972. This would be a result of increases in chemical exports of \$130 million and chemical imports of \$20 million. If key assumptions are varied other estimates can be obtained; however, under any set of reasonable assumptions it is estimated that increased exports will substantially exceed increased imports. The lowest estimate of increase in net trade balance is \$67 million and the highest estimate is \$153 million, compared with the best estimate of \$110 million.

2. The tariff reductions which would be made by the European Economic Community and the United Kingdom as a result of the ASP Package would increase United States exports primarily in the newer product categories, such as plastics and the "other chemicals" category, and in products made by continuous-process, large-scale plants. The United States will continue to be a major exporter of chemicals, even though the United States chemical industry pays much higher wages than do chemical industries abroad. Low wage

rates are apparently a less significant aid to exports than is a large domestic market.

3. The change in average tariff levels in the United States would be negligible as a result of adoption of the ASP Package. The major effect on United States imports would be the removal of the uncertainty now present because of the ASP method of tariff valuation, in which the duty is based on the "American Selling Price" rather than on "export value" in the exporting country. The ASP method results in uncertainty for the United States importer since the American Selling Price for an individual item can change at any time, and, therefore, the importer is never certain what the duty will be until the goods have been valued by United States customs.

4. Regardless of whether the ASP Package is approved, continued growth in output is expected in all segments of the United States benzenoid chemical industry—the industry which would mainly be affected by increased imports as a result of adoption of the ASP Package. The average growth in production of benzenoid chemicals in the United States is expected to be 45% between 1965 and 1972.

5. Total imports of benzenoid chemicals into the United States in 1972 are estimated to be less than 3% of United States production of benzenoid chemicals, regardless of whether the ASP Package is approved.

6. Adoption of the ASP package would enable the government—rather than the U.S. producer—to have the practical ability to set tariffs on benzenoid products.

Synthetic Organic Chemical Manufacturers Association

The Synthetic Organic Chemical Manufacturers Association (SOCMA) and its 83 member companies, who manufacture over 80 percent of the benzenoid chemicals produced in this country, oppose Title IV of H.R. 14870 which provides for implementation of the "separate package" agreement on benzenoid chemicals.

The competitive position of the U.S. chemical industry in the world market has already declined markedly. Due to increasing competition from low-cost imports and the 50 percent K.R. reductions, chemical companies are being forced to consider supplying at least part of the U.S. market from plants located abroad. The extent to which this is necessary will depend in large part upon the decisions made by the Committee with respect to additional tariff cuts required by the Separate Package Agreement. If this agreement is accepted:

- (1) The rapid rise in imports will force plants to close.
- (2) Workers will be laid off.
- (3) Smaller companies will fold or become distributors for imports.
- (4) Bigger companies will be forced to seek production facilities abroad.
- (5) The decline in the chemical industry's trade balance will be accelerated and will decrease our nation's balance of trade position.

In addition, the separate package exceeds the 50 percent tariff cutting authority delegated by the Congress and contravenes Senate Concurrent Resolution 100, which warned our negotiators not to negotiate with respect to ASP without obtaining authority from Congress in advance.

Tenneco Chemicals, Inc.

We recommend the retention of American selling price valuation. It has not been a deterrent to the growth of imported dye and dye intermediate sales in the U.S. market. To the contrary, our balance of trade in synthetic organic dyestuffs went from a surplus in 1964 to a large deficit in 1969. The dyes and intermediates have already received the maximum 50 percent duty reduction in the Kennedy Round. With the elimination of ASP, this reduction would extend itself to 70 percent, beyond the maximum intent of the Trade Expansion Act of 1962. We recommend a pause to study the effects of the duty reductions under the Kennedy Round before making any further cuts.

Otto B. May, Inc.

We are opposed to the Separate Package proposal because it would have a tremendously adverse impact on our company and because there is no equitable or workable substitute for American selling price valuation. For the products we manufacture, the Separate Package actually provides for an additional reduction of 47.3 percent beyond the 50 percent duty cuts agreed to in the Kennedy Round.

If the Separate Package is enacted, we would be forced to substitute some imported products for those of our own manufacture. Based on current estimates, we would discontinue about half of our current manufacturing operations, which would mean the curtailment of some jobs.

Sherwin Williams Chemicals

The chemical tariff bargaining in Geneva in 1968 did not achieve true reciprocity in the product areas in which Sherwin Williams Chemicals operates. Elimination of ASP will reduce our protection by an additional 25% with no significant compensating export opportunities. Accordingly we urge the Congress to reject passage of Title IV, H.R. 14870.

E. I. du Pont de Nemours and Co. Inc.

We are told that ASP should be eliminated because of its great symbolic importance, but no concrete action by foreign powers is being proposed or sought as a direct response. We fail to understand how the United States, the domestic chemical industry, and duPont will gain should the special agreement be implemented.

United Rubber, Cork, Linoleum and Plastic Workers of America

With respect to amending the TA of 1969, we agree that valuation on the basis of the American selling price leads to anomalies and because of its very nature it cannot be uniform. We can accede to a converted rate of assessment where no reduction of the present rate on imports is envisaged. We further request that the effective date of any adopted converted rates be extended for a period of not less than 3 years from the date of passage.

Aerospace Industries Association

The association endorses any measure to improve the U.S. position in future multilateral negotiations designed to reduce nontariff barriers; e.g., removal of the American Selling Price System.

American Aniline Products, Inc. and Ad Hoc Committee of 11 U.S. Dyestuff Producers

The U.S. dyestuff industry will absorb the heaviest impact of ASP repeal. This industry is highly labor-intensive and very sensitive to import competition. The existing system of import duties has permitted foreign producers to increase their share of the domestic market and the 50 percent cut in duties resulting from the Kennedy Round is likely to increase this import penetration even more. Foreign producers of dyes and pigments already have a competitive advantage over U.S. producers, as shown by the declining share of world exports accounted for by products produced in the U.S. Repeal of ASP and acceptance of the proposed rates would amount to a total reduction in duties equivalent to 66 percent of the pre-Kennedy Round level, and could give the cartel-like European industry the means for making further reductions in the actual duties collected through concerted pricing actions.

GAF Corporation

If the proposed legislation is adopted, it will make it impossible for GAF to continue manufacturing many of its dyestuff and pigment products in the United States. ASP has not hurt the imports of dyestuffs and organic pigments, which have advanced to \$33.7 million in 1968, a 44 percent increase over the previous year. GAF sales, on the other hand, dropped 4.1 percent.

H. Kohnstamm & Co. Inc.

Elimination of the ASP with consequent tariff lowerings of 60 to 80 percent would be more than most of our manufactured line could stand. To us there is no reciprocity at all in the administration's proposal to repeal the ASP. We would suffer great loss and gain very little, if anything.

FMC Corp.

As a chemical manufacturer, FMC produces a number of benzenoid chemicals representing significant dollar values to the company and the community where they are made. It is our conviction that the passage of title IV of H.R. 14870 will increase imports of foreign benzenoid products to the extent they may cause serious economic injury to the U.S. benzenoid industry.

Berncolors-Poughkeepsie, Inc.

We agree that dyestuffs are a unique problem, and feel that for this reason the American selling price should be left as the basis for duty. It is the proper basis of valuation for a tariff that is admittedly protective. It is probably the simplest system to handle from a customs viewpoint; since the duty remains constant as long as the American selling price remains constant. It also means that every importer pays the same duty on the same item of equal strength, regardless of the country of origin.

We cannot presently compete in the world market, except where the goods are specified under the AID program. We feel that ASP must remain in effect if we are to continue to remain competitive in our own domestic market.

The Harshaw Chemical Co.

Adoption of the separate package rates and the elimination of ASP will enable foreign producers to sell many benzenoid chemicals in the domestic markets substantially below U.S. costs of production. This will have a serious adverse affect upon employment prospects at our various plants. It will also result in the loss of city and State taxes and other revenue in these areas.

Klein & Saks, Inc.

After careful examination we have concluded that the acceptance of the "ASP separate package" would provide a net encouragement of imports in relation to exports and worsen further the U.S. balance of trade and balance of payments.

Synthetic Chemical Manufacturers Association and Dry Color Manufacturers Association

An ASP-based tariff is a most-favored-nation tariff in that the same amount of duty is paid irrespective of source. Unlike foreign export value, it does not provide low wage countries with a tariff advantage on top of their cost advantage. Unlike Brussels valuation, which includes cost, insurance, and freight, ASP does not discriminate against a country that is farther away or has discriminatory freight rates. Compared with either export or Brussels valuation, ASP is more certain, more readily ascertainable by all concerned, less subject to manipulation, and more consistent with the purpose of the tariff in offsetting differences in production costs here and abroad. Perhaps the biggest "red herring" that has been raised about ASP is the allegation that by raising prices, domestic producers can raise the amount of duty paid by imports and thereby obtain a competitive advantage. Indeed, the reverse is true. With an ASP duty of 20 percent, a domestic producer would become eight-tenths of a cent less competitive with imports for every cent he raised his price. The reasons for ASP valuation of chemicals are as valid today as when first adopted. The uncertainty as to foreign prices is still with us and Japan actually requires its chemical producers to rationalize production and divide markets. There is nothing wrong with ASP but because it is different, it has become a great negotiating ploy for our foreign trading partners. Criticisms of ASP relating to customs procedures could easily be cured by appropriate amendments to our customs regulations, and we support some procedural change.

Our trading partners were not content that the United States eliminate ASP valuation and reduce duties by 50 percent; they insisted that we further reduce the rates to certain "ceiling rates" which were agreeable to them. With respect to the vast majority of benzenoid chemicals produced in this country, the "separate package" agreement provides for still further reductions in excess of the 50 percent reduction made in the K.R. Out of 61 TSUS items covering specific (benzenoid) products produced in this country, 42 reflect tariff reductions in excess of 50 percent, 23 in excess of 60 percent, nine in excess of 70 percent, and three in excess of 80 percent.

In exchange for our "separate package" concessions, our European trading partners have agreed to release their K.R. "hostage"—they would give us the other 30 percent reduction in their chemical tariffs

which we had already bought and paid for with our 50 percent across-the-board cut in the K.R. Our trade negotiators also claim to have obtained concessions with respect to several non-tariff barriers. They claim to have obtained a concession on automobile road taxes. These road taxes are illegal under GATT, and section 252 of the Trade Expansion Act specifically prohibits our negotiators from paying compensation for removal of such illegal barriers. Another concession is with respect to the Commonwealth preference on tobacco. The Department of Agriculture's own representative testified that there is now a seller's market in the U.K. because of the sanctions against Rhodesia. He admitted that once the British removed these sanctions, our tobacco exports to the U.K. will fall 50 percent irrespective of this alleged concession. Finally, our negotiators have been quite embarrassed by an alleged concession offered by the Swiss. It was hardly a concession and could be more easily interpreted as being a rather unpleasant and unjustified threat against American fruitpackers.

Footwear Group. American Importers Association and American-African Export Co.

(Section 401(b) of the TA of 1969 would authorize the President to enter into a trade agreement removing the ASP valuation on footwear entered under item 700.60). It is the position of the Footwear Group that the ASP should be abolished, but the authorization should leave flexible both the rate of duty and the definition of the products which are involved since it is unrealistic to expect government representatives to negotiate successfully if their position is frozen in advance. The 1968 proposal calls for both a compound rate and a single rate; with the single rate as a floor. All the advantages claimed for both rates are served by the compound rate alone, but a single rate would eliminate confusion. The Tariff Commission's sample reflects duties collected when goods were entered, but most ASP footwear imports are under appeal in the Customs Courts. The authority to negotiate the abolition of ASP should make it possible to use the most recent information available. The definitions prepared by the Tariff Commission would increase the duty to a prohibitive level on footwear with soles of rubber or plastic and fabric uppers, sandals with metal ornaments, shoes with maylar on the upper and snow boots with textile cuffs.

Rubber Manufacturers Association

The current rate of duty on rubber-soled footwear with fabric uppers is 20% based on ASP. Section 401(b) of the TA of 1969 would convert this ASP rate to 20% plus 25 cents a pair, but not less than 58%, based on foreign value, effective no earlier than January 1, 1971.

The Rubber Manufacturers Association cannot support the proposed conversion unless the formula is modified so that 25 cents is changed to 35 cents, the converted rate is applied to footwear containing iron powder and the effective date is extended to not earlier than January 1, 1974.

Our industry is troubled not only by the tremendous volume of imports (24% of U.S. consumption), but also by the continued shift of their source from low-cost producers in Japan to even lower-cost producers in Taiwan, Hong Kong and Korea. The average value of imports from Taiwan is lower than that of imports from Japan, and the effect of 401(b), as presently written, on this trend to imports from

the lowest-cost countries would be an increasingly large volume of canvas footwear entering at duties lower than would be assessed under ASP. 401(b) should not be adopted unless it is modified as we suggested.

Chrysler Corp.

Unless ASP is eliminated our trading partners will attach little credibility to stated U.S. intentions to negotiate on nontariff barriers. ASP should also be eliminated because Belgium, France, and Italy have agreed that if ASP is eliminated they will modify their internal automobile tax system to eliminate the discrimination against U.S. cars.

American Cyanamid Co.

The proposed elimination of ASP will in effect lower the tariff even further on the benzenoid products, and will markedly prejudice continued operation of this essential segment of the American chemical industry. The proposed converted rates cannot maintain equivalency. The basic starting point in the determination of equivalent rates is knowledge of export values, but we have not been able to obtain knowledge of reliable foreign prices of a vast number of products which concern us. By using a single test year and basket clause treatment of a whole host of benzenoids, the tentative converted rates result in lowered basket rates of duty for many items.

Oil, Chemical and Atomic Workers International Union

The Union is opposed to the repeal of ASP until American workers are adequately and justly compensated for losses suffered through trade and tariff concessions and American exports are no longer discriminated against by the unfair use of border taxes, value added taxes and other nontariff barriers to trade.

American Institute for Imported Steel, Inc.

Fulfilling the Kennedy Round commitment to repeal American Selling Price evaluation is a sine qua non to further international negotiations to dismantle non-tariff trade barriers to U.S. trade.

Manufacturing Chemists Association

The prevention of still further reductions on a large number of U.S. products is of significantly greater trade value to the chemical industry and to the United States than the additional 30 percent reduction in certain foreign chemical tariffs which the Agreement offers. The "converted rates" were inaccurate, incomplete, and not equivalent. In many instances, the conversion process resulted in proposing higher duty rates for non-competitive benzenoid products and in proposing rates bearing no relationship to the products caught up in "basket categories". Furthermore, the ceilings provided completely destroy any notion of reasonable reductions.

International Chemical Workers Union

Ever increasing imports from low wage countries pose a greater threat to the American chemical worker than it does to the American chemical industry—they can and frequently do move abroad. Chemical workers abroad earn anywhere from one-half to one-fifth as much as the American chemical worker. The International Chemical Workers

Union and its 110 thousand members strongly supports the retention of ASP for benzenoid chemicals. There is far more justification for eliminating valuation based upon low cost foreign prices, than there is for elimination of ASP valuation which reflects the cost of producing the same product in the United States. Strongly oppose the implementation of the separate package agreement provided for in title IV of H.R. 14870.

Swiss Union of Commerce and Industry

Switzerland, as a nation dependent upon an open, multilateral exchange of goods, services and capital, finds itself particularly sensitive to developments affecting international economic relations. Viewed from abroad, the course of events in the trade field in the United States is alarming. Since the conclusion of the K.R. in 1967, the accomplishments of that negotiation have seemingly been placed in jeopardy; and the forward movement in world trade liberalization and economic progress appears to have ground to a halt. One of the causes for this concern is the failure of the U.S. Congress to ratify the ASP protocol three years after its negotiation.

Almost the entire focus of the opponents of abolition is upon the Kennedy Round negotiation on chemicals. They claim that this agreement is not reciprocal because the United States reduction of duties averaged 43 percent and that of other participants averaged 26 percent. What the opponents of abolition fail to state, however, is that the United States reductions were on a volume of \$440 million in imports from all sources, and the reductions of others were on \$890 million of United States exports. On a weighted basis, which is the usual basis of measuring reciprocity in trade negotiations, United States concessions were worth \$288 million, whereas the concessions of other countries were worth \$463 million, a balance in favor of the United States of \$175 million.

The most important point, however, in measuring the reciprocity of the Kennedy Round negotiation is that the United States retained ASP. This made many United States concessions absolutely meaningless.

The only real measure of the reciprocity of trade concessions is the amount of trade which is released. This can only be estimated by negotiators. The most important factor is not the extent of reduction by the resultant duty levels in relation to cost and market conditions. If the ASP package is adopted, practically all European and U.K. duties will fall to below 12-1/2 percent ad valorem, with most considerably below that. United States duties will average 20 percent with duties at 30 percent for dyes (as against 10 percent in the case of the EEC and 0.75 percent in the case of Switzerland). One should not forget that the second package not only provides for duty reductions, but in some cases also for duty increases. In the case of non-competitive dyes, the nominal as well as the actual rates of duty would be raised to 30 percent from the level of 20 percent (for TSUS Item 406.50) and of 16 percent (for TSUS Item 406.10.) The increase of dye imports from 1967 to 1968 and again from 1968 to 1969 is overwhelmingly due to non-competitive products for which the protection in the form of import duties would be substantially enhanced by the second package.

California-Arizona Citrus Industry

Repeal of ASP can be used to negotiate a reduction in our trading partners' NTB's.

Automobile Manufacturers Association, Inc.

The provisions of H.R. 14870, including especially those relating to the issue of American Selling Price, can enhance the position of the United States in a continuing pursuit of the removal of remaining international trade and investment restraints.

American Importers Association

The ASP method results in uncertainty for the U.S. importer in that the ASP for an individual item can change any time, and the importer is never certain what the duty will be until the goods have been valued by the U.S. Customs. The situation has become even more unfavorable for the importer since the U.S. Customs Court recently held that ASP must be applied to an importation of an article where the domestic manufacturer—though incapable of delivering the goods or satisfying an order—names a price that he would charge were he able to sell the product. In a period of widespread concern about inflation, it is particularly unfortunate that U.S. tariff laws promote inflation by encouraging domestic producers to raise prices which in turn forces an artificial cost increase in imported chemicals.

The association supports elimination of the American Selling Price system of valuation. In doing so the United States would carry out the Supplementary Agreement to GATT in 1967 and make clear to the world that the United States is sincere in its desire to eliminate non-tariff barriers to American exports.

3. GENERAL WITNESSES

National Foreign Trade Council, Inc.

The Council recommends that the Congress act to eliminate ASP and that such elimination be effective at a time and under such conditions as, in the view of the Congress, will demonstrate support for continuing initiatives by the United States and other countries to achieve trade expansion through international agreements for the reciprocal reduction or removal of non-tariff barriers.

Caterpillar Tractor Co.

Caterpillar has long been among those urging elimination of ASP

American Retail Federation

The elimination of the American Selling Price would trigger further liberalization of trade already negotiated under the Trade Expansion Act of 1962. The President also said he would welcome a statement of Congressional intent with respect to non-tariff barriers to help negotiate the reciprocal reduction of such barriers.

Committee for Economic Development

ASP should be repealed as a first step toward a sustained effort to reduce nontariff barriers to trade which would enable the United States to take the initiative in negotiations to bring a general reduction in such trade barriers. By removing ASP the conditional concessions granted to the United States in the Kennedy Round would

be realized. Perhaps the most important objection to ASP is that the foreign producer and the American importer often do not know at the time the merchandise is shipped to the United States what the import duty will be.

U.S. Council, International Chamber of Commerce

The council strongly supports abolition of the ASP method of Customs valuation. ASP results in extraordinarily high protection for a number of the items to which it applies and can operate as an absolute prohibition to competition, ASP has become in Europe eyes a symbol of protectionism.

Greater Minneapolis Chamber of Commerce

We recommend the repeal of ASP without regard to the reciprocity of the concessions gained because, by so doing, the Congress and Administration will serve notice on the world that the United States intends to assume a role of leadership in exerting pressure for the removal of non-tariff barriers whether they hinder or protect American business.

International Economic Policy Association

European countries have taken no steps to implement changes they were to make in return for repeal of ASP. The United States should not eliminate ASP as a unilateral gesture, but instead should retain it for use as a bargaining tool in obtaining useful concessions by the EEC, the United Kingdom, Japan, and other countries having non-tariff trade barriers operating against the United States.

League of Women Voters of the United States of America

The American Selling price system of custom evaluation should be eliminated. ASP is obsolete, unfair, and unjustified. Elimination of ASP will benefit the American consumer who will pay lower prices, the U.S. chemical industry through European tariff cuts, and the American wage earner through increased jobs and higher wages that will result from expanded export opportunities.

German-American Chamber of Commerce, Inc.

Favors the elimination of ASP as an essential first step in the direction of a sustained and serious effort to reduce nontariff barriers to trade. ASP elimination will bring U.S. Valuation System more in harmony with the internationally accepted Brussels System.

British-American Chamber of Commerce

The American Selling Price system is viewed by our principal partners as a symbol of American protectionism and its elimination is desirable in the interests of removing trade barriers.

Greater Detroit Chamber of Commerce

The Chamber fully supports removal of ASP and the conversion of the current effective duty rates on the normal assessment basis.

Farm Bureau

Favored as a move toward freer trade.

American Association of Port Authorities

It is in the national interest to remove the obsolete symbol of U.S. protectionism in the form of the American Selling Price system of

valuation in return for reciprocal concessions on non-tariff barriers to U.S. exports.

National Farmers Association

We are convinced that the unusual benefits which have been granted to the chemical industry by ASP are unjustified.

AFL-CIO

AFL-CIO is opposed to repeal of ASP. No tariff-cutting authority, beyond the authorization of the Trade Expansion Act of 1962, should be approved if there is any change in the methods of valuation of imports, such as ASP.

The Nation-Wide Committee on Import-Export Policy

The repeal of ASP is opposed; moreover, a possible extension of ASP to some other industries appears to be merited.

Committee for a National Trade Policy, Inc.

Significant progress cannot realistically be expected in non-tariff barrier negotiations unless we get rid of this particular restriction.

ILWU

The repeal of the ASP would demonstrate our good faith in seeking to lower trade barriers.

Commerce and Industry Association of New York

The American selling price basis for customs valuation should be eliminated.

Emergency Committee for American Trade

Urged because it provides unjustified privileged treatment to limited industries and prevents reduced tariffs and tariff barriers on U.S. chemicals, automobiles, and tobacco by other countries.

Chamber of Commerce of the United States

The chamber supports repeal of ASP but with the stipulation that the Congress develop a substitute approach of a truly equitable nature involving (a) conversion to the regular tariff system or (b) renegotiation of concessions meaningful to the affected industries, or a combination of the two.

United States-Japan Trade Council

The council supports the elimination of ASP as provided in the Administration's bill. Abolition of ASP would create greater export opportunities for the U.S. chemical, automobile, and tobacco industries.

International Trade Club of Chicago

The general atmosphere for international trade would be improved by removal of ASP. We believe the United States should work in mutual agreement with other countries toward the removal of non-tariff barriers.

Council of the City of Reading

The Council favors retention of the ASP to protect dye-stuff producers. Existing tariff cuts already have increased the trade deficit in dyes from \$3 million in 1967 to \$30 million in 1969.

National Council of Farm Cooperatives

Removal of the ASP system as applied to tariffs on certain U.S. chemical imports would be helpful, but trade negotiations should point up the fact that Europe's variable levies on U.S. farm exports are more inequitable than the ASP principle.

National Canners Association

It is a paradox of trade policy that the United States consented in the Kennedy Round to recommend repeal of the American Selling Price while apparently ignoring the Community Selling Price—the variable levy.

National Grange

The ASP stands as a major stumbling block towards better U.S. relationships. American chemical giants do not need this heavy protection. American agriculture needs lower prices on pesticides, herbicides, and fertilizers.

New York Chamber of Commerce

A majority of the Committee on Foreign Commerce and Affairs of the Chamber favors abolishment of ASP valuation. The infant industry rationale for setting up this system no longer exists and its abolishment would allow the United States the benefits of the "ASP package" negotiated in the Kennedy Round—reduced duties on chemicals and concessions regarding automobiles, tobacco, and processed food products by other industrialized nations. Retention of ASP is inconsistent with efforts to eliminate other non-tariff restrictions on imports. While considering this matter Congress should give consideration to impact of tariff and non-tariff barriers in other industrialized nations which impede their imports of benzenoid and other chemicals.

D. FOREIGN IMPORT RESTRICTIONS AND OTHER DISCRIMINATORY ACTS

1. GOVERNMENT OFFICIALS

The Special Representative for Trade Negotiations

The task of dealing with non-tariff barriers will require much detailed negotiations and hard bargaining. For these reasons, the President has stated he would welcome a statement of Congressional intent with regard to non-tariff barriers. Such an expression would greatly strengthen our efforts to come to grips with the many problems in this area and, eventually, to secure reciprocal lowering of such barriers.

Under Sec. 252 of the Trade Expansion Act of 1962 we now have unlimited authority to impose duties or other import restrictions when our agricultural exports are unjustifiably restricted. There is no reason why this power should be confined to agricultural products; it should apply to industry goods as well. Expansion of authority under this section will be useful in dealing with the problem of meeting unfair competition in third-country markets, where a competitor's product, for example, may be enjoying an advantage over our exports which is not justified.

The Secretary of Commerce

The proposed Trade Act provides two means of strengthening the President's hand in seeking an end to certain foreign practices that unfairly impede U.S. sales abroad. The Presidential authority to take action against countries which maintain unjustifiable import restrictions on U.S. agricultural products would be extended to cover non-agricultural products. Also the President would be granted authority to take appropriate measures in cases where subsidized exports to third-country markets unfairly affect competitive U.S. exports in those markets as a result of that subsidization.

The Secretary of State

We must ensure that other countries follow an open policy, permitting us to export as freely to them as they to us. The dismantling of trade barriers has been and must continue to be a reciprocal effort.

The Secretary of Agriculture

Unreasonable trade barriers have been set up by the EEC and various individual countries (including to some extent the United States) against free movement of agricultural products. Trade barriers such as the variable import levies used by the EEC effectively keep U.S. farm products from competing in the protecting countries. Furthermore, artificially stimulated production often piles up as commodity surpluses, which the protecting countries try to dispose of abroad by subsidizing exports into overseas markets that traditionally purchased U.S. products. Thus, subsidized Danish poultry competes with U.S. poultry in such markets as Switzerland, Greece, the Middle East, and other areas. Japan imposes quantitative restrictions on a number of agricultural products, some of which are essentially non-competitive with Japan's domestic production.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Zenith Radio Corp.

From the standpoint of the industry the ideal solution would be to set tariffs on imports into the U.S. at ± 1 percent based on the CIF landed cost into the U.S.—or even as low as 15 percent, if the Japanese tariffs go to that point in the next few years. The purpose of such tariffs would be to moderate the rush by U.S. producers to establish plants overseas, and to slow down the rate of increase of Japanese imports, without depriving the Japanese of full access to our markets on a fair basis. Those tariffs would, of course, be equal to the ones imposed on our electronic components by Japan.

As a long range solution, import quotas have many built-in problems, but in the short run imposition of such quotas would give our government the muscle and the authority to force a rationalization of our trade with Japan.

Office Machines International Institute

Mexico will not give import licenses to American typewriters unless they are special models not made in Mexico.

Society of the Plastic Industry, Inc.

The fundamental rules of fair play dictate that the President should have the ability to take retaliatory action against discriminatory acts

with respect to all commodities. Exercise of this power should be authorized without regard to whether the United States is competitively disadvantaged here or in some other third country market. The Society strongly supports Sec. 203 of H.R. 14870.

Maestro International Industries, Inc.

Urges private interest to work closely with government in seeking the removal of trade barriers.

Aerospace Industries Association

AIA believes that the President should be able to impose duties or other import restrictions on products of any country discriminating against any class of U.S. exports in order to strengthen our nation's ability to negotiate relief from unfair restrictions rather than to take direct action.

Builders Hardware Manufacturers Association

There is little to be gained by the elimination of foreign non-tariff barriers against imports of U.S.-manufactured builders' hardware since wage rate differentials, style differences, diverse standards, and nationalistic tendencies in each small foreign market would continue to affect U.S. exports.

American Iron and Steel Institute

Foreign competitors must be made to realize that further expansion of world trade rests heavily on the establishment of conditions which promote fair trade. In Japan, for instance, import controls, as well as export stimulants, are effectively implemented through both open and hidden rules.

Wang Laboratories, Inc.

About two years ago, Japan restricted the import of electronic calculators. As a result, the corporation was not permitted to export any machines into Japan until early this year, and then only one or two units a month (contrasted to up to 18,000 units a month shipped by Japan to the United States).

Japan has established a 15 percent ad valorem rate of duty on the *list price* of electronic calculators, contrasted with the current U.S. duty of 7 percent ad valorem on *declared value*. The Japanese calculators selling in the United States for over \$1,200 are being imported at a declared value of approximately \$300.

National Fruit Export Council

A matter of major concern is the proliferation of preferential tariff and trade arrangements by which the EEC discriminates against fruit and fruit products of U.S. origin, including those against fresh oranges and lemons, and canned pineapple.

Electronic Industries Association

U.S. producers of electronic products, especially those representing dynamic technology (those characterized by rapid design changes and new products for new uses) find their products barred from many free world markets by quotas, tariffs and other barriers, although the products themselves are readily acceptable to the consumers in those markets.

National Canners Association

The most serious export trade problems confronting the United States canning industry at the present time are the EEC variable levy on sugar in canned fruits, import quotas in France and Japan, and discriminations in Japan and in the EEC against canned foods from the United States. Each of these problems has been an obstacle to canned food exports for a number of years and is well known as such to the Executive Branch. Although the Executive Branch says it will seek to prevent impairment of market access to applicant countries in the EEC, there is no way other than a challenge to the EEC agricultural protectionism to avert a further serious loss of United States agricultural export markets in the event of EEC enlargement. In 1968, U.S. export of canned foods totaled \$129 million, all for cash.

The Association supports legislation to authorize the President to take appropriate action against other nations which use subsidiaries to compete unfairly against United States exports in third country markets.

California-Arizona Citrus Industry

We oppose our trading partners' import quotas, variable levy system, and other NTB's.

General Electric Company

General Electric supports enlargement of the President's authority to move against unjustifiable import restrictions placed on U.S. goods and foreign export subsidies and other incentives placing U.S. exports at an unfair disadvantage in third country markets. Nationalistic procurement policies and practices of foreign governments and government-owned or controlled utilities and power agencies are an important instance. Protected foreign manufacturers can pursue a dual pricing policy and thereby compete unfairly in the U.S. market. The Executive branch should adopt a moratorium on purchases of foreign-manufactured extra-high-voltage power transmission equipment as long as foreign countries maintain exclusionary practices. Section 252 (a) (3) of the TEA should be further amended to provide that exclusion of U.S. products by foreign governments or their instrumentalities shall be an "unjustifiable import restriction".

National Machine Tool Builders Association

The Association strongly supports the elimination of preferential and discriminatory tariffs and nontariff barriers abroad. Also supports authorizing the President to take retaliatory action against imports from those countries that deny U.S. exporters fair access to their markets.

National Electrical Manufacturers Association

Although Britain, some European countries, and Japan reduced their tariffs on large electrical equipment following the Kennedy Round, this action was almost meaningless because the government-owned or government-controlled electric utilities in those countries, with some exceptions in Japan, will not buy from U.S. manufacturers. U.S. government policies of long standing have encouraged imports of foreign-made electrical equipment despite recommendations for reciprocity in government purchasing and regardless of unfair, artifi-

cially low foreign export prices. Unfair international competition in heavy electrical equipment should be dealt with. Ground rules for equal access should be established. For a realistic solution legislative action by Congress is required, but NEMA does not think H.R. 14870 provides solutions for the particular trade restrictions and inequities they face.

Manufacturing Chemists Association

The President should have authority to withdraw concessions or to impose duties or other import restrictions which is not confined just to one segment of our economy in order to offset discriminatory acts on the part of trading partners. We strongly support Sec. 203.

Aluminum Association

We believe that the President's proposal in Section 203 of H.R. 14870 to amend Section 252 of the Trade Expansion Act of 1962 is highly desirable. Section 203 permits the President to impose additional duties or other import restrictions on the products of any foreign countries which maintain unjustifiable restrictions against United States products.

International Apple Association, Inc.

The delayed seasonal entry dates into Sweden and Norway are, we are told, in violation of GATT, and yet our Government has failed to even take the first step toward a solution.

3. GENERAL WITNESSES

Greater Detroit Chamber of Commerce

The Chamber endorses authority for the President to impose duties or other important restrictions on products of countries which impose or maintain unjustifiable restrictions against U.S. trade.

Farm Bureau

Particularly the EEC variable levies and other European trade barriers—should be removed; the U.S. in turn, should reduce its domestic farm programs interpreted by EEC countries and by Shuman to be an export subsidy.

ILWC

Trade restrictions, despite possible short term protection, will hurt all workers in the long run.

League of Women Voters of the U.S.A.

The United States should induce others to remove their import restrictions and to open their markets to our exports and also to open their markets to goods from other countries.

The National Farmers Organization

We now note with some concern the suggestions in the "TA of 1969" to put this in the hands of the President for his assignment to any area where he chooses. Trade negotiations should be assigned to the Special Trade Representative and not assigned to separate members of the Cabinet. We would support legislation to make it easier to prove damage to the domestic industries, including agriculture.

American Association of Port Authorities

It is in the national interest that the credibility of U.S. negotiators be reinforced in their attempts to effect the removal of foreign nontariff barriers through Congressional declaration on this issue. Unfair trade practices should be removed.

American Importers Association

The association generally supports amendment of Section 252 of the TA of 1962.

The association urges that sections 252(a)(3) and 252(b) be amended to include the following statement at the close of the indicated subparagraphs: "Such action shall be consistent with the international obligations of the U.S. and in conformity with the General Agreement on Tariffs and Trade."

National Foreign Trade Council, Inc.

The Council endorses the proposed amendment of Sec. 252 to extend the authority of the President to impose duties or other import restrictions on the products of any nation that places unjustifiable restriction against U.S. products, and to provide new authority to take appropriate action against nations that practice what amounts to subsidized competition in third-country markets, when that subsidized competition unfairly affects U.S. exports.

Caterpillar Tractor Co.

We believe it is important to provide the President with retaliatory powers against the products of a nation that places unjustifiable restriction on *any* U.S. product, and authority to take appropriate action against nations that subsidize competition in third-country markets in any way that unfairly affects U.S. exports.

Many countries which compete with U.S. exports in third-country markets provide their exporters with a variety of export tax incentives. Through one device or another, many countries tax export sales income at lower effective rates than other income. It is common for foreign governments, directly or indirectly, to assist in financing exports (including working capital and receivables) at rates considerably lower than available to the U.S. exporter.

Committee for Economic Development

If foreign competitive advantage in a product stems from interference by business cartels or government, such unfair competition should not be permitted to destroy the domestic industry. Should removal of nontariff measures be not obtainable through negotiations, the United States should impose compensatory restrictions with provisions for their elimination when agreement can be reached.

Emergency Committee for American Trade

Offers cooperation of industry in the program to reduce trade barriers through relations with members of industry in countries practicing restriction: favors a series of agreements assuring a "fair competition policy" including areas like subsidies, bidding on Government procurement, safety of products traded internationally and safeguards against undue damage to the environment.

British-American Chamber of Commerce

It would be helpful, as the President has suggested, to have a clear statement by the Congress of its attitude with regard to non-tariff barriers. Such a statement could only prove constructive. Other countries should be encouraged to reduce non-tariff barriers to trade.

United States-Japan Trade Council

In spite of continued criticism in this country of Japan's import restrictions, U.S. exports to Japan during the past ten years have nearly tripled, and have increased more during that period than U.S. exports to any other country.

Japan currently restricts "voluntarily" a wide range of exports to the United States. In addition, Western European countries maintain numerous discriminatory restrictions aimed solely at Japanese exports. European discrimination is gradually being reduced, but the Japanese are concerned about current U.S. moves in the direction of greater restrictions.

U.S. Council, International Chamber of Commerce

Unfair competition should be countered and eliminated from the international trading scene. However, the present GATT rules if fully used do provide some protection against such acts. We would welcome a commitment by the Administration that the amendment of Sec. 252 would be used only in conformity with GATT. We hope that Congress in any amendment to Sec. 252 would spell out the criteria for its use.

Chamber of Commerce of the United States

The chamber supports giving the President authority to restrict imports from countries discriminating against the United States. Where the President is unable by negotiation to cause other countries to halt unjust restrictions on U.S. exports, he must have the power to redress such practices promptly, firmly, and effectively. This provision of the trade bill emphasizes a tougher U.S. trade stance but one that is far more flexible and reasonable than quotas.

Industrial Union Department, AFL-CIO, and International Union of Radio and Machine Workers of America, AFL-CIO

The trading rules are rigged against the United States. Our markets are open, but markets in countries like Japan are closed to us. Equal treatment ought to be demanded, with exceptions granted only to developing countries.

National Grange

Favors the removal of foreign NTB's.

National Council of Farm Cooperatives

Of overriding concern is the EEC's variable levy principles applied to many of its agricultural imports. This should be subject to negotiation or at least not be extended further to Great Britain.

E. U.S. CONTRIBUTION TO THE GATT

1. GOVERNMENT OFFICIALS

The Secretary of State

This Act will authorize our necessary financial support of the GATT, which is the main forum through which our international trade relationships are conducted.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Aerospace Industries Association

The Association supports direct authorization of funds for U.S. participation in GATT because such a funding policy would underscore our recognition of GATT's effectiveness as an official forum for international trade negotiations.

Maestro International Industries, Inc.

Supports specific authorization for the funding of U.S. participation in GATT.

3. GENERAL WITNESSES

League of Women Voters of the United States

Trade legislation this year should provide for the regularized authorization of the U.S. share of the expenses of the GATT. It is time the U.S. give full support to this valuable international instrument. Contracting nations are more and more dependent on this body as the forum for working out trade agreements.

Emergency Committee for American Trade

Favors financial support as resulting in fairer treatment of U.S. trade.

British-American Chamber of Commerce

The request for the funding of U.S. participation in GATT is highly desirable.

American Importers Association

The Association supports section 202. For too many years our share of GATT expenses has been acknowledged only as a part of the budget of the Department of State and not as a separate item.

Greater Detroit Chamber of Commerce

It is long overdue that the U.S. participation in GATT be regularized.

International Economic Policy Association

There should be no separate authorization for funding the GATT, because the GATT needs to be revised before it is sanctified by means of a separate authorization.

U.S. Council, International Chamber of Commerce

The council supports authorization of annual appropriations to finance the U.S. contribution to the GATT's budget. The importance of GATT to the international trading community and to the United States in particular seems beyond question after more than 20 years of experience, and our participation in it should be regularized.

International Trade Club of Chicago

We believe it is desirable for the United States to pay its share of the GATT expenses through appropriations in an orderly, open way.

ILWU

Supports the funding of American participation in the GATT.

National Foreign Trade Council, Inc.

The Council also favors specific authorization for the funding of U.S. participation in the GATT.

New York Chamber of Commerce

Annual appropriation to finance the U.S. contribution would regularize U.S. participation and have the psychological effect of giving Congressional recognition to an agreement which has proved beneficial.

II. IMPORT QUOTA PROPOSALS AND SIMILAR PROPOSALS TO RESTRICT IMPORTS

1. GOVERNMENT OFFICIALS

The Special Representative for Trade Negotiations

The introduction of so many quota bills in the Congress is the result of a lack of confidence in the "escape clause" mechanism as a way of handling the import problems through the administrative process.

The Secretary of Commerce

The Administration has not been able to negotiate a textile agreement with Japan at this time. In the absence of agreements with key exporting countries, the only means presently available for solving the textile problem is the legislation before this committee. The Administration supports the textile quota proposal contained in H.R. 16920 with the provision that in all cases, negotiated agreements with other countries would supersede the quota provisions. There are additional amendments, stated below, which the Department would propose to the bill. The Administration does not support the provisions of H.R. 16920 relating to footwear and believes that the footwear problem can be dealt with through adjustment assistance and escape clause actions.

Voluntary agreements are permitted under our international agreements, such as the GATT, without penalties applied. At any time that we use legislative force or other unilateral type of action, there is a right, under those agreements, for the other countries to take equivalent action against our goods. It is always more advantageous to find a voluntary solution: voluntary solutions would be much easier to find if there were an existing alternative that might be applied in the absence of the voluntary solution.

With respect to the textile provisions of H.R. 16920 several aspects of these provisions should be modified. The definition of "textile articles" is too broad, and the quota provisions do not distinguish between disruptive and non-disruptive imports. The definition should be revised to exclude man-made staple fiber and filament, and silk products. Man-made fiber materials are products of the chemical industry rather than the textile industry.

Silk products are imported in relatively specialized areas and in small quantities. As a general proposition they do not substantially compete with American manufacturing.

As presently drafted, H.R. 16920 would require the imposition of quotas on imports which we feel are not disruptive to the U.S. market, unless such agreements were negotiated. Countries exporting such goods should not be confronted with a situation in which the trade in such non-disruptive articles must be reduced or subject to negotiation. Accordingly, we would propose the addition of language authorizing the waiver of quotas in situations where findings are made that the imported articles are not causing or threatening disruption of the domestic market.

The Secretary of State

The Congress should defer action on H.R. 16920, which bill would place quotas on imports of textiles and leather footwear, because alternative means (namely, voluntary quotas for textiles and undisclosed measures for the footwear industry) now being pursued in the Executive Branch will provide necessary relief without the need for legislation that might bring harm to other parts of our national economy.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

SCHEDULE 1. ANIMAL AND VEGETABLE PRODUCTS

Fur skins

National Board of Fur Farm Organizations

Supports passage of a quota on imports of mink fur skins. The mink pelt market today is in complete disarray. Both prices and output have declined substantially in recent years. The conditions of the mink farming industry in Scandinavia makes it evident that the United States must regulate imports. It is generally conceded that due to labor costs and costs of feed ingredients, U.S. ranchers' costs of production are considerably higher than those of the Scandinavian producers. The American producer is being forced out of the marketplace because he cannot compete on a cost basis.

Unless some relief is secured from excessive imports, the time is just approaching when ranchers will be forced to reduce their employment of dependable and well-trained people. The purchasing power of mink ranchers is beneficial to the national economy.

Mink ranchers are losing about \$4 on every pelt produced. They have done all they can for themselves by cutting costs, advertising their product, and improving marketing conditions without decisive results. Ranchers need an import quota of 30 percent of U.S. consump-

tion and they support passage of H.R. 153 and 148 in an amended form.

An International Conference in 1970 to try to work out a voluntary agreement helpful to both U.S. and foreign producers was a complete failure. The Scandinavians were unwilling to consider anything that would reduce their shipments to the United States.

H.R. 148 and H.R. 153 are 2 bills of 46 bills which, if enacted, would restrict imports of mink furskins. Imports, peaking in 1966, broke the back of the domestic ranching industry by sheer oversupply. Often undesirable mink pelts were used as trim on fur garments of mediocre design and craftsmanship, giving mink a bad name. Since that time the consumer has become cautious of wearing mink and consumption has fallen by more than 25 percent.

Auction prices have fallen far below the cost of production; they are now about \$11 per furskin. Huge quantities of mink pelts never reach the point of a bid at auction. About 1,000 ranchers have ceased operations since June 1968 and domestic output has declined over 30 percent.

Failure to erect import controls will only hasten the day when foreign production will literally "dump" its excess mink pelts on a badly weakened U.S. market. That day could be just around the corner, and if it comes, total annihilation will end American mink ranching for good.

American Fur Breeder

H.R. 148, introduced by Representative Burke, or H.R. 153, introduced by Representative Byrnes, should be amended slightly and passed. Rather than allow 40 percent of consumption to enter duty-free as the bills propose, the allowable free entry should be reduced to 30 percent or less. The Burke-Byrnes legislation, slightly amended, appears to be the best and most practical measure for salvaging the livelihoods of some 2,000 American rancher businessmen.

An import quota will not be a prompt cure for the industry's ills. There are now other seriously adverse factors in the mink market of which we are all aware—high interest rates, etc. However, a quota would provide immediate hope for better years ahead. It would enable domestic producers to rebuild their lost market.

As an alternative to a 30 percent quota on duty-free imports, Congress might wish to consider transferring the tariff which still exists on silver fox to mink. The duty will be 18.5 percent ad valorem in 1972.

Joint Board, Fur, Leather, and Machine Workers Union and Furriers Joint Council of New York

Import quotas on raw mink furskins would have a disastrous effect on an industry already hard hit by economic crisis. The economic health of the fur industry depends upon the health of all of its component parts, and no segment can prosper while the others suffer. With the exception of the ranchers, all segments of the industry are united in their opposition to the imposition of quotas.

Any effort to attain a mink import quota on the bills aimed at protecting the textile and shoe manufacturing industries and their workers should be rejected.

The Albert Woodley Co., Inc.

Protection in the form of an import quota is the only way to save the American mink farmer from extinction. The Emba Mink Breeders Association has lost more than 4,000 ranchers who have been forced out of business by the vast quantity of imports from foreign lands which are sold at a price on which the American rancher cannot subsist.

The Albert Woodley Company has had the Emba advertising account for 27 years. During this period some \$20 million was spent to promote American mink as a prestige item of fashion. Imported mink, much of it inferior in quality, has tarnished the prestige mink image built by domestic ranchers' funds.

MacArthur Farms

This year for the first time, U.S. ranchers are selling the 1969 crop of mink pelts at prices far below the cost of production. U.S. ranchers can never compete cost-wise with the foreign competition, and the imports have now dropped to the lowest level in many years because the market which these foreigners destroyed is no longer so attractive to them.

The high quality advertising and promotional campaigns of domestic ranchers were well rewarded until their competitors from Scandinavia proceeded to dump such huge quantities of inferior mink pelts into the New York market that the American-built mink image was suddenly damaged.

Ranchers seriously request Congressional help now before the American mink business becomes history.

American Fur Merchants' Assoc., Inc.

Imports have decreased more than 50 percent in recent years—a situation which negates any requirement for legislative relief. New trade legislation will undoubtedly be adopted by the Congress this year which will relax the rules under which adjustment assistance and escape clause relief may be granted. Adjustment assistance may well solve the problems of U.S. ranchers. Legislative quotas are impossible to establish and administer in an industry such as this involving volatile changes in economics, fashion, and style.

The merchants are opposed to passage of any mink quota bill, including H.R. 17198 and H.R. 17423. A limitation on imports in the form of embargo rate duties or quotas would result in the demise of the U.S. fur industry as a major fur center of the world.

The fact is that while ranchers are having a difficult time, it is the shortage of disposable income which now, as in the past, has largely caused troubles in this luxury industry.

Ross-Wells, Inc.

Supports passage of H.R. 148 or H.R. 153 because Ross-Wells, like mink ranchers, is fighting for survival. This company, which processes mink food, has equipment which cannot be utilized in any other business.

Ralston Purina

Supports bills which would limit imports of mink furskins to 30 to 40 percent of U.S. consumption. A reduction in the number of sup-

pliers to the mink industry has been caused by a reduction in the number of ranchers and reduced output. A mink rancher will invest about \$7 in feed and \$2 in supplies annually for each mink raised. Therefore, a reduction of 1 million pelts results in a loss of income to the feed suppliers of \$7 million and to other suppliers of \$2 million. In the past 5 years annual output declined from 8.0 million to 3.5 million pelts.

The mink industry is approaching disaster and the psychological effect of passing a quota bill would breathe new life into the industry, resulting in more young people going into ranching as well as support for more research in techniques to reduce costs in raising mink and improving quality.

Walter G. Taylor

Urges passage of H.R. 148, H.R. 153, or H.R. 17491. Mink pelts are selling for less than the cost of production. Mr. Taylor's losses during 1968 and 1969 were in excess of \$100,000. The primary and greatest blame for the decline of the mink ranching industry is excessive unrestricted imports.

Through the years U.S. ranchers have sold and promoted mink as a prestige luxury item. The market has been flooded with low-grade pelts. The sale of a luxury item is largely psychological and has an unusual relationship with supply and demand. The desirability of mink among women has been due in a larger part to scarcity bolstered by fine quality and beauty. A high price is a definite positive factor here.

Mink output is decreasing rapidly in the United States and increasing in Scandinavia. When the economy slackens in Europe they will again turn to the United States market and unless we enact some quotas we will be completely inundated with unprecedented imports. Without import controls, U.S. mink ranching will disappear as a viable industry.

Larry Moore

If the United States does not put a limitation on excessive imports, the domestic mink industry will be dead by the end of the year. Supports bills which limit imports to 30 to 40 percent of U.S. consumption. What mink ranchers are asking for is practically free trade.

A limitation on imports would provide a sound basis to start to build the market and image back with advertising and merchandising. Never again would imports ruin ranchers by fast expansion.

Kellogg Company

Ranchers are forced out of business due to low cost foreign competition and the Kellogg Company loses feed customers. On top of this we are forced with rising costs, increased labor costs, and increased freight rates. This in the face of a declining price for mink skins makes it hard to do business on a profitable basis.

Ranchers are finding it more difficult to secure the necessary financing to pay their bills and to have operating capital. One large auction company is no longer providing financing. This opens the door to further foreign competition in this field.

Unless we receive some protection in the way of an import quota the mink business as we know it in the United States will go by the board. We need help and we need it now.

Hon. Warren P. Knowles, Governor of Wisconsin

The Governor is aware of the plight that Wisconsin mink ranchers are presently in as a result of the flood of imports which are now competitive in the American markets. Since the cost of production exceeds the selling price, it is clearly obvious that American mink ranchers, unless given some relief by the Federal Government, will shortly have no other recourse but to go out of business or declare bankruptcy.

The Governor hopes that consideration is given to the testimony presented by Wisconsin mink ranchers and that appropriate legislation or other protective measures are provided so that the important mink industry may survive.

Association of Fur Farm Supplies, Inc.

Supports passage of H.R. 148 or H.R. 153 so as to protect domestic mink producers. In addition to producers, these are some 1,500 suppliers and processors to the mink industry who are totally or in major part dependent upon the economy of the domestic mink industry.

Fur Dressers's Bureau of America

To impose restrictive quotas at this time on an already overburdened and depressed industry would unjustly cripple and irreparably harm the fur dressers who are struggling to survive. Three New York dressers have gone bankrupt or ceased business operations since 1967. The reason for this drastic change has been due to a tight money market, lower prices, restrictive credit policies, and most significantly, a severe decrease in the number of mink skins available for processing. The numbers of mink pelts dressed declined by a third between 1968 and 1969; 1970 dressing levels are 30 percent behind those in 1969.

In order for the fur industry in this country to survive, there must be free, open, and unfettered competition. Any quotas on the importation of raw mink pelts will sound the death knell for the American fur dressers.

Charles H. Low

Supports passage of H.R. 148 or H.R. 153. The record high imports in 1966 broke the American market, forcing U.S. producers to sell their pelts below the cost of production. The domestic market has continued to deteriorate steadily in recent years and the number of U.S. ranchers has declined from 7,200 in 1962 to 2,400 in 1969.

Foreign producers have sold 75 to 80 percent of their 1969 crop while U.S. producers have sold about 50 percent. U.S. prices in 1970 are 30 percent below last year's level, averaging about \$9 per pelt take-home price to the rancher. This represents a loss of \$5 to \$7 on each pelt sold.

The entire industry faces ruin, taking with it suppliers of feed, equipment, and other supplies. The New York Auction Company, one of the two major auction outlets, has announced it will make no more production loans to ranchers and will phase out its auction operation later this year. Banks are refusing further credit and are calling loans that cannot be paid.

U.S. ranchers find themselves in a tragic situation through no fault of their own. They are the victim of an unfair and inconsiderate trade policy.

Meats

American National Cattlemen's Association

Basic law (P.L. 88-482) was and is needed but it needs the strengthening amendments set forth in H.R. 17540. These amendments would (1) make quotas quarterly, (2) include canned, cooked, and cured, (3) change the base period, (4) include military offshore purchases, (5) eliminate the 10 percent override. The changes would permit better planning on the part of domestic and foreign producers.

Milwaukee Sausage Co.

Favors removal of the restrictions on imported beef currently imposed by Public Law 88-482. Meat suppliers need adequate supplies of lean beef, which the domestic producers have been unable to supply in sufficient quantities; therefore, production of processed meat has suffered. High prices of lean beef and beef products result directly from import restrictions.

National Livestock Feeders Association

Favors the passage of H.R. 17540 which would tighten up P.L. 88-482 by putting absolute ceilings on meat imports and place these ceilings on a quarterly basis. They also favor placing import ceilings on many other commodities in order to preserve a just share of our domestic market for U.S. industries. In addition to meat they feel that steel and glass or other manufactured products need such import ceilings.

National Restaurant Association

Our members do not import meat. We are here as interested consumers of meat, specifically beef, because beef is the central issue in this matter. Over 90 percent of all imported meat is beef. The target of lower quotas is beef.

The Meat Import Quota Act of 1964 (Public Law 88-482) limits meat imports to approximately 6.7 percent of domestic production. For the past five years, U.S. imports of beef have averaged 5.5 percent of domestic production. A Subcommittee of the House Government Operations Committee held hearings on meat prices in October 1969 at which time consideration was given (but not finalized) to increase the supply of imported beef.

If importation of beef is further restricted, the higher grade and higher priced domestic product must be substituted in manufacturing. The family of modest income which has come to rely upon hamburgers, hot dogs, and other processed meats as diet staples will be faced with higher prices. So will the establishments in our industry which try to keep meals away from home within the means of all segments of our society.

Morton Frozen Foods Division of ITT Continental Baking Co., Inc.

The company favors the liberalization of the import quotas for frozen beef. Imported frozen beef, which meets USDA inspection standards, supplements insufficient quantities of higher priced U.S. range fed manufacturing grades of beef. The company opposes the restriction of imports of cooked beef. Such an action would cause consumer prices to rise due to higher prices of domestic beef. Another factor to consider is that due to processing losses, a pound of imported cooked beef replaces more than a pound of fresh domestic beef.

Meat Importers' Council of America

The Council opposes the passage of H.R. 17540 and similar bills which would restrict U.S. imports of meat. Imports supplement domestic production. If quotas were removed only 200 million pounds additional manufacturing meat would be available in the world marketplace in 1970. This meat would depress both wholesale and retail prices for such meat by 5 cents per pound and possibly decrease domestic prices for cutter and canner beef by 1 to 2 cents.

Dairy Products

Cheese Importers Association of America, Inc.

Quotas antagonize our best foreign customers and invite retaliation.

Wisconsin Cheesemakers' Association and Gehls Guernsey Farms, Inc.

The organizations and firms represented urge enactment of H.R. 17743 introduced by the Honorable John W. Byrnes of Wisconsin. The bill would make it possible to avoid most of the problems of "loophole" import competition, such as have plagued the dairy industry during much of the past two decades. Enactment of the bill would also make it possible to overcome existing problems of import competition that have arisen as a result of faulty classification actions made in the past.

Pure Milk Products Cooperative

The only practical approach to the dairy import problem is to establish maximum quotas of both butterfat and milk-solids-not-fat on an all inclusive basis without regard to product designation or mixture; no dairy product imports in excess of the quotas should be permitted. If foreign dairy products are contained in any imported food product, they should be identified and counted against any applicable quotas.

The proposal by Representative John W. Byrnes to transfer from the Bureau of Customs to the U.S. Department of Agriculture the responsibility for determining whether an imported dairy product falls within import quotas is an excellent move. The experience with acceptance of subterfuges and evasions by the Bureau of Customs lends belief that the Bureau is not sensitive to either the intent of quota laws or the influence of imports upon the citizens or dairy and general economy of the nation.

Evaporated Milk Association

Supports the statement of the National Milk Producers Federation submitted on June 16, 1970 which, in effect, favors the proposed Dairy Import Act to put an overall ceiling on the importation of milk fat and milk-solids-not-fat in any form. The inadequacies of Section 22 can only be remedied by passage of the Act.

National Milk Producers Federation

The Federation supports H.R. 17743 that Representative John W. Byrnes has before the Congress to transfer from the Bureau of Customs to the Department of Agriculture the jurisdiction over defining dairy products in connection with the importation of such products. This legislation would provide a fair and practical approach to the dairy import problem; it would put a stop to the long history of evasion and subterfuge in which importers and foreign nations have

engaged under our present laws. The dairy industry urgently needs the Dairy Import Act which would basically limit imports of dairy products to the level imported during 1961-65. Many members of this Congress, 261 members of the Congress, have indicated their support of the act. Inclusion of the Dairy Import Act in the overall bill would strengthen the bill (TA of 1969). The act would put an overall quota on the quantities of butterfat and milk-solids-not-fat that would be imported, but have subdivisions thereunder for various products.

Other

National Association of Greenhouse Vegetable Growers

The rapid increase of fresh tomato imports has severely affected the greenhouse tomato industry. The future of this important vegetable industry is in jeopardy unless some changes are made in the U.S. trade policy during critical market periods. To provide for future growth of the entire greenhouse vegetable industry, we believe a quota system should be established to regulate the imports of tomatoes, based on the supply available and the need.

Our production costs have increased rapidly since 1959, but the wholesale prices which we receive have not increased in proportion and actually, in terms of the buying ability of the dollar, such prices have decreased. The increased quantity of tomato imports has been one of the factors affecting these wholesale prices. Greenhouse vegetable production generates \$60 million annually to our economy.

Florida Department of Agriculture

Florida cannot and neither can the nation afford the economic loss which we are suffering from Mexican imports. The efforts of our government to achieve reasonable business agreements with our trading partners have been largely unproductive. An example would be our negotiations with Mexico for an agreement on the importation of tomatoes.

We are hopeful that the information submitted by the fruit and vegetable industry of Florida will provide the committee with sufficient information in the development of a legislative proposal which can resolve our problems and provide a respected foreign trade policy for our nation.

We support the Fair International Trade Bill which would encourage international trade on a fair and equitable basis and the Fresh Fruits and Vegetable Market Sharing Bill (H.R. 9656).

Catfish Farmers of America

Imports of catfish should be held at present levels in order to prevent distress in the domestic catfish farming and processing industries. The domestic catfish farming industry, which began in about 1963, now has about 51,000 acres under aquatic cultivation, principally in the Southern and Southeastern States, and in California. There are almost a dozen catfish processing firms either operating or under construction. Almost half of these firms are financed by SBA loans and minority business assistance programs of the Federal Government.

During 1967-70 imports of catfish have grown rapidly; imports in 1969 were 3.8 million pounds; during the first quarter of 1970 they were 1.9 million pounds—equal to U.S. production for the whole year of 1969. The current wholesale price of imported catfish of 60 cents

per pound is far under the wholesale price of domestically processed catfish of 87 cents per pound.

Increased imports have already taken an overwhelming toll in this industry—two catfish processors in the central Arkansas area have gone bankrupt in the face of this competition.

California-Arizona Citrus Industry

Opposes import quotas and other NTB's as an added burden to the maintenance and expansion of the U.S. export trade. Agriculture is particularly vulnerable to retaliation against quota protection for U.S. industries.

National Soybean Processors Association

Opposes legislated or "voluntary" quotas to redress injuries to U.S. industries.

International Apple Association, Inc.

In recent years additional barriers have been erected against U.S. apples and pears. The U.S., having supported the organization of the common market, apparently has been reluctant to forcefully criticize the common agricultural policy of the EEC. This policy has isolated common market agriculture from external competition and upset world markets. Southern Hemisphere countries, facing the loss of markets in the EEC for apples and pears, have looked to the United States. U.S. imports from these countries have increased substantially in the last few years. If we are not to have an equal opportunity to compete in world markets with other exporting nations, we should have the U.S. market reserved to ourselves.

Association of Food Distributors, Inc., of New York

We strongly oppose Title II of H.R. 16920 insofar as it would relax the proof required to invoke the provisions of the Trade Expansion Act of 1962 dealing with the relief in the form of quotas, increased duties or any other type of restrictions on imports. We favor that portion of Title II which will ease the requirements for adjustment assistance.

American Soybean Association

Opposed to import quota proposals because they invite retaliation. Quotas on textiles and footwear would directly affect Japan and West Europe—the best export customers for U.S. soybeans. Japan is now backing work to start growing soybeans in Thailand, and is considering developing a synthetic industry in Japan. The EEC also could retaliate by following through with a tax or levy on soybeans or soybean products.

Distillery, Rectifying, Wine and Allied Workers International Union of America, AFL-CIO

U.S. imports of low-priced wines and brandy should be limited by quotas, established either by voluntary agreement or by mandate. The stability of the California wine industry is threatened by increasing imports of low-quality, low-priced wine from Western Europe and Algiers.

The union recommends that no future tariff concessions be made on products processed by workers receiving wages which are substandard

in the receiving country (subject to review by the International Labor Office), and that quotas on imports be imposed if there is no improvement in such standards. Complaint machinery should be established in GATT to pass on the issue of disparate labor standards as a source of unfair competition. Provision should be made for establishment of voluntary quotas or imposition of export taxes pending correction in wages or working conditions if there is a finding of unfair competition.

National Grain and Feed Association

The National Grain and Feed Association opposes any legislation that restricts foreign trade of any kind, whether it be quotas on imports into the United States, taxes, embargoes, or flag shipping requirements on exports from the United States.

Maine Sardine Packers Association

The association urges you to consider H.R. 16287, which is representative of a number of bills, in addition to H.R. 16920, that are pending in the House and have been referred to your Committee. H.R. 16287 makes the findings of the Tariff Commission self-executing rather than subject to the predictable exercise of discretion by the President. The bill affords relief to a number of import-sensitive industries but has a safety valve provision for increased imports during time of shortage. H.R. 16287 provides for advice to the President from the industries whose products would be involved in trade agreement negotiations. In particular, this provision of H.R. 16287 requires that the President accredit representatives selected by such industries as advisers to the U.S. delegation for trade agreement negotiations and accord them a full opportunity to advise and consult with the negotiators during the course of the negotiations.

Vegetable Growers Association of America

It is strongly recommended that H.R. 16920, which is now limited to textiles and footwear, be amended to include agricultural products for food and the embodiment of the principles of fair marketing as outlined in S. 146. The Association supports international trade that is done on a fair and equitable basis. Such trade should be encouraged. Quota legislation, however, is needed when imports increase greatly from countries having very low wage rates. Fresh tomatoes are an example. In the past domestic producers of greenhouse tomatoes have competed effectively during the winter and spring months with Florida, Texas, and California producers of field grown tomatoes. Now the producers of greenhouse tomatoes as well as the producers in Florida are feeling the competition of imports from Mexico. During the 1969-70 winter-spring season Florida shipments were down 33 percent from the comparable 1968-69 period while imports from Mexico were up 31 percent.

Mexican tomatoes enter the United States at very moderate tariffs even though Mexico has no established minimum wage for employees. In contrast producers of greenhouse tomatoes have very high production costs because they must meet all labor regulations, not only on the basis of wages but on safety measures, social security, and other benefits and their investment in greenhouse facilities is large—amounting to about \$125,000 per acre.

California Fig Institute and California Dried Fig Advisory Board

Some type of quantitative import limitation or quota should be established as a realistic means of developing an orderly market at a stabilized price, to protect domestic fig producers from ruinous flooding of their market with excessive imports.

Society of American Florists

H.R. 16920 should be broadened to control imports of cut flowers along the lines which Congressman Burke from Massachusetts recommended in his Orderly Marketing Act of 1969 (H.R. 9912) allowing imports to share in the growth of the U.S. market.

We can see in the not-too-distant future very serious injury to the U.S. floricultural industry due to rapidly increasing imports of cut flowers. Imports increased 97 percent from 1967 to 1968 and the increase from 1968 to 1969 was another 49 percent. There are five key factors in the big increase in the amount of cut flowers imported from Latin America :

- (1) Abundance of cheap labor.
- (2) Availability of air freight rates substantially lower than those which domestic producers must pay.
- (3) Favorable year-round climates.
- (4) American capital.
- (5) Favorable tariff treatment at U.S. borders.

The threat is just as real from Northern Europe in light of the aggressive marketing which Dutch producers and the Dutch Government have initiated in the United States.

Adjustment assistance is of no value to the greenhouse flower industry. There is no use for an abandoned greenhouse.

Florida Flower Association

Cut flowers, flowering plants, foliage and fern should be included on the list of quota items in H.R. 16920. In the past 5 years imports of cut flowers from Latin America have increased 300 percent because of cheap foreign labor, extremely low air freight rates, availability of American capital, and lack of reciprocity on foreign trade items.

Till now, U.S. floriculture has been a healthy, expanding industry paying above-average wages, and involving large investments. Our government can no longer afford to sacrifice U.S. industries for the benefit of the growth of foreign industry.

R. B. Willson, Inc.

Opposes honey quotas because imports appear to be declining; imports are only 5.46% of production; domestic honey is price-supported to insure the pollination of fruit and seed crops; honey quotas would be detrimental to the supplying countries, Mexico and Argentina, and could invite retaliation; honey from Mexico is used solely as industrial honey, a type that is critically short in supply at the present time; imports from Argentina amount to only 0.7% of U.S. production; there is no distressed situation with U.S. honey producers; domestic problems are internal and can only be resolved by proper planning and leadership.

Florida Fruit & Vegetable Association

We strongly support the Fair International Trade Bill to encourage the growth of international trade with its purpose of preventing serious injury to domestic industries while providing for the orderly expansion of imports in equal proportion to the growth of the domestic market for the products concerned.

We commend the Chairman for his introduction of H.R. 16920 and would give it our full support if it included fruits and vegetables; however, we are mindful of other industries which deserve equal consideration and it would be selfish to expect to get bailed out and leave the others lost at sea.

The Fresh Fruits and Vegetables Market-Sharing Act (H.R. 9656) was introduced at our request and we feel it could be made part of the Chairman's proposed legislation (H.R. 16920) or any other general bill. The import situation in fruits and vegetables is very similar to that affecting textiles except that it is more acute since we have already lost a greater percentage of our markets to imports. Mr. David's statement referred the Committee to statements presented by six witnesses at the Tariff and Trade Hearings in 1968 (90th Congress). He also presented exhibit A, a special report by the Federal-State Market News Service dated May 19, 1970 on imports of fresh and frozen fruits and vegetables imported from Mexico. The report compared imports by commodity for three crop years beginning July 1, 1959, 1963, and 1968. Imports from Mexico of fresh fruits and vegetables increased from 509 million pounds in 1959/60 to 1,294 million pounds in 1968/69; imports of frozen increased from 26 million pounds to 101 million pounds over the same period. The heaviest volume of imports have been for vegetables, melons, citrus fruit, and berries, in that order, of types commonly grown in the United States.

National Confectioners Association

Favors H.R. 16920 and the Fair International Trade Bill which would prevent foreign suppliers with lower production costs from taking the market from efficient U.S. manufacturers. Practically all of our tariffs have been negotiated away at international negotiations. In the meantime the confectionery industry has had to pay higher costs because of programs of the Department of Agriculture and because of our national labor policy. The U.S. confectioner pays about double the world price for milk, sugar, peanuts, and butter. Since 1955, imports of confectionery and chocolate have risen from less than 1% to about 4% of U.S. consumption, and can quickly climb to 10 or 20%.

Corn Refiners Association, Inc.

The U.S. should impose a duty on tapioca starch imports or impose a quota if we cannot get other countries to reduce their tariff and non-tariff barriers to trade in tapioca.

Farmers and Manufacturers Beet Sugar Association

The existing laws to provide countervailing duties on subsidized imports do not cover the kind of "subsidy" inherent in the triangular trading of Cuban molasses. Therefore, American producers need H.R. 17609 (import quota on molasses) or any other legislation which would remedy the injury being suffered from excessive imports of sugarbeet molasses.

SCHEDULE 2—WOOD AND PAPER; PRINTED MATTER

John R. Christensen Associates

As an importer of paper party goods, we are against restrictions on U.S. imports which today offer better comparable prices, quality, and durability than the domestic counterparts. It is not the foreign producers who caused the great differences in price and quality between foreign-made and American-made products but it is the ridiculously high-pegged U.S. minimum wage and the unrealistic demands of U.S. organized labor.

There is only one way to compete with the foreign markets today and that is to bring back a realistic U.S. wage standard, reduce the minimum wage to a point where handcrafted and hand goods can once again be produced in this country, and somehow instill a feeling of responsibility in U.S. labor.

SCHEDULE 3—TEXTILE FIBERS AND TEXTILE PRODUCTS

Schiffli Lace and Embroidery Manufacturers Association

The Schiffli industry is made up of 500 small firms, employing 8,000 persons, mostly in Hudson and Bergen Counties in northern New Jersey, and is the economic backbone of the area. It is considered a defense industry (Armed Forces insignia) by the U.S. Government.

American manufacturers enjoy no technological advantage of newer and better machines than competing countries: all the Schiffli embroidery machines are imported. The industry pays wages many times more than wages paid for comparable labor in foreign countries. Seventy percent of the cost of U.S. manufacture is the cost of labor. Exports of Schiffli products are practically nil. The Schiffli industries in Japan, Austria, and Switzerland are enjoying prosperity and do not need the U.S. market.

The Schiffli industry is presently depressed because of low-wage imports and because of the recent loss of foreign customers through tariff walls and price squeezes. There was a drop in employment from 1963 to 1967 and capital expenditures fell from \$2.4 million to \$0.5 million.

Textile imports must be curbed if the industry is to survive.

Textile Division, B. F. Goodrich Co.

If the textile economy of this country is to grow, prosper, and offer continuing opportunities for the youth of our country, it is imperative that realistic textile import controls be instigated and properly maintained. The Long Term Agreement (LTA) on textile imports negotiated several years ago was to achieve an orderly import growth rate of about 5 percent per year; however, the actual growth rate in imports affecting our segment of the textile business has been 3 to 5 times the LTA projection. The manufacture of textile is so basic to the economy of this country it is difficult to comprehend why a million jobs are in constant jeopardy because of seemingly lax international trade policies.

Ludlow Corp.

Either a quota or increased duties should be made applicable to flax yarn and thread included in the following TSUS items: 305.04, 305.06,

305.10, 316.05, and 316.20. The Ludlow plant spins yarn from imported flax and most of this yarn is plied and sold as flax thread. There are many uses for flax thread.

Imported flax yarns and threads in 1960 accounted for 50 percent of the total U.S. consumption. Whereas in 1969 the imported flax yarn and threads accounted for over 60 percent of the total U.S. consumption. During that period the duties were decreased.

National Wool Trade Association, Boston Wool Trade Association, and National Wool Growers Association

A comprehensive all-fiber solution to the textile problem is urgently needed. Imports of wool textiles and apparel now exceed one-third of U.S. production, more than twice the level existing as recently as 1961, and these imports in 1969 contributed \$391.5 million to this country's balance of trade deficit, also more than double the 1961 figure.

Efforts on the part of the Administration to effect voluntary agreements with our foreign competitors have been frustrating and fruitless. This has been true even though the quantitative limitations proposed have been at generous levels and even those levels can be superseded by voluntary arrangements. The matter of retaliation or compensation, as provided in the GATT, should not apply inasmuch as the provisions of H.R. 16920 would have no adverse effect on the trade of the complaining country. On the contrary, provision is made for some growth in imports if growth occurs in the domestic market.

Because of the large differential between our workers' wages and those of workers in countries of the Orient, U.S. textile producers cannot hope to offset it with their productivity, given the fact that everyone in the textile and apparel industries of the world has free access to new technology.

American Association of Woolen Importers, Inc.

It is the consensus of the quality men's clothing wholesalers and retailers that the market for American-made quality menswear, especially suits, is largely dependent upon their being tailored from imported woolen and worsted materials. Domestic manufacturers do not produce quality woolen and worsted fabrics for the men's trade in any appreciable volume. The imported fabrics are on the whole higher in price than the domestic and they are comprised of types and qualities that are not made in the United States. This is true of the polyester-worsted blends as well.

Import quotas or other restrictions would only result in damage to the domestic quality clothing manufacturer and in higher prices to the consumer.

National Cotton Council of America

The council (NCC) asks "that a rising tide of imports, based on the use of cheap foreign textile labor, not be allowed to engulf the domestic market for our cotton." NCC endorses "many of the principles set out in H.R. 16920" as a reasonable and practical approach and favors the application of controls by categories "so that further increases will come in markets that are increasing and will not be permitted to cripple markets which are already depressed." A suggestion was made that language in Section 101 should be changed to avoid any implication that the Long-Term Cotton Textile Arrangement (LTA) has adequately restrained cotton textile imports. Imports of cotton textiles

have increased from the equivalent of less than 400,000 bales during 1962 (when the LTA first began) to more than 1.0 million bales during 1969.

The provision of H.R. 16920 allowing the LTA to supersede the provisions of the act might permit imports of cotton textiles on more liberal terms than those applying to other textiles. This provision should be limited to the current terms of agreements negotiated pursuant to the LTA.

The argument that we would injure our export markets for raw cotton if H.R. 16920 is passed is inaccurate. Last season the largest exporters of cotton textiles to the United States obtained only 9.4 percent of their raw cotton from the United States. Cotton will be purchased wherever the best deal can be obtained.

The threat of "retaliation," especially by Japan, for moral as well as practical reasons is refuted. With the background of post World War II economic assistance which the United States has extended toward Japan, how "could Japan object on moral grounds when we are merely trying to get reasonable protection for our own economy?" With nearly one-third of her entire export trade destined for the U.S. market, how could Japan afford to retaliate? "Retaliation is a two-way street."

Manmade Fiber Producers Association, Inc.

A number of developments affecting the textile industry, and especially the manmade fiber sector of the industry, offer persuasive evidence of reasons for the enactment of H.R. 16920. Since the enactment of the Trade Expansion Act of 1962 (1) the textile industries of the United States and of the world have changed from a cotton to a manmade fiber base, (2) our balance of trade in textile articles has shifted from a condition of equilibrium to a large and rapidly growing deficit, (3) the manmade fiber producing industries of Japan and Europe have boosted their production of manmade fibers for export, including export to the United States, the most open market in the world, (4) imports of all manmade fiber textile articles have increased, and the composition of imports has shifted into intermediate and finished manmade fiber textile products, and (5) the major part of employment in the U.S. textile mill products industry has become dependent upon the production and use of manmade fibers. Since 1964, when negotiations in the Kennedy Round under the authority of the TEF of 1962 commenced, there has been no growth in U.S. exports of textile articles. The 35 percent increase in world exports since 1964 has been supplied by Japan and other nations. These points provide a strong and compelling basis for expressing in legislation our nation's public policy in regard to the regulation of imports of textile articles. H.R. 16920 accomplishes this in a manner consistent with continued reasonable, and orderly access for foreign-produced textile articles to the U.S. market. In addition, manmade fibers are not a part of the Long-Term Cotton Textile Arrangement or any other restrictive agreement.

The combined textile industry complex has consistently defined "textile articles" within the context of the textile import problem as including manmade staple fiber, filaments, and filament yarn, which are the "primary products" of the manmade fiber sector of the textile industry. This position is supported by the following consideration (1) man-

made fibers in their primary form are internationally recognized as textile articles, (2) imports of manmade fiber, in both primary and secondary form, have increased rapidly and the balance of trade therein has been sharply reduced, and (3) the import regulation of manmade fibers in primary form is required in the interest of the entire textile industry which depends on the research and development efforts of domestic manmade fiber producers, the principal source of textile research in the United States. As an example, the American Enka Corporation does not make or sell chemicals; it is a manmade fiber producer. Part of its manmade fiber producing process does rely on chemical reaction; however, 80 percent of its process is of the textile type, quite similar to that used in the typical textile mill.

Northern Textile Association

Textile imports have increased sharply in recent years; the increase in the past year is particularly disturbing in that it occurred in spite of a decline in the U.S. market. The trade deficit in textiles last year amounted to almost a billion dollars.

In 1969 and 1970, nine companies making fabrics or yarn in the Northeast took or announced actions (including closing plants, going out of business, or discontinuing certain products) resulting in the elimination of jobs for 3,400 workers. Many were located in areas of "hard core" unemployment.

Several administrations have recognized the textile import problem for over a decade and attempted to reach solutions. Evidently the exporting countries will find it to their advantage to negotiate only if the proposed legislation (H.R. 16920) is adopted.

Cordage Institute of the United States

The following amendments should be added to H.R. 16920: Inserted after the language on page 6, lines 8 and 9 which reads "or any article which is now entitled to entry free of duty," the language, "except for agricultural twines." In addition, two clarifying amendments which we recommend are (1) on page 6, line 2, after the words "manmade fiber," insert the word "abaca or sisal," and (2) on page 6, line 7, after the word "jute," insert the words "spun yarns of abaca and." In the field of manmade fibers nearly all of the raw materials for cordage products are made and produced domestically. In the field of natural hard fiber cordage the raw material must be imported. The Government maintains a stockpile of natural hard fibers for making ropes and twines. The spinning capacity for rope and twine has decreased in the United States making it impossible to produce its requirements in event of a national emergency. There is one domestic commercial plant producing agricultural twines in this country, compared to 15 plants in 1950, the year farm twines were made duty-free. The domestic hard fiber cordage industry had 22 companies with 23 mills in 1945 compared to 10 companies with 15 mills today.

Woven Label Manufacturers of the United States of America

Some 40 or 50 domestic companies produce woven labels valued at \$27 million annually. Among the industry's products are insignia and garment labels for the Armed Forces. The growth rate of the industry is lagging behind the national average because of accelerating imports amounting to 34 percent of the U.S. market. Several old established firms have recently closed. Employees in other countries operating the

same advanced machines used in this country get 70 to 80 percent lower wages than those paid in this country.

Association of Yarn Distributors

This organization continues its protest of runaway yarn, fabric, and apparel imports, but states that voluntary agreements do not seem to work. Prompt attention and action is needed to prevent the conditions which are causing a steady stream of mill closings and bankruptcies. Calls for Congress to act and give us a sensible and fair program for textile and shoe imports. It is well to consider first-rate world goals and political niceties, but it is now time to act on behalf of first-rate Americans.

Slide Fastener Association, Inc.; Pin, Clip and Fastener Association

As a result of duty reductions in the Kennedy Round, the industry is in jeopardy from rising imports of slide fasteners incorporated into finished garments, and from imports of slide fasteners as such.

The domestic industry has remained stagnant over the past 5 years; the only growth in the market has been enjoyed by imports. Imports of slide fasteners in 1972 will be equal to an estimated 21 percent of domestic shipments.

H.R. 16920, which we favor, would limit the rate of increase in apparel imports to levels commensurate with the natural growth of the U.S. market and permit both the domestic textile industry and its component suppliers to share the U.S. market equally with foreign producers. Also, a workable escape-clause would permit the industry to move forward with the knowledge that when direct imports reach a point of serious injury, an effective means of obtaining protection will be available.

It is recommended that application of the quota mathematics be mitigated with regard to less developed countries when foreign economic, political, and defense policy objectives of the U.S. are deemed by the President to require some relaxation.

American Apparel Manufacturers Association

The growth in imports of apparel, particularly of manmade fibers, has been rapid in recent years. The imposition of restraints on U.S. imports of apparel, by category and fiber, as provided in H.R. 16920, is desirable. Import restraint by legislation is necessary since Administration attempts to establish voluntary controls with foreign countries have not been successful. Such import restraints would aid in preventing market disruptions, would provide for a more orderly growth in apparel imports, and would lessen the immediate necessity for U.S. apparel firms to establish plants in foreign countries.

Tariff rates have not been effective in restraining apparel imports because with apparel manufacturing labor intensive and U.S. wage rates many times those in Far Eastern countries, savings in labor and material costs outweigh duties paid and other costs.

This association disagrees with spokesmen who say apparel imports tend to keep domestic apparel prices down, and state that domestic competition keeps prices down.

Apparel Industries Inter-Association Committee

The growth in imports of apparel, and particularly in apparel of manmade fibers, has been rapid in the past 4 years. In 1969, the

value of apparel imports is estimated to be equivalent to 22.4 percent of the value of U.S. production. Quantitative controls on U.S. imports of apparel, by category and fiber, as set forth in H.R. 16920, are desirable rather than higher tariff rates because:

(1) the price gap between imported and domestically-produced apparel is large;

(2) high ad valorem duties would favor the countries with lowest wages;

(3) market disruptions could be better controlled.

Quantitative controls must be comprehensive, not selective, to prevent switching from one category to another. U.S. retailers apply high markups to imported apparel, thus reducing some of the potential savings to customers.

Philadelphia Textiles Association

The U.S. textile industry badly needs some form of protection from imports. The level of these imports is extremely large and growing at what seems to be an accelerating rate causing not only a lack of growth in the domestic industry but in fact a decline in the level of employment.

Our level of technology is no higher than that of other nations, and we are able to be undersold in the domestic market solely on the basis of low relative wage scales.

Under present legislation it is extremely difficult, if not impossible, for the small firm (which is most hurt by these imports) to establish damage and, further, these are the firms least likely to be heard from in hearings such as this because of the normal pressures of their business and because of the low margins which prevent hiring of lobbyists, and in some cases because the associations to which they belong are reluctant to take a stand on matters of imports.

Toby Berman Co.

If quantitative controls are to be imposed on apparel imports, the exporter should be required to ship according to the base period and to customers he supplied during that period. Otherwise, the exporter may ship to whom he pleases and thus might leave former customers with insufficient merchandise to stay in business.

Stone Manufacturing Co.

In addition to our Cherrydale plant in Greenville, South Carolina, we have had seven other plants scattered throughout North and South Carolina. One of these was located in the heart of the Appalachian Mountains at Marshall, North Carolina. This plant was supposed to employ 400 people and we did very well for the first year or two. When imports from the Far East of the type made in this plant began flooding into America, we were forced to close it. Last year, import increases forced us to close another large plant in Greenville, thus putting an additional 400 employees out of work.

The productivity of many of the plants we visited in Japan, Korea, Taiwan, and Hong Kong, as well as in many other countries, was equal to or was better than what the best plants in America are able to obtain today. Therefore, at terrific expense, we decided to trade up from the staple merchandise, which had been our forte and could easily be supplied by imports from some of these plants, to fashion merchandise.

Unless restrictions are put on imports we believe all American apparel manufacturers will be forced out of business or driven overseas. It is for this reason that we will take our case to the American people by placing a large advertisement in many newspapers and periodicals throughout the country. We urge the passage of H.R. 16920 to restrict foreign imports before it is too late.

Miss Erika, Inc.; David Guttman, Inc.; Ricki Knits, Jr.

The domestic sweater industry is one of low wages, highly technical process, sophisticated and expensive machinery, and seasonal production. As a result there has been a rapid turnover of labor with a high degree of incompetence. Ten years ago it was stagnating. Stimulation of the domestic industry came as a result of new ideas in knitted wear from Italy. However, the sweaters from Italy were expensive, so elaborate European designs were reproduced at low costs in Japan then Hong Kong, Taiwan, and Korea. If quotas are imposed on sweaters from countries like Taiwan and Korea, other places will be found to produce sweaters. Our domestic industry will be no better off.

The chief beneficiary of imports is the American consumer who can get a good quality sweater at a reasonable price. Quotas will benefit the domestic industry for a very short time only and then only if they are universal. Universal quotas create retaliatory measures. Quotas create great dislocation in struggling economics that do not have our vast resources or the ability to move quickly into new fields. Lastly, quotas are inflationary. In view of the above it seems to me to be very unwise to impose quotas on the sweater industry.

Bates Nightwear Co., Inc.

The company has four plants in North Carolina with 600 employees making children's nightware. One plant is in Appalachia. Sales in 1969 exceeded \$9 million. Foreign producers copy his product and market it here at 40 percent less than Bates' cost, resulting in a decline of 30,000 dozen with a half-million dollar loss in sales in 1969 for Bates. This pattern is expected to worsen, based on reports of future intentions by large customers, and 40 percent curtailment in employment and decrease in fringe benefits will result. Some of the company's sources of supply of textile raw material are being discontinued because of the unprofitability of the suppliers' efforts to compete with imports.

Tie Fabric Importers Association

The Tie Fabric Importers Association, representing 80 percent of all the tie fabrics brought into this country, oppose enactment of H.R. 16920, or any other bill which would limit import of fabrics. The American textile industry does not, and cannot, produce the range and variety of fabrics required by the tie industry. The fabrics used for making men's ties are imported mainly from Europe and are almost all designed and produced for this specific purpose. The tie manufacturing industry of the United States is heavily dependent upon imports of tie fabrics, but because tie fabrics cannot be identified objectively by Customs officials, any scheme of quantitative restrictions is likely to overlook the specific requirements of tie fabrics and curtail disastrously tie fabric imports which are vital for the economic health of the industry.

If the Committee should determine that some form of quota bill must be reported, we offer the following proposals which would mitigate, somewhat, the severe damage which any such legislation would involve for the business of the members of this association:

- (1) Exclude silk fabrics from the bill.
- (2) Limit the quantitative restrictions to the categories of fabrics, and to the countries of origin, from which imports have, in fact, been rising and having disruptive impact on the American market.
- (3) Provide administrative authority to define categories of fabrics which would be exempt from quantitative limitation.

The importation of tie fabrics has not hurt American industry, but on the contrary has contributed to the prosperity of the tie manufacturing business. H.R. 16920 gives great advantage to giant importers of textiles who could use up the entire quota of a category of textile articles, leaving no quota whatsoever for the importation of tie fabrics during the quota year. We believe that tie fabrics ought to be exempted from the operations of H.R. 16920.

Textile and Apparel Group of the American Importers Association

There is no economic justification for across-the-board quotas on textile and apparel products as provided for in H.R. 16920. Overall, the textile and apparel industries have demonstrated a pattern of growth, health, and the ability to withstand import competition. Over the decade 1961-69, production, sales, profits, and employment increased substantially for both industries. In some respects, these industries have out-performed the economy generally.

Imports represent a modest proportion of domestic consumption, approximately 8.5 percent in 1969, a level only slightly above the previous peak year of 1966 when the ratio stood at 8.2 percent. Imports on a percentage basis increased more rapidly than U.S. production over the past decade. On a volume basis, however, the growth of U.S. production far surpassed that of imports. Of the total growth of U.S. output plus imports, production accounted for 82 percent.

Ratios of imports to consumption vary widely between fibers. The ratio of wool textile imports, for example, is much higher than that of manmade fiber textile imports. The higher ratio in the wool sector reflects primarily the importation of wool worsted fabrics and wool sweaters in which imports have unique qualities and characteristics and are not directly competitive with domestic products. In both of these sectors imports are declining.

Overall quotas on textiles and apparel would be restraints to trade which would inevitably lead to protectionism both here and abroad, the elimination of competition, higher costs to consumers, retaliation, cartels, and inflation. Quotas would provide a windfall for the large firms which dominate the industry, and would disrupt those sectors where import penetration is shallow or nonexistent.

Association of Japanese Textile Imports, Inc.

Japanese resistance to U.S. efforts to negotiate comprehensive agreements limiting textile imports may be explained by their feeling that (1) U.S. actions in pressuring Japan to voluntarily limit exports to textiles (without retaliation) and in exempting textiles from LDC preferences are inconsistent with statements of the President and other

officials in support of the concept of freer trade. (2) import relief is justified only when there is serious injury from such imports, a fundamental tenet in article XIX of the GATT and the escape-clause provisions of the TEA of 1962. Data presented by the United States during negotiations have failed to show injury from textile imports, (3) comprehensive restrictions are not justified—imports of all textiles accounted for only 8.5 percent (by weight) of U.S. consumption, (4) a report by the Tariff Commission in January 1968 indicated “a period of unparalleled growth since the early 1960’s” in the U.S. textile and apparel industries, (5) U.S. trade publications, although indicating some current slowdown in textile sales and profits, substantiate the growth during 1961–69 and predict a promising future for the industry, (6) the Japanese are willing to consider voluntary restraints on selective merchandise and believe that experience shows that the impact of imports varies widely by product and as a result of conditions in particular segments of the market, (7) any approach to import control should be multilateral, with consideration given to U.S. relations with other Asian countries, (8) experience with the cotton LTA has been “sad,” including (a) Japan’s cooperative attitude in limiting exports over the past 15 years was not reciprocated, (b) their share of U.S. cotton imports was reduced sharply following voluntary agreements, (c) the rigid categories of LTA prevent adjustments to changing conditions and have resulted in actual exports to the United States considerably below the overall ceiling, (d) the language of the LTA and informal assurances given Japan have been violated by the United States in actual practice.

It is noted that many individuals, public officials, and organizations in the United States have criticized the operation of the LTA. Further, the general approach of import quotas has many disadvantages including (1) the bureaucracy, possible inequities, and administrative problems involved, (2) quotas are paid for by consumers in increased prices and contribute to inflation, (3) such action invites foreign reaction which could reduce U.S. exports.

Amalgamated Clothing Workers of America

H.R. 16920 assures orderly and continuing foreign trade. The clothing industry no longer has a technological advantage to meet competition of lower wages abroad. The industry depends more on labor than machinery and because of our inability to compete, imports have been increasing at runaway speeds. The industry’s troubles are compounded by barriers to our exports erected by other nations. Skills and educational requirements of the 2½ million textile and clothing workers are modest; they could not be readily trained for other employment. As imports have climbed in the last 3 years, manhours in the industry have declined. The union suggests that authority to make finding of injury and power to authorize adjustment assistance be given to the President instead of the Tariff Commission.

Special circumstances of the apparel industry make it particularly vulnerable to assaults by low-wage imports. Capital requirements for entry into the apparel market are modest and the industry is highly competitive. It is a labor intensive industry and little worker training is needed. Technology in the industry is internationalized. Foreign producers have a competitive advantage based on substandard wages which are prohibited in the United States under the Fair Labor Stand-

ards Act of (39 cents in Japan and 26 cents in Hong Kong, for example).

Apparel imports grew from less than 9 percent of domestic production in 1960 to over 22 percent in 1969. The Long-Term Arrangement Regarding International Trade in Cotton Textiles slowed the rate of cotton apparel imports but emphasis was shifted to apparel of wool and man-made fibers. Imports of apparel made of cotton rose only 37.5 percent while the total for all garments nearly tripled. The high-import rates continues into the recession period of 1970.

Foreign trade in apparel cost the United States 211,900 production jobs in the decade of the 1960's and substantially depressed the earnings of the workers retained by the industry. The garment industry is a source of employment for large numbers of "disadvantaged" workers, such as those in nonmetropolitan areas, the unskilled and inexperienced workers, racial and ethnic minorities, and women who work because of economic necessity—single, widowed, divorced, separated, or with husbands earning less than \$7,000 per year.

International Ladies' Garment Workers Union

Apparel imports into the United States advanced between 1956 and 1969 by 661 percent while other nations established barriers to foreign-made apparel. The impact of controls on imports of cotton textiles was diluted by increasing imports of merchandise of other textile fibers. An estimated one-fourth million additional persons would have jobs in the industry if not for the rise in the level of imports since 1956. Apparel imports were equivalent to 4 percent of domestic production in 1956 compared to the 1969 ratio of 22 percent; examples cited include 11 percent for playsuits, 18 percent for brassieres, 23 percent for blouses, 32 percent for women's and children's slacks and shorts, and 72 percent for sweaters.

The industry is the sole major source of work for many who would otherwise be unemployed; 80 percent are women, 17 percent are of Latin American origin, and 14 percent are black. American garment workers averaged \$2.31 per hour in 1969 while foreign garment workers' wages ranged from 9 cents in Korea to 39 cents in Japan. Legislation seems to be the only remedy left after failure to reach agreements with foreign governments to limit exports into the United States.

American Textile Manufacturers Institute

ATMI favors the adoption of H.R. 16920 as an assurance that both domestic and foreign producers would share in the growth of the American market. Increased imports have been largely responsible for recent plant closings, reduced work weeks, and curtailments in expenditures for plant and equipment. The volume of imports during 1969 represented the displacement of over a quarter of a million jobs. Contentions that exporting countries might retaliate "do not hold up in the light of the realities of international trade as it actually is practiced today." There is little, if any, relationship between what a major exporting country buys from the United States and its textile shipments to us.

The provisions of H.R. 16920 would not alter existing relationships between foreign and domestically-produced textiles in the U.S. market, and, therefore, prices would not automatically increase. Exporting nations have two options under the provisions of the bill. First, they

can accept controls based on average 1967-68 U.S. imports with updating factors dependent on the growth or decline in the U.S. market. The second option would be for the exporting nation to negotiate an agreement specifying levels of controls. The bill encourages negotiated agreements rather than the imposition of controls based on the 1967-68 levels.

Because the Long-Term Cotton Arrangement (LTA) has controlled only cotton textiles, it has merely shifted the burden of imports from one area to another. The quantity of imports of manmade fiber textiles now exceeds that of cotton textiles and unless controlled they are expected to continue to take larger shares of the domestic market.

United Textile Workers of America

Approximately 3 million people would be affected by the passage of H.R. 16920. Average weekly earnings in the textile industry are \$99.33, about half of the \$196 cited by the Department of Labor necessary to maintain a modest standard of living. Earnings averaged \$2.41 for textile workers in October 1969 compared to \$3.24 for all manufacturing. One answer to the problem is control of low-wage imports. Textile, garment, and other labor-intensive industries should not be phased out in this country; such a policy would bring bitter returns for the future.

The United States, by not controlling imports, is forcing on the workers in the low-wage countries a sophisticated form of medieval exploitation. To compete, the U.S. worker would have to be reduced to the low economic status of the foreign worker. We should not open our ports to unlimited imports while other countries limit theirs. The workers need protection from imports because it is not possible for them to help themselves through Government-sponsored adjustment assistance and other means at their disposal.

Textile Workers Union of America

Two and one-half million persons have their livelihood directly linked to the textile and apparel industries. Most plants make up the major source of industrial employment in the small towns and rural areas where they are located. Unemployment there results in migration which adds to the problems faced by big cities. Import damage to textile and apparel industries particularly hurts the upward trend of Negro employment and strikes a blow at the depressed region of Appalachia. The age, sex, education, and skill characteristics of textile workers conspire to prevent them from taking advantage of re-employment in other industries and areas. The textile industry has historically served as a means of entry into the industrial labor force for people with little or no industrial experience, especially the "hard core" unemployed. Many textile mills have recently closed, with resultant unemployment. Passage of the bill will have as much impact on the welfare of the American people as any other pending legislation.

E. I. duPont de Nemours and Co., Inc.

In apparel, imports of man-made fibers measured in equivalent square yards rose 62 percent in 1968 and 64 percent in 1969. Imports accounted for between 8 and 10 percent of all U.S. consumption of man-made fibers and products last year. The textile trade deficit was \$1.4 billion for 1969, compared to \$1.1 the year before. The situation has worsened in 1970. DuPont urges enactment of H.R. 16920.

Stein and Shostak Law Offices

We believe the Mills Bill (H.R. 16920) and the other textile quota bills now pending in Congress will have an adverse effect on the U.S. textile industry. The logical step is to make an exception of assembled U.S. textile articles from the scope and effect of any textile quota which is approved for enactment. Therefore, amend the last clause of Sec. 106(a) of H.R. 16920 to add the words "or partially free" and thus to provide that the Act shall not include: "or any article which is now entitled to entry free or partially free of duty."

Upholstery & Decorative Fabrics Association

The members of our organization are comprised of jobbers to interior designers. Our imported fabrics are practically all not competitive to the domestic market. We ask you to consider a separate paragraph in the bill to exclude importations of our artistic fabrics not obtainable in our domestic market.

Impression Fabrics Group

The Impression Fabrics Group consists of an informal association of firms who have common interests in the field of highly specialized technical textiles. The firms of the Group are manufacturers, finishers, jobbers, or converters of synthetic fabrics which are specifically designed and produced for use as business machine ribbons, i.e., typewriter ribbons, adding machine ribbons, computer ribbons.

The Carbon Paper and Inked Ribbon Association is also highly interested in and concerned with the problems presented by increased imports of both synthetic impression fabrics and finished inked computer ribbons. The firms of this association manufacture inked business machine ribbons, carbon papers, and general office supplies.

Primary foreign competition comes from Japan and is difficult to meet because they concentrate only on high-volume mass-produced items leaving us to provide only low-volume, expensively-produced specialty ribbons. It is a near impossibility for us to compete with giant foreign monopolies, especially those from Japan, because the combination of lower labor rates and integrated production facilities give them a marked competitive edge. Our Group consists mainly of relatively small companies employing from 20 to 150 workers.

Should market disruption (i.e., from imports) occur not only would local employment problems result but the loss of our domestic industry would cause our country to be dependent upon foreign sources to supply business machine ribbons for our entire industrial, commercial, banking, Governmental and national defense systems. We believe the first step to relieve our industry would be to separate impression fabrics in the Tariff Schedules; this is now trying to be accomplished through the U.S. Tariff Commission. The next step would be to limit imports and the provisions of H.R. 16920 would do this. Therefore, we support, endorse, and strongly recommend passage of H.R. 16920 and all identical bills which are before Congress.

Greeff Fabrics, Inc.

H.R. 16920 appears seriously to threaten the future of any company engaged in the designing and distribution of quality decorative fabrics in this country. We import 50 percent of our fabric because much of the merchandise our customers require is not produced in the United

States in the qualities and specifications demanded. H.R. 16920 appears to seriously threaten our business which depends upon artistic creativity and upon designs, colors, and qualities which domestic producers are unable to produce.

Australian Embassy

The Australian Government registers "profound concern" that import restrictions of textiles are being considered in H.R. 16920. Any restraints on the manufacture of wool textiles in the world would prejudice the marketing prospects of raw wool, which is Australia's largest export earner. High tariffs and quantitative restraints already apply to Australian exports of wool, dairy produce, meat and sugar to the United States. These items accounted for some 58 percent of Australia's exports to the United States in the last three years.

In the case of wool tops, which are included under H.R. 16920, U.S. imports accounted for only 4 percent of U.S. production in 1967.

Australia considers that restrictions on imports of wool products would provide a further stimulus to usage of synthetic fibers which would run counter to wool growers and the wool textile industry in the United States.

Proposed restraints on imports of textiles would be in conflict with the high aims of trade liberalization sought during the Kennedy Round negotiations and reaffirmed by the present Administration.

Domestic Fish Netting Manufacturers

This statement is made on behalf of eight domestic manufacturers of fish netting and nets who account for over 85 percent of the total output of these items. Fish netting and nets of cotton have gradually been replaced by netting and nets made of durable synthetic materials; therefore, the long-term cotton textile arrangement cannot exercise control over imported Japanese fish netting. Japanese imports have increased their share of the domestic synthetic netting market from 9 to 22 percent over the past 5 years. Unless quotas are established Japan will accomplish in the synthetic netting market what she has already shown she can do in the cotton netting market (about 50 percent controlled by Japan presently). In addition, the escape-clause revisions contained in H.R. 16920 should be enacted to afford ready relief from future injurious imports.

Card Clothing Manufacturers Association

The Card Clothing Manufacturers Association strongly supports reasonable voluntary or mandatory quantity restrictions on textile imports.

Stephen May, Mayor of Rochester, New York

Imports of apparel increased from 4 percent of domestic production in 1956 to 22 percent in 1969. The number of jobs in the apparel industry today would be a quarter of a million higher were it not for the increase in imports.

The rapid increase in imports is due to "unbelievable low wages" in certain foreign countries. The provisions of H.R. 16920 would not only prevent the disruption of the domestic clothing industry but would also help stop practices which the minimum wage law was designed to prevent—unfair competition based on low wages.

The clothing industry employs a high percentage of women and members of minority groups who would find it difficult finding other employment. The industry is vital to Rochester where over 16,000 persons are employed. H.R. 16920 is a sound solution to a significant problem for Rochester and the country.

SCHEDULE 4.—CHEMICALS AND RELATED PRODUCTS

Petrochem Group and Chemco Group

The Chemco and the Petrochem Groups are informal organizations composed of 27 domestic petrochemical manufacturers who are concerned with the adverse effects of the Mandatory Oil Import Program. The petrochemical industry must purchase feedstocks in a market where prices are higher because of MOIP, but sells its products in competitive world-wide markets. There are no restrictions on U.S. imports of petrochemical products except tariffs. It is estimated that a foreign petrochemical manufacturer has a net advantage of about 38% on feedstocks and that, since feedstock costs account for about 50% of the cost of making basic petrochemicals, the foreign producer has a net advantage of 19%.

Chemco and Petrochem have presented the Oil Policy Committee with a program to separate the petrochemical and oil industries administratively so that the requirements for feedstock cost parity for petrochemicals will have no impact on the oil import objectives. The petrochemical industry uses for feedstocks only about 5% of U.S. hydrocarbon consumption.

American Petroleum Institute

Even with a continuation of the present economic environment the U.S. petroleum industry will be hard pressed to supply sufficient petroleum raw material from domestic sources to satisfy the security criteria established by the Oil Imports Task Force. Given this possibility, dismantling the import control system and reducing exploration incentive by establishing lower domestic crude prices would work to the detriment of the nation's petroleum security. The real question confronting the government is how to create an environment and policy framework which will assure that this country can minimize its dependence on insecure foreign sources for the bulk of the energy essential to our economy. We believe the needs of the country can be well served by a continuation of the Oil Import Quota System and that administrative procedures are available to permit the Oil Policy Committee to improve on the present system.

Independent Natural Gas Association of America

The natural gas industry is dependent almost entirely on the major oil companies and independent producers of oil and gas for its basic gas supply. In 1968 the regulated pipeline and distribution companies produced less than 9 percent of the gas transported through their systems. The producer of gas is the tap root of a healthy pipeline and distribution system. Unless a proper atmosphere prevails to promote the further exploration for oil, the gas industry in all segments could well suffer irreparable damage. Relaxation of the present Mandatory Oil Import Program could have a serious if not drastic effect on the natural gas industry.

National Coal Association

Congress should enact a requirement that energy imports in the future be held to their present percentage of domestic energy consumption—with “energy” considered as a whole (oil, gas, coal and uranium) rather than in its individual segments. Congress should leave the details thereof (what part should come from South America and Canada, etc.) to the Executive Department. Given the proper incentives (which *must* include protection against unrestricted imports of crude oil and residual oil) the United States will have an adequate supply of energy from domestic sources, for the foreseeable future. If we reach the point where new discoveries of oil and gas are insufficient, synthetic oil and gas will be produced from coal and from oil shale—but only if the cost thereof does not have to meet the price of low-cost imported oil. The domestic fuel sources are extremely vulnerable (and will be for the next 20 years) to competition from low-cost foreign oil. This is due not to inefficiency but to the facts of geology.

American Gas Association, Inc.

The mandatory oil import control system has, on the whole, worked well and has had no detrimental effect on gas. We have a serious domestic natural gas shortage and our vitally needed domestic drilling effort will only be further set back if a change in oil import controls attracts capital away from the domestic scene and toward foreign supply areas. Any deficiencies in the quota system can be corrected without creating the whole new set of problems that a tariff system is sure to create. The association suggests that any further study be developed as a joint industry-government effort with more opportunity for public debate.

Independent Petroleum Association of America

The United States has ample physical resources to provide our full energy needs for the foreseeable future. However, the Nation is today faced with an energy crisis. Governmental policies regarding imports of energy of any form are a key factor in determining the economic climate for the development of domestic energy supplies. The level of oil imports not only affects the oil industry, but also affects our capacity (a) to produce natural gas, (b) to produce coal, and (c) to produce synthetic petroleum from coal and oil shale.

Congress last year enacted changes in the tax law to add an estimated \$700 million annually to the tax bill of the oil industry, thereby reducing the funds available for exploration and development. Adverse provisions include the following: Reduction of the percentage depletion rate for oil and gas wells from 27½% to 22%; requirements that retained production payments and carved-out production payments be treated as “loans”; provision for a 10% “add-on-tax”; repeal of the investment tax credit for expenditures for capital equipment; and changes in the capital gains tax rates.

The report of the Cabinet Task Force on Oil Import Control has resulted in great uncertainty as to national policy on oil imports. The first and most pressing need, therefore, is to restore stability in the Mandatory Oil Import Program and arrest the progressive trend toward increasing dependency on uncertain foreign sources of oil. The association urges that the Congress enact into law the basic principles of the Mandatory Oil Import Program.

American Petroleum Refiners Association

Membership in American Petroleum Refiners Association is limited to "small business oil refiners" as defined by the Small Business Administration. The location of the small refiners is scattered all across the nation and this is important for national security purposes. The proposed tax on lead used in gasoline if adopted would force 58 small business refiners out of business as they are not financially able to make the big investments needed to switch to lead-free gasoline. We suggest that this Committee consider and recommend legislation which would specify that oil imports be controlled on a quantitative basis, thereby ruling out the use of tariffs. Such legislation should specify that a sliding scale method of allocating import quotas be continued for the protection of small business refiners. We also suggest that the Committee give serious consideration to proposals aimed at tightening the flow of oil imports, particularly from the Eastern Hemisphere.

Western Oil and Gas Association

The tariff proposal contained in the Cabinet Task Force Report on Oil Import Controls would have the following effects in District 5.

1. Crude production would be substantially reduced.
2. Many existing and future secondary recovery programs would be affected.
3. U.S. natural gas supplies would be severely reduced.
4. Small independent refiners would be adversely affected.
5. Tax revenue to State and local governments would be sharply reduced.
6. Economic activity associated with oil would be decreased.
7. Petroleum development in Alaska would be jeopardized.
8. Revenue from the oil industry to the State of Alaska would be reduced.

City of Brownsville, Tex.

The total economic impact of the Mexican oil import movement through the Port of Brownsville is over \$21 million on the community of Brownsville. Actual revenues generated by the movement are \$3.5 million.

We suggest that Section 1(a) of Presidential Proclamation 3290 be modified so as to read as follows to eliminate the trucking over the border:

1. On and after July 1, 1970, Proclamation No. 3279 of March 10, 1959, shall be amended as follows:

(a) Paragraph (a) of Section 1 is amended by adding, before the period at the end thereof, the following new clause: ", or (4) crude oil, unfinished oils, or finished products which are transported into the United States from a contiguous country by pipeline, rail, or other means of overland transportation, or by tanker to the nearest U.S. port of entry, from the country where they were produced, which country, in the case of unfinished oils or finished products, is also the country of production of the crude oil from which they were processed or manufactured."

E. I. du Pont de Nemours Co., Inc.

The Mandatory Oil Import Control program restricts imports of foreign petroleum. The higher costs of U.S. petrochemical feedstocks

provides an incentive to locate plants abroad. Du Pont urges the relaxation and removal of petrochemical feedstock import controls.

Oil, Chemical and Atomic Workers International Union

The Union endorses the general principle of control of oil imports into the United States and calls for a "North American Oil Policy" with Canada and Mexico. We also endorse preferential treatment for Venezuela and possible inclusion of other potential Latin American producing countries. The United States cannot afford to become dependent upon "supposedly" cheap Mid-East oil. We ask that the Congress enact legislation to form an independent "National Commission on Oil Import Policy" to oversee the policy, conduct continuing studies and make recommendations to the President and the Congress.

Chattem Drug and Chemical Co.

As a result of less-than-fair-value imports, domestic production of glycine fell by more than 40%, while imports increased by 140% between 1966 and 1967. As regards allowable import penetration, H.R. 17664 is very reasonable for even if imports were limited to the quantity imported in 1964, they would still have 25% of total U.S. consumption; at the 1966 level they would be allowed to supply approximately one-half of the U.S. consumption.

Independent Refiners Association of America

The independent oil refiners are those that must purchase most of their crude oil supply—as distinct from the integrated major oil companies, with their own crude oil production. They are small in size relative to the integrated majors. While the sliding scale confers proportionately higher quotas to small refiners it is not a special privilege, but is necessary to offset differences and avoid inequality in actual competitive impact. Such unequal impact would result under the control system because the integrated majors receive (1) the higher price for the domestic crude oil which they own and (2) the value of their quota rights to import foreign oil. The non-integrated refiners enjoy only the latter benefit. The independent refiner plays a key role in maintaining competition in the oil industry upon which a pass-through of cost savings to consumers must depend. The Association, therefore favors the present quota system for petroleum imports, and particularly endorses the present sliding scale feature.

Shell Oil Company

U.S. production can be preserved only by restricting imports of foreign oil. The tariff system proposed by the Cabinet Task Force on Oil Import Control would be subject to unpredictable dislocations because of variations in foreign governments' taxes and royalties, tanker transportation costs, and the operations of national oil companies in such countries as Iran, Venezuela, and Indonesia. Variations in the qualities of crude oil, such as sulfur and asphalt content and their being light or heavy oils, make imports less susceptible to control by a tariff.

Shell Oil Co. supports the present quota system on oil import control as the most effective means of meeting our national security objective. The company opposes H.R. 16126 and H.R. 16146 which would freeze the present regulatory machinery but supports S. 3486 which would provide an alternative organization for administering oil imports.

United Mine Workers of America

The United States should establish a realistic energy import program, even though such a program runs counter to the trend of the past 30 years towards freer trade. What is needed is a more restrictive trade policy in energy than has heretofore been applied. Imports of residual fuel oil, crude oil, and liquified natural gas should be restricted (by quotas or other means) to a specific percentage of the national energy demand, so as to thereby motivate owners of coal mines (which are now largely multinational firms) to develop mines and transportation and distribution systems, and will cause electric utilities to develop and install coal-burning equipment which minimizes air pollution. If these companies are compelled to do this, rather than relying to an increasing extent on foreign energy sources, they will naturally look to the most effective possible means for utilizing the 1.9 trillion tons of coal reserves in the United States. In the absence of such compulsion, American energy resources will eventually atrophy and become increasingly unable to contribute to the national well being.

SCHEDULE 5--NONMETALIC MINERALS AND PRODUCTS

United Glass and Ceramic Workers of America

Trade agreements or voluntary quota arrangements should be negotiated to reduce imports to such levels as may be necessary to preserve intact U.S. manufacturing industries until the current monetary emergency is over.

Harvey Industries, Inc.

U.S. tariffs should be increased.

International Brotherhood of Operative Potters

The International Brotherhood of Operative Potters supports the Fair International Trade Act, and asks for a ceiling on imports. This legislation would not turn the hands of the clock back to the protectionism of the 19th century. It would provide some sensible, reasonable safeguards calculated to preserve the employment opportunities of its members.

Fair-Rite Products Corp.

Quotas on import of ferrites must be established if this industry is to become viable. With military research and development involving ferrites being cut back, the outlook is extremely bleak for the growth of technical competence of the United States in this field. It appears that our government is not only permitting great economic damage to be wrought, but is also sponsoring technological suicide.

U.S. Potters Association

An omnibus quota bill should be passed so that any domestic industry which is injured and qualifies under an announced criteria would be able to get relief from ruinous imports. The criteria for qualifying for relief under such a bill could be spelled out by Congress, and would require an overt act on the part of such industry to seek relief. Even if a particular industry may be entitled to relief under such a bill, the relief would not be forthcoming automatically. It would be necessary for the industry to petition for the relief necessary. An omnibus quota

bill would probably have a percentage of imports as related to domestic consumption as part of its qualifying criteria.

Window Glass Cutters League of America, AFL-CIO

Foreign trade and the sharing of the growth in U.S. markets by domestic and foreign producers is desirable but the complete absorption of the growth in U.S. markets by foreign producers is not.

American Flint Glass Workers' Union of North America

Competition from abroad is unfair and U.S. workers cannot compete with the low-wage, hand-made glassware workers abroad; the industry needs relief and protection from unfair imports.

United Stone and Allied Products Workers of America, AFL-CIO

Prior to World War I, the United States was wholly dependent upon foreign sources for potash. We have spent several million dollars since to find other or domestic sources. From 1931 through 1966, the domestic industry which is centered mainly at Carlsbad, N.M., supplied most of the domestic requirements. Development of the Canadian deposits, largely by U.S. potash producing companies, resulted in cut-backs in U.S. operations and in lower employment at Carlsbad, from 3,952 employees in 1966 to less than 2,500 at the present time. Due to the high grade of the Saskatchewan ore body and the tax concessions given to the producers by the Canadian Government, U.S. producers are and will continue to move to Canada. Unless we are able to secure a quota on potash (such as H.R. 14941 and S. 2883) the U.S. potash mining and refining industry will completely disappear in 10 years.

Laborers' International Union of North America and Marble Institute of America

The Marble Institute of America (MIA) requests, in the absence of the preferred increases in import duties, that quotas be imposed on imports of all manufactured marble and travertine, as a means of improving the competitive position of U.S. producers and fabricators of marble.

Stone, Glass, and Clay Coordinating Committee

H.R. 16920 and other bills on trade with the exception of the Fair International Trade Act are an inadequate remedy to the damage caused by unregulated imports and foreign investment. The United States must invoke Article XII of the GATT, which imposes restrictions on imports, to offset a serious decline in U.S. foreign exchange reserves and to maintain equilibrium in U.S. balance of payments.

Earthenware Dinnerware Emergency Committee

H.R. 16920 should be enacted, but with inclusion of the words "either actual or relative" when referring to increased imports. Quotas are needed on imports of both earthen dinnerware and low-priced china dinnerware, with which U.S. earthen dinnerware directly competes. The U.S. industry should be defined as those firms or appropriate subdivisions thereof which produce the articles that are like or directly competitive with the injurious imports.

West Virginia, Pennsylvania, Ohio & Indiana Glass Workers' Protective Leagues

Imports should not be completely curtailed since the U.S. economy demands trade.

Oil, Chemical and Atomic Workers International Union, AFL-CIO

The Oil, Chemical and Atomic Workers International Union, AFL-CIO requests, in the absence of the preferred increases in import duties, that quotas be imposed on imports of all manufactured marble and travertine, as a means of improving the competitive position of U.S. producers and fabricators of marble.

American Saint Gobain Corp., C-E Glass, Libbey-Owens-Ford Co., PPG Industries

Flat glass should be included in legislation providing for the imposition of limitations upon the quantity and rate of increase in imports.

The flat glass industry has been severely handicapped by reductions in duty such as occurred in the Kennedy Round. H.R. 16920 should be broadened in scope to include criteria such as market disruption, import penetration, or other aspects of serious injury to domestic industry as cause for granting relief to import-sensitive industries such as the flat glass industry.

Granite Quarries Association, Inc.

The National Building Granite Quarries Association, Inc. (NBGQA) urges that some form of protection against increasing imports be extended to the U.S. granite industry; presumably, protection in the form of quotas would be acceptable. Such protection is needed because several domestic granite firms have been forced to terminate operations, despite increased sales of the industry as a whole. In the past four years, imports have increased 150 percent whereas the output of domestic granite has increased only 25 percent. Imports now hold one-third of the U.S. market, up from only one-fifth of the market in 1966.

SCHEDULE 6—METALS AND METAL PRODUCTS

Iron and Steel

American Iron and Steel Institute

Congress should take action to insure that import-injured industries are given temporary relief through voluntary limitations by exporting countries, government-to-government agreements, or legislative measures to provide for orderly trade as in H.R. 16920, H.R. 3, and similar bills. The steel industry supports and urges negotiations to extend and improve the Voluntary Restraint Program on exports of steel to the United States. If the Voluntary Restraint Program is to be truly effective in preventing irreparable damage to the steel industry it must include firm commitments as to the maintenance of distribution by product categories and markets. The five percent annual growth factor is substantially higher than the long-term rate of growth in the U.S. market and must be brought more into line.

Tool and Stainless Steel Industry Committee

The Voluntary Restraint Program has not been effective in providing import relief for specialty producers. In 1969, the volume of total specialty steel imports was at the highest level on record and represented a gain of 7 percent over 1968 while total imports of steel-mill products in 1969 declined by 22 percent when compared with 1968. It is obvious that foreign steel producers have increased shipments of

specialty steel to maximize the value of exports to the United States while holding back on some of the large carbon steel tonnage items to minimize the volume of total U.S. imports of steel-mill products. It is a necessity that we receive firm commitments from exporting nations on product mix and geographic distribution. We have serious reservations about the prospects for such commitments. We are persuaded that a legislative solution to the steel import problem is necessary. We ask for favorable action on H.R. 3.

American Institute for Imported Steel, Inc.

The institute is unalterably opposed to quotas, even though they are termed orderly marketing programs, and whether they are legislatively imposed or called voluntary. Legislative quotas are less desirable than the Voluntary Restraint Program. If legislative quotas were enacted, other nations undoubtedly would retaliate against a commensurate quantity of U.S. exports. The steel industry and union are fallacious in claiming that imports are responsible for 70,000 lost jobs. The world steel storage in 1969 also exposed the myth of the 80 million ton overcapacity in steel production that supposedly existed in the world. Import restrictions hurt the American consumer. In the last 17 months, steel prices have raised across the board by more than 10 percent. In 1967 and 1968 before the Voluntary Restraint Program prices went up only 1.2 percent and 2.5 percent respectively.

United Steel Workers of America

We support legislative quotas which would be imposed upon imports of iron or steel into this country. That is the purpose of H.R. 3330, the Vanik bill, and also the purpose of H.R. 9912, the Orderly Marketing bill, introduced by Congressman Burke, although that bill is applicable to more industries than steel. The implementation of a balanced and orderly trade in steel is, however, actually being carried out and fostered by the Voluntary Quota Agreements. We support these plans to establish reasonableness in steel trade because we are genuinely disturbed about the short term adverse impact upon current employment by any rampant and accelerated importation of foreign steel. We recommend the enactment of the Vanik bill for a 2-year period to be triggered into effect automatically in January 1972 if there is a failure of the Voluntary Agreement to be extended for the 2-year period, 1972-73. The extension of the Voluntary Agreement or legislative protection would provide a lead-period for the industry to modernize.

Foreign Trade Committee, Fine and Specialty Wire Manufacturers' Association

We strongly urge that the Ways and Means Committee ignore the unproven threats of massive retaliation by other nations and take the leadership in providing the American worker and American industry with the opportunity for fair trade in the American marketplace. Legislation such as the Fair International Trade Act can go a long way toward solving this problem. We urgently request enactment of legislation which will put an enforceable, legislative ceiling on imports, including fine and specialty wire. We feel strongly that these limitations should be in terms of value, not weight, since high labor content items such as ours are more subject to import damage and value is the truest method of measurement.

American Pipe Fittings Association

The forged steel welding fitting and flange and malleable iron pipe fitting industries have experienced increasing import competition in a declining market caused by anti-inflationary policies. Because of this, the pipe fitting industry supports H.R. 16920, Title II, but feels that it should be strengthened to make the findings of the Tariff Commission as to serious injury and the amount of tariff or quota relief required to correct the injury binding on the President and not subject to his discretion. The Tariff Commission's findings should be automatically placed into effect upon publication.

Seamless Specialty Tubing Producers

Reasonable limits should be established, category by category, under which the specific products may be imported without harm to related industries and domestic needs. Imports should be correlated to domestic production and domestic needs. The voluntary quota system is not working; imports of specialty tubing increased in 1969 over 1968 and there appears to be no letup so far in 1970.

Metal Masters Division of Alco Standard

Congress should act on the passage of H.R. 17803, which raises the duty 25 percent on stainless steel sheet, and 50 percent on stainless steel products in order to enable small U.S. companies like Metal Masters of Baltimore, Inc., to equitably contend with international steel competition. At the present time, there is a lower tariff on a saleable finished product, than there is on the raw material (e.g. stainless steel coil), enabling the foreign manufacturer to establish a selling price much lower than a U.S. concern.

West Coast Metal Importers Association

Except under extreme circumstances, quotas serve the interests of neither industries or consumers. More than tariffs, quotas severely limit the consumer's freedom to choose products by type and price range. In an economy with strong inflationary trends, such as our own, the detrimental effects of quotas would seem to be obvious. Reduced supplies of competitive foreign products encourage price increases in the protected industry.

We believe that the voluntary restraints on steel imports have pointed up the entirely negative effects of protectionism. American importers and their customers have suffered shortages, delays, and financial loss. Meanwhile, domestic steel prices have risen alarmingly.

Other Metals*Independent Zinc Alloyers Association*

H.R. 9788 could endanger our national economy and our international trade arrangements. Insofar as zinc is concerned, this quota legislation could be destructive of normal competitive forces in our industry. The proposed quota legislation could reduce our overseas source of supply and allow major competitors an unrestricted supply of slab zinc.

Copper and Brass Fabricating Council, Inc.

The council suggests that Congress develop a flexible tariff system which would encourage foreign mills to observe our labor standards

and which would do no more than offset the lower foreign production costs which result from low labor rates.

Committee of Producers of Ferroalloys and Related Products

We feel strongly that the only way to maintain this defense-essential industry in a healthy condition is through a reasonable import quota system, which would permit both domestic producers and importers to share equitably in the expanding U.S. market. One way to accomplish this would be to pass one of the ferroalloy quota bills, such as H.R. 95 or H.R. 2860. Another way would be to include these ferroalloy products in H.R. 16920. A quota system using a reasonable percentage-of-consumption basis should be enacted. We feel that 1967-68, while not as representative as other periods for certain ferroalloy products, would be an appropriate base period for calculating import quota percentages.

The Aluminum Association

The Association strongly recommends that a major effort be made to eliminate inequities in tariff treatment and to reduce non-tariff barriers and other restrictive techniques which prevent genuine international business competition. Specifically, the major non-tariff affecting aluminum trade is the import quota. This type of import, stimulated by frustration elsewhere rather than by regular business competition, would not make for healthy foreign trade in aluminum.

Fasteners

U.S. Wood Screw Service Bureau

Quota legislation is the only way to protect our American producers against imports. Import Quota Bill H.R. 16920 should be amended by the addition of an absolute quota provision of threaded fastener products. Imports of all types of fasteners increased from \$34 million in 1964 to \$87.5 million in 1969. In 1969 these imports represented 67 percent of total U.S. consumption. Three appeals for escape clause relief filed with the U.S. Tariff Commission have been of no avail.

Industrial Fasteners Institute

The United States should establish a quota of \$40 million annually on U.S. imports of fasteners (nuts, bolts, screws, washers, rivets, etc.) from Japan. U.S. imports from Japan amounted to \$39 million in 1968, and to \$53 million in 1969. This quota should be increased, after U.S. exports of fasteners reach \$30 million annually, proportional to the increase in U.S. exports above \$30 million annually. U.S. exports to Japan amounted to \$1.0 million in 1968, and to \$1.7 million in 1969.

Electronics

E. Stanwyck Coil Co., Inc.

A quota is sought on all imported consumer electronics assemblies, based on 1960 imports—1960 is when imports started to hurt the trade. A quota would stimulate increased activity in the electronics industry and maintain our national defense posture.

Semiconductor Division, Electronic Industries Association

Quotas are undesirable because they invite foreign retaliation against American exports, because they are inflationary in that they

permit weak and inefficient domestic industries to pass higher costs on to the consumer, because they limit export sales of items used as components of imported articles subject to quota control, and because they limit the benefits of item 807.00 with respect to controlled items.

Consumer Products Division, Electronic Industries Association

A large majority of the member companies of the EIA is opposed to quotas on consumer products. We oppose any legislation which would impose quantitative limitations on imports of consumer electronics products as premature.

Machinists, Electrical and Radio IAWA, IBEW, INERMW

Bill H.R. 17625 would provide a formula for equitable sharing by all producers, both foreign and domestic, in an expanding market of electronic products.

Toshiba America, Inc.

Trade between the U.S. and Japan in electronic products has been mutually beneficial. The U.S. primarily exports highly sophisticated industrial equipment and components; whereas Japan exports consumer electronic products.

Japan does not restrict imports of consumer electronic products, nor does it subsidize such exports.

Japanese innovations have contributed to the increase in the U.S. market for consumer electronic products.

The present temporary slowness of demand in the U.S. does not warrant measures as drastic as import quotas. Import quotas would disrupt the market for consumer electronic products, stifle product innovation, and bring about price increases.

General Electric Co.

General Electric opposes enactment of H.R. 17625 which would establish quotas on the importation of electronic products. This bill would place an arbitrary limitation on consumption and result in the possibility of widespread inflationary and artificially increased price levels for consumer electronic products. Demand in this sector changes rapidly and quantity and value and price determinations made on a 1964-66 base are already meaningless. This proposal would also restrict decisionmaking and make it impossible to meet temporary peaks in demand beyond the capacity of domestic plants. Furthermore, foreign demands for compensatory tariff reductions would place a tremendous burden upon other industrial sectors. If compensation were not provided, foreign governments might retaliate at the expense of growing U.S. electronics exports.

Electronic Industries Association and American Loudspeaker Manufacturers Association

The provisions of H.R. 16287 are desirable for an import quota bill. Import-sensitive industries may petition the Tariff Commission for determination of injury. This bill includes electronic products, uses a base period of 1966-68, permits increase in quotas if shortages exist and requires an industry representative at trade agreement negotiations. We also favor three perfecting amendments to H.R. 16287.

Other Manufactures

Office Machines International Institute

The Fair International Trade Bill, which is before the Committee is supported, because it allows for flexible quotas. It doesn't bar outright certain products, nor raise a high tariff wall. It gives the foreigner a share of the U.S. market, increasing the share when the market rises, but lowering the foreign share when the market declines. This would give us a little more strength in negotiations in the future. Tariffs mean little and a great deal of time was wasted at the Kennedy Round.

The Anti-Friction Bearing Manufacturers Association

At our request, Congressman Meskill introduced H.R. 11910, "Anti-Friction Bearing Orderly Trade Act." This bill is designed to permit foreign manufacturers a fair share of the U.S. market while also providing for the continued existence of the domestic industry in its historic form.

Stainless Steel Table Flatware Mfrs. Association

The Ways and Means Committee should report out House Concurrent Resolutions 605 and 611 which if acted upon would demonstrate the feeling of Congress that imports of stainless steel flatware should be adjusted now to prevent further irreparable injury to this historic industry. These resolutions state that it is the sense of Congress that the President or his authorized representative invoke the rights reserved by the United States to restore the statutory rates on stainless steel flatware.

National Association of Scissors and Shears Manufacturers

A bill, H.R. 17889, has been introduced and referred to the Committee on Ways and Means. It provides for the importation of 16,806,477 pairs of scissors and shears during 1970 which is 66 percent higher than imports during 1961. In succeeding years, imports would be increased by an amount proportionate to the increase or decrease in domestic consumption.

Continental Can Co., Inc.

Continental has licensing agreements with 50 packaging companies throughout the free world and own and operate 61 plants abroad. The earnings from these foreign operations made a substantial contribution to the U.S. balance of payments. These foreign operations serve regional areas inasmuch as there is little international exchange of finished packing products because their bulkiness does not lend them to shipment over great distances. What is traded internationally are the raw and semifinished materials on which the packaging industry is dependent. The balance of this trade is very much in the favor of the U.S.

Continental opposes quotas because it becomes more difficult to operate efficiently in a country when trade is subjected to restrictions and the hostile policies that restrictions engender. The overseas plants are dependent to a large extent on cooperative relations among the

countries concerned. The company does not wish to be caught in the middle of a trade war, but regards international competition in raw materials as an essential restraint on rising prices. This encourages maximum efficiency, modernization, and competitive pricing.

Commercial Product Group, North American Rockwell Corp.

The passage of H.R. 16920 will represent a tangible and effective evidence of support for our hard pressed textile industry.

Nosawa, Inc. & Mitsuboshi Cutlery, Inc.

International Silver Company, and the Stainless Steel Manufacturers themselves are among the leading importers and are responsible for much of the recent increase in imports of stainless steel flatware.

The two leading domestic producers of stainless steel flatware, who together account for approximately 75 percent of total domestic production, are experiencing increasing sales and profits and have no need for additional protection from imports. Additional import restrictions would enhance the market dominance of the two leading domestic manufacturers and would not be of significant help to the smaller producers who have steadily lost ground to the leading companies despite eight years of quota protection.

The most effective means of helping the small companies is through utilization of the Trade Adjustment Assistance provisions of the Trade Expansion Act.

American Sprocket Chain Manufacturers Association

We urge that serious consideration be given to the enactment of omnibus quota legislation, such as H.R. 13975. We realize that such proposals may have significant foreign policy ramifications and that competing and sometimes conflicting national interests must be balanced but this may be the only practical way to stave off further injury to many producers of important industrial products.

Marks Specialties, Inc.

H.R. 17889, a bill to restrict imports of scissors and shears, is unnecessary from the point of view of the domestic industry and, by restricting imports from Brazil, would be contrary to the spirit of the Alliance for Progress and other measures the United States has taken or supported to develop industry in the LDC's.

Scissors and shears imports are supplementary to domestic production. Most U.S. producers supplement their own production by importing. Because over 90 percent of the cost of top quality scissors is represented by hand labor they are generally not available from U.S. producers. With imports available, the American consumer has a much wider choice. At the same time, imports act as a curb on inflation.

Of the two principal U.S. manufacturers, one showed a large rise in income from 1968 to 1969 (6 months) and the other has been unable to keep up with orders despite a constant expansion of domestic facilities. U.S. producers have been unable to find the highly skilled craftsmen needed to do this difficult and unpleasant work.

Passage of H.R. 17889 would destroy the scissors industry in Brazil. Exports from Brazil to the United States have grown from nil before 1963 to \$500,000 in 1969 and are expected to double within 2 years. Other markets have also been developed. Marks Specialties, Inc., business would also be seriously affected.

If the United States is interested in the welfare of the people of developing countries, and ultimately in our own standing in the world, it must be committed to a policy of consistent help to them. This should be in the form of trade rather than aid. The threat of import restrictions makes many LDC manufacturers apprehensive about dealing with the United States.

Machine Tool Group, American Importers Association

We believe that the imposition of quotas by statute no matter how limited will mark a clear-cut and definite departure from U.S. trade policy over the years since World War II. The establishment of import restrictions in any form and the resulting limit on competition will encourage industry to relax efforts to solve what are the real problems in areas of research, development, production and marketing. Furthermore, there is already a broad range of laws intended to give relief to industries that are hurt by foreign competition. Thus, the Committee should reject any legislation intended to impose trade quotas or similar import restrictions.

National Machine Tool Builders Association

The Association is against further tariff concessions on machine tools. Rather than quotas, suggest a barrier to importation—sliding scale of tariff rates—dependent on a rate of penetration of U.S. market imports. Favor selective import surcharges when imports of basic types of machine tools significantly exceed 10 percent of domestic consumption. Recommend adoption of a system of indirect taxation, such as non-tariff border taxes, to assist in the problem of imports.

We urge that the determination of duty be made on the basis of C.I.F. rather than F.O.B. value, so that the landed value in the U.S. would be dutiable, as with most other major trading nations.

SCHEDULE 7—SPECIFIED PRODUCTS; MISCELLANEOUS AND
NONENUMERATED PRODUCTS

Footwear

British-American Chamber of Commerce

The chamber is opposed to H.R. 16920. Average prices of all non-rubber footwear imported from the United Kingdom during 1968 and 1969 were above the domestic average price suggested. Better-class imported footwear makes a significant contribution to the variety of styling and workmanship of shoes available to the public. In both Europe and the United States, a steadily increasing shoe production has been achieved by a steadily decreasing labor force. It is misleading to suggest that "lost job opportunities" have been caused by import competition. A healthy shoe industry in Britain and other countries has been materially assisted by aggressive and successful exploitation of export markets. U.S. shoe exports have decreased, stemming from a lack of initiative on the part of the U.S. shoe industry.

Brazilian American Chamber of Commerce, Inc.

Sections 103 and 104 of H.R. 16920 ought to be reconciled or clarified either in the bill itself or in the regulations issued thereunder. A developing country such as Brazil would be heavily penalized by the

use of the base years proposed, in the absence of qualifying criteria in the bill. Predicted on the base years 1967-68, Brazil would be allowed footwear imports of about \$328,000; however, U.S. imports of footwear from Brazil during 1969 amounted to \$1.5 million. U.S. imports of synthetic textiles from Brazil in 1969 amounted to only \$39 million. Base years as contained in the bill are not meaningful in terms of coming to grips with the pressures of the economies of the developing countries with which a viable modus vivendi ought to be developed.

Rubber Manufacturers Association

We oppose section 203(b) of H.R. 16920 because it would confine the President's authority to make compensatory tariff adjustments to authority he did not use during the Kennedy Round. This would limit the products subject to such compensatory cuts to those—like waterproof footwear and rubber-soled footwear with fabric uppers—which were found to be so seriously hurt by imports that duty cuts were not warranted during the Kennedy Round.

Shapiro Brothers Shoe Co., Inc.

During the period 1969-May 15, 1970, our production of shoes declined, we have closed one of our plants, and have been forced to reduce our work force; wages continue to increase and our products become even less competitive with foreign imports. Quotas are needed to protect our business and employees.

National Shoeboard Conference

The conference favors limitations on the imports of leather footwear and, therefore, supports the general provisions of H.R. 16920.

The conference recommends the imposition of quotas on imports from those countries which will not agree to limit their exports to the United States to provide relief to domestic industry. The conference suggests that the President be authorized to impose border taxes on the imports from countries which refuse to eliminate non-tariff barriers that create inequities to imports from the United States.

Italy-American Chamber of Commerce, Inc.

Footwear is a fashion item, and Italy is the leader in footwear styles and leather craftsmanship. If Italian shoe imports into the United States are inhibited by so-called orderly marketing arrangements, or cut back by quotas, the domestic industry which benefits from the demand created by Italian styling would suffer. Thirty percent of Italian imports are purchased by U.S. manufacturers to supplement their own lines.

Imports from Italy are leveling off and totaled 60 million pairs in 1969 of which 35 million were sandals. Excluding sandals the imported Italian shoes show an average unit value of \$5.86 compared with \$4.99 for domestic shoes. Wages in Italy are \$2 per hour compared with \$2.41 in the United States. Shipping and other costs wipe out wage advantages. The mark-up on imported shoes is the same as for domestic. The domestic footwear industry shows continuing healthy profits and total employment is stable.

In 1969 Italian made knit-wool outerwear sold at an average of \$7.83 per lb. while the average for all countries was \$5.64. Italy's share of such imports declined from 50 percent in 1965 to 37 percent in 1969.

H.R. 16920 is opposed unless the "categories" mentioned in this bill exclude the product and price-range which cannot be described as "low priced" import competition.

Artificial restrictions as proposed in H.R. 16920 are not only unwarranted but potentially dangerous both to the United States industry and to international trade in general. Restrictions on imports of Italian footwear must seriously affect the favorable balance of trade which the U.S. enjoys with Italy.

United Shoe Workers of America and Boot and Shoe Workers Union

The only way to keep from turning the domestic shoe market over to foreign countries is to limit imports. The shoe workers of the U.S. therefore, enthusiastically support H.R. 16920.

American Footwear Manufacturers Association

The AFMA supports H.R. 16920. Quotas will provide a method of sharing the U.S. market but prevent further erosion for domestic manufacturers.

U.S. regulations on wages, hours, social security, unemployment compensation, and other forces have resulted in rising costs to U.S. industry. Labor costs in footwear production constitute 30 to 40 percent of the cost of the finished product. It is difficult to compete with manufacturers from countries where laws governing wage rates, child labor and general working conditions are more lenient than in the U.S. Tax rebates (and similar techniques) encourage economic growth in foreign countries; such rebates are not employed in the U.S.

Increased imports have caused some companies to discontinue operations. Many different factors are responsible for the upsurge of imported shoes. No country has a monopoly on style. Fashions presented in the U.S. one week are produced in Europe the next. No lag exists in American technology; domestic shoe machinery sells well in world markets. Worker productivity is not a factor; American labor is the most productive in the world. The problem is that U.S. manufacturers cannot overcome the foreign wage-rate differential.

The U.S. shoe industry advocates expansion of trade but believes benefits should be spread more equitably. A quota system with an adjustment provision is a flexible method allowing foreign competitors a share of market growth. It also provides authority for the President to negotiate voluntary agreements.

The AFMA's support of quota legislation is further substantiated by a document, offered in response to questions that arose on June 2, which contains information and data dealing with plant closings, 1967-69 and Jan.-Mar. 1970, industry profits, 1960-69, and the sample of the Consumer Price Index for footwear of the BLS.

Footwear Groups: American Importers Association and American African Export Co.

Rather than try to present a rounded economic analysis of the industry, the Footwear Group will wait for the Report of the President's Task Force. The growth of imports is much less the cause than a result of the economic trends within the U.S. economy and within this industry. If imports had not been available, there would have been greater price increases in footwear than have occurred. Both U.S. producers and retailers have used imports as part of their product mix, to

supply demands of the market not served by American-made products. There is no way to administer quotas for products of such enormous diversity, and quotas lead to higher prices. If H.R. 16920 were adopted and quotas were applied on a national basis without subcategories, imports from Taiwan, Spain, Italy, and Japan would be reduced.

Some of the troubles of certain shoe producers have been the result of mismanagement. Some plants have been closed in New England because they were obsolete and uneconomical to operate. There is no real unemployment in the footwear industry since workers displaced by the closing of one plant can usually find employment in another shoe factory quickly. In 1968 layoffs were 1.0 per hundred in the shoe industry compared with 1.2 for all manufacturing.

Volume Footwear Retailers of America (VFRA)

In response to complaints by the domestic industry and expressions of concern by Congress, the President created a high-level Task Force to investigate economic conditions in the nonrubber footwear industry and to recommend appropriate steps. Although the report submitted by the Task Force has not yet been released, Administration officials have indicated that the investigation has not revealed the need for quotas on footwear imports as proposed in H.R. 16920.

The V.F.R.A. has prepared an analysis of economic conditions in the domestic nonrubber footwear industry, summarized as follows:

(a) Throughout most of the 1960's the U.S. nonrubber footwear industry experienced a period of unparalleled prosperity. The upward trend was interrupted in 1969; this difficulty was due to a decrease in consumption, not imports.

(b) Two-thirds of all imported footwear is not competitive with domestically-produced products.

(c) The sales and profits of the U.S. nonrubber footwear industry increased annually through 1968.

(d) Employment in the industry was stable through 1968, and modest declines in 1969 were attributable to a decrease in consumption.

Footwear quotas will restrict consumer choices, and prices will rise.

A limitation of style ranges, which would be involved in curtailment of imports, would deter and probably reverse the industry's ability to attract customers to its stores and to stimulate higher per capita purchase of footwear.

Imports tend to hold down prices to U.S. consumers.

Imports have generated some positive and constructive activities among domestic manufacturers.

United Rubber, Cork, Linoleum and Plastic Workers of America, AFL-CIO

We are opposed to section 203(b) of H.R. 16920, in that rubber footwear will become subject to the balance of the Kennedy Round rate reductions, thereby drastically reducing tariff rates on those products. We have no quarrel with the fact that leather footwear industries need legislative assistance. We only ask that you do not pass legislation to assist one industry and then grant to the President the authority to use reciprocal concessions to the detriment of another like and competitive industry which is equally effected by increased imports.

Fur and Leather Department, Amalgamated Meat Cutters and Butcher Workers of North America, AFL-CIO

Import quotas on shoes should be established to prevent further deterioration of the domestic tanning industry. A rising flood of imports of shoes has sharply curtailed domestic demand for leather. In addition, many supplier nations have, for the welfare of their own domestic economies, imposed export quotas on the shipment of raw skins to the United States. As a result, one large U.S. tannery recently went out of business and another large tannery is expected to be out of business soon. Production worker employment in the U.S. leather tanning industry declined from an average of 38,000 in 1957-59 to 29,000 in 1969. Estimated employment abroad in the tanneries producing leather for the U.S. market rose from 3,000 workers in 1957-59 to 8,000 in 1969. During the same period, leather output in the United States declined by 19 percent while annual imports rose from an average of \$37.4 million (equivalent to 4.7 percent of domestic output) in 1957-59 to \$90.5 million (equivalent to 12.4 percent of domestic output) in 1966.

U.S. imports of shoes (except vinyl types) over the past decade rose from an average annual 18.9 million pairs in 1957-59 to 105.3 million pairs in 1969. This is a 457 percent increase in shoe import volume and represents the export of 33,520 jobs. If imports of vinyl shoes were taken into consideration, a total of 70,000 jobs have been exported.

Tanners Council of America, Inc.

Shoe imports are the greatest immediate concern to the tanning industry because shoe production absorbs the major part of leather output. The present trend of shoe imports will destroy the shoe manufacturing industry in the United States and with it the U.S. leather industry. During the past two years at least 70 factories producing shoes and other leather products have stopped operations and have been liquidated. In less than a decade shoe imports have increased from a negligible level to almost 50 percent of domestic production in the first four months of 1970. U.S. imports in this product area (shoes and leather products) exceeded the value of exports by \$600 million in 1969.

The leather industry urges the enactment of H.R. 16920. Only a reasonable quota system can serve as arbiter in the clash of economic interests among many countries and particularly between nations with controlled economies and those devoted to the free enterprise concept.

The Status Shoe Corp.

The Status Shoe Company is opposed to the passage of quota legislation for the following reasons:

(1) A shoe can be made in a variety of styles and by a number of processes. The problem of categorizing shoes to administer an import quota will be a super-human one with each interest seeking adoption of a classification favorable to it. Whichever classification is adopted will have a tendency to freeze the trade into a fixed pattern.

(2) Foreign countries with substantial exports in the base years will become members of an exclusive club, entitling them to export footwear to the U.S. to the exclusion of other countries.

(3) Quotas will mark the beginning of a return to destructive trade wars.

(4) According to various studies, the problems of the U.S. footwear industry are not caused by imports, but are rooted within the industry itself. If quotas are established the industry will make no effort to undertake the changes that are necessary to modernize and reorganize its production and distribution.

(5) Since quotas artificially restrict trade, domestic producers will not have the incentive to reduce costs and lower prices.

Tri-State Shoe Co.

The average domestic shoe manufacturer finds himself in an adverse position today not because of import competition, but because of a shortsighted policy he has adopted with regards to his customer, his prospective customer and his product. In this connection, the manufacturer ignores small buyers, and seeks one customer or a select group of customers. The manufacturer has not aggressively sought solutions to business problems, but has looked to Congress for protection.

The answer to the present plight of the footwear manufacturer does not lie in quotas; it lies in the factories reevaluating their customer relations and in taking advantage of those situations where domestic products have an advantage, such as better delivery and imaginative use of materials.

If imports of footwear were limited by quota or other restrictions, demand in the U.S. would far exceed supply and would result in a high bankruptcy rate for the small retailer and a high price to the consumer.

Spain-U.S. Chamber of Commerce

The increase in exports of footwear from Spain to the U.S. in the last several years is a result of the initiative of American importers. In many cases the firms that are importing also manufacture shoes in the U.S. Footwear manufactured in Spain for the American market are specially styled and designed. If future imports are returned to 1967-68 levels, much of the trade will disappear. Prices that enable U.S. importers to profitably do business in Spanish shoes depend on volume level and if volumes are cut, increased prices will force most importers out of the field.

The competitive effect of Spanish shoes on the U.S. market has been to lower prices to the consumer. The importation of shoes from Spain has also stimulated U.S. production. Men's shoes have become almost as much a fashion item as women's shoes. The ability of U.S. manufacturers and importers to work with Spanish producers has been an important factor in keeping pace with the changing market. Very often a style introduced by an import becomes so popular that American facilities are used to meet the demand. Much of the machinery and equipment employed in Spanish shoe production was purchased from the U.S.

The passage of H.R. 16920 will mark a reversal of the direction taken by the U.S. and the entire world over the past quarter of a century.

CITC Industries, Inc.

Problems existing in the shoe industry, particularly in the New England segment, do not stem from imports alone. In this connec-

tion, the Federal Reserve Bank of Boston reports that many New England shoe manufacturers feel that the major constraint upon the level of their output is not foreign competition, but the high cost of labor in New England. Also, manufacturers of high fashion women's shoes have not been sensitive to new styles, and have lost part of their market share through lack of market analysis.

It is debatable whether trade restrictions would permanently solve the problems of the New England shoe industry since regional wage differentials in the nation make the New England shoe industry vulnerable to domestic competition.

Other reasons for rejecting a quota approach are, (1) much higher priced shoes and restricted choice for consumers, (2) retaliation by foreign governments against U.S. exports, and (3) the inherent conflict with the movement toward freer trade in the world.

Luggage and Handbags

Luggage and Leather Goods Manufacturers of America, Inc.

Support H.R. 16920 but urge that it be amended to include quotas on luggage and leather goods. This is necessary because during the last 3 years there has been almost a 50 percent increase in imports of the products made by the luggage and leather industry. The increased imports have adversely affected the industry. Inasmuch as American made goods compare favorably with the imports on the basis of style, quality, and eye-appeal, the imports are sold mainly on the basis of price. Low prices are possible because the imported goods are produced by poorly paid workers in comparison with domestic goods which are produced by workers who receive the highest pay of any country in the world.

National Handbag Association

H.R. 16920 should be amended to include ladies handbags. Years ago imports of handbags were negligible. Now 50 percent of our market has been taken over by imports. Our country can no longer afford to talk foreign trade theory. We have got to talk about people because people need jobs. In New York City we have 7,000 handbag workers who were laid off and are presently unemployed and another 4,000 on part-time work. These workers are semiskilled and unskilled and mostly from minority or under-privileged groups. They are Black and Puerto Rican. We have allowed their jobs to be stolen and all this country now offers them is the privilege of getting on the relief rolls.

International Leather Goods, Plastics, and Novelty Workers Union, AFL-CIO

A typical U.S. leather goods plant is small, averaging 55 workers. In New York State the number of handbag workers declined from 17,000 in February of 1960 to 14,000 in February 1970.

Because productivity per worker is about the same the world over in this industry, and because it is a handcraft industry, the only relevant criterion is labor costs. A handbag worker in the United States receives considerably higher pay than in any other country in the world.

U.S. production of handbags increased from 115 million in 1958 to 121 million bags in 1963 but since has declined to 86 million bags. Imports of handbags rose from 3 million bags, valued at about \$8

million in 1960 to 55 million bags, valued at \$62 million in 1969. Imports as a percentage of domestic output increased from 4.7 percent in 1963 to 60.5 percent in 1969.

It is requested that the domestic handbag industry be protected by quotas on imports of handbags as set forth in H.R. 17481.

Other

International Union of Doll and Toy Workers and International Union of Dolls, Toys, Playthings, Novelties and Allied Products of the United States and Canada

In the past decade, imports of toys, games and dolls have taken over a progressively larger sector of the American market and the prospects are for an even greater penetration of that market in the years ahead, with a corresponding loss of American jobs and a threat to standards and conditions built up by our members through the process of collective bargaining. The major factors contributing to the accretion of imports have been the export of American technology and know-how, the provisions in existing tariff laws and the disparity between U.S. and foreign labor costs.

We request the imposition of mandatory quotas to offset this deteriorating situation.

Standard Cellulose and Novelty Co.

Approximately 30 U.S. firms presently manufacture artificial Christmas trees and decorations and employ 50 to 300 workers each.

In the past five years, nine companies in our industry have either gone bankrupt, sold out or stopped manufacturing Christmas decorations because of imports. At this rate in 10 years we will be virtually non-existent. In the last seven years (1963-69), the total amount of imports under tariff item 772.97, which includes all decorations other than tree ornaments jumped from \$330,000 to \$15.7 million, an increase of 5,000 percent.

The vast majority of our merchandise is produced by unskilled workers (at least 80 percent from minority groups). In this connection, workers from minority groups are plagued with the highest rate of unemployment. Now, our industry is faced with an even greater rate of unemployment as a result of our inability to compete with low priced imports.

The jobs of our employees are now at stake and should be protected and relief provided to our industry.

Candle Manufacturers Association

We respectfully ask the same consideration on tariffs and quotas that are suggested for larger industries—given that help we will survive, as imports increased by more than 4,000 percent during the period 1951-68.

Optical Manufacturers Association

H.R. 16920 does not make adequate provision for essential but smaller industries such as the ophthalmic industry. This association favors a combination of H.R. 16920 and the Fair International Trade Bill which would make it possible to establish a ceiling on imports if imports reached a certain percentage of the market.

During the period 1959-69, imports of frames increased their share of domestic consumption from 14 percent to 33 percent, and imports of lenses rose from 12 percent of the U.S. market to 18 percent.

Bicycle Manufacturers Association of America

Despite having moved our factories, modernized plants, cut costs by using foreign parts, and innovated new designs, the domestic bicycle producers are today in an "extreme" condition because of imports.

Imports have increased their share of the U.S. market despite the achievements of the domestic industry because of these factors:

- (1) Mounting inflation.
- (2) Copying U.S. designs by foreign manufacturers.
- (3) The Kennedy Round of trade negotiations.

In view of the above, the solution we believe to be most effective is one which places a quantitative limitation on imports if they reach an injurious level, yet permits foreign producers to share in any growth in the U.S. market. Further, we believe that this form of relief should be available to every domestic industry which is being injured by imports. We support S. 2778 and H.R. 13401.

Carlisle Corp.

Increased imports of bicycle parts have created general distress in our industry. For example, foreign bicycle tires account for 56.1 percent of U.S. consumption; bicycle chain is no longer produced in the U.S.; and only one domestic coaster brake manufacturer has been able to survive.

The most effective bill for resolving the problems, created by imports is the Fair International Trade Bill (H.R. 14102) which provides, among other things, quotas under which any affected industry can obtain relief.

United Hatters, Caps and Millinery Workers International Union

The union represents a high labor content industry (the headwear industry) that is especially in competition with Japan who is "only selling cheap labor"—"we should begin to get some limits in this area of unfair competition."

Umbrella Frame Association of America

In 1967 domestic frame manufacturers produced 600,000 dozen umbrella frames. In 1969 the domestic frame makers produced approximately 300,000 dozen frames.

In 1967 the domestic market for umbrellas was approximately 2 million dozen; domestic frame makers had 27 percent of the market. In 1969 the market was approximately the same; domestic frame makers had 14 percent of the domestic market.

In 1954 there were 8 companies engaged in the manufacture of umbrella frames in the U.S. and in 1968 there were 3. At the present time 2 remain—representing an attrition of 75 percent—sharing only 14 percent of the market at the end of 1969. The trend in 1970 indicates this percentage will be even smaller, possibly 10 percent or less.

As of 1967, it was estimated that 500 persons were employed in the umbrella frame industry as compared to 2,500 in 1954. In 1969, the number of persons employed is estimated at less than 300—a reduction of 88 percent from 1967.

On March 5, 1970, the umbrella frame industry filed a petition with the Tariff Commission pursuant to section 301(a)(1) of the TEA of 1962 for tariff increases, quotas, and other relief. It is requested that the record of the hearing held on June 2, 1970, including the petition, the evidence submitted, and the testimony adduced, be included in full in the record of this hearing.

Japan, one of the principal suppliers of U.S. umbrella imports, ranks first in the production of umbrellas. Japan has 70 frame companies and 450 umbrella manufacturers that produce about 4 million dozen umbrellas annually (compared with about 300,000 in the U.S.). Fifty percent of Japan's export sales are intended for North America, 27 percent for Europe, and the remainder for Africa, Latin America, and other countries. U.S. producers have practically no export market.

Increased tariffs and quotas assigned country by country are the only manner in which the umbrella frame and umbrella industries in the U.S. can be saved from extinction. The Association, therefore, advocates the passage of H.R. 16920 with a modification of the base period. It is submitted that using 1967-68 as a base period would be unfair; the years 1957-58, when the average portion of the U.S. market enjoyed by U.S. producers was approximately 50 percent, would be more appropriate.

National Council of Music Importers

The National Council of Music Importers urges that the Committee not act favorably on other measures pending before it which would be restrictive of trade.

Fairchild Camera & Instrument Corp.

U.S. policy must avoid excessive reliance on import quotas because they will ultimately harm our high technology industries by leading to the establishment of trade barriers in Western Europe and the Far East.

3. GENERAL WITNESSES

Farm Bureau

Oppose H.R. 16920 and other bills currently before Congress which would legislate restrictions on the imports of petroleum, steel, textiles, lead and zinc, electronic goods, footwear, ball bearings, glass and many more items that could seriously impair our ability to trade. Opposes beef bills (H.R. 107 and others) and other legislation to reduce imports; prefers remedial action by a proposed new Commission on Trade and Tariffs.

The National Farmers Organization

The imposition of import quotas is an extremely dangerous and hazardous procedure and should be the "court of last resort." We would prefer tariff changes to the imposition of non-tariff barriers.

AFL-CIO

To prevent adverse import impacts on American workers, communities, firms or industries, the AFL-CIO recommends adoption of legislation along the lines of the Orderly Marketing bill, H.R. 9912.

Industrial Union Department, AFL-CIO; International Union of Radio and Machine Workers of America, AFL-CIO

Some industries of basic importance to the U.S. economy (e.g. textiles, automobiles) have been seriously hurt by unrestricted foreign

imports. Industries seriously affected by imports must be assured of a modest share of the growth of the economy. Imports of goods similar to those produced by such industries thus must be regarded so that the growth in imports is proportional to that of the domestic market.

ILWU

The I.L.W.U. opposes H.R. 16920 and all other quota proposals. The textile and apparel industries have been making profits. He also pointed out that the shoe factories have been closed in New England but others have opened in different parts of the United States. The question arose as to how many jobs have been lost due to runaway plants seeking higher profits through low-wage, non-union labor, both here and abroad.

Emergency Committee for American Trade

Opposes import quotas, pointing out improvement in position of U.S. steel industry and quoting industry figure to the effect that competition led to upgrading facilities and elimination of unprofitable products. In the case of proposed textile restrictions the hope is expressed that injury should be proved before such relief is granted; that injury be particularized as to sectors of the industry and relief given in accord with international obligations.

Chamber of Commerce of the United States

The chamber rejects quotas because they inject Government deeply into the market system, cause great price distortions by raising costs to consumers, and almost always provoke retaliation which penalize our most efficient industries, totally unrelated to the original quota protected industry. Other drawbacks of quotas include: loss of tariff revenues to Government, inherent discrimination among companies vying for limited market space under a quota ceiling, and the tendency of quotas to become permanent, thus undermining the "competitive edge" of protected industries at great cost to consumer.

U.S. Council. International Chamber of Commerce

The council opposes the use of quotas, whether mandatory or voluntary, by any country and strongly urges that the quota proposals before this Committee not be enacted.

Committee for Economic Development

The CED strongly opposes the imposition of import quotas, which are prime examples of a nontariff type of trade restriction. Unilateral restrictions not only open the door to a flood of restrictive measures but invite substantial retaliation abroad. As pertaining to "the textile import problem". The United States should propose a GATT conference on manmade and woolen textiles and apparel with the objective of arriving at multinational rules. Such an agreement would substitute tariffs for quotas wherever they presently exist; arrange for certain preferences for developing countries; and develop mutual criteria for the definition of market disruption.

Greater Detroit Chamber of Commerce

The Chamber strongly opposes quotas. Tariffs permit the response to domestic demand through the price regulator, whereas quotas impose absolute limits on the importations of goods. Quotas violate the

commercial policy provisions of GATT and introduce a high degree of inflexibility in domestic and international commerce.

Greater Minneapolis Chamber of Commerce

Even though conditions in certain industries have changed, we still believe that the imposition of quotas at this time would be unwise. We recognize that from time to time there may be a necessity for voluntary restrictions to be negotiated between governments, but these should be constantly reviewed and removed as soon as possible.

U.S.-Japan Trade Council

The council is opposed to legislatively imposed quotas on textiles and apparel for the following reasons:

(1) The U.S. textile and apparel industries have shown a healthy growth over the past decade in production, sales, profits, and new investments.

(2) Employment in the textile industry has increased about 300,000 between 1961 and 1969.

(3) Textile imports in 1969 represented only 8.5 percent of total U.S. consumption.

(4) Textile import quotas would cause inflationary price rises to American consumers, especially in the low income brackets.

(5) Textile import quotas would have a serious adverse effect on U.S. exports of manufactured products and agricultural commodities.

(6) Textile import quotas would have a severely damaging impact on the economies of many underdeveloped countries in Asia and Latin America.

Mass Retailing Institute

The MRI feels that giving the President the power to negotiate voluntary quotas with our trading partners will be much preferable to arbitrary import quotas which will not take into consideration a change in our domestic industry, or the rise or decline in foreign imports. This would allow our Government flexibility in dealing with a very delicate foreign and domestic economic situation. A system of quotas would effectively prevent retail discount stores from selling shoes, articles of clothing, and other essentials at low prices to the very people whose purchasing capacity is most restricted, such as senior citizens and economically deprived people to whom even one extra dollar can mean the difference between buying and not buying an article, no matter how badly needed.

American Retail Federation

The cost of quotas on textile, apparel and footwear, as proposed under H.R. 16920, is not worth the price. Such quotas would disrupt international trade patterns, would direct domestic productive resources into relatively inefficient areas, would constrict U.S. exports and would raise prices on shoes and textiles. Quotas on these commodities would not create jobs; a nation that suffers from excessive unemployment cannot remedy it by exporting unemployment. The remedy for unemployment lies in fiscal and monetary reform. Quotas would not stop further deterioration in the U.S. balance of payments. Remedies for this include basic structural changes in the economy,

temporary surcharges on imports, uniform export subsidies and adjustment of exchange rates. Quotas on textile, apparel and footwear were opposed for these reasons.

Relief should be granted to these industries either through the liberalized escape clause, adjustment assistance or voluntary quotas, but fundamental to any solution is the proof of injury. The statistics do not demonstrate injury has occurred to any of these industries overall.

It is recognized that some nations have less liberal trading arrangements than our own—Japan being a case in point. The administration must continue to try to persuade the Japanese to liberalize trade restrictions, but the Federation opposes the establishment of mandatory quotas under H.R. 16920. If the Administration is unsuccessful in negotiating voluntary restrictions, the implementation of mandatory quotas under H.R. 16920 would be worse than no solution at all.

League of Women Voters of the United States of America

The current moves to impose quota restrictions are serious threats to the very foundations of the American economy and to our relations with other nations. Legislative quotas are a particularly undesirable barrier and subvert the potential effectiveness of the mechanisms designed to deal equitably with import induced injuries. Quotas invite rigid, and sometimes extreme, restrictions in response to the most aggressive special interests while trampling on broad consumer rights and interests.

The Cooperative League of the United States of America

History has shown that attempts to solve short term problems by trade barriers are invariably self-defeating because they foster more troubles to international trade.

National Council of Jewish Women

The adoption of import quotas and other restrictive trade measures is not in the national interest nor it is conducive to the fostering of competition. For the United States to adopt a restrictive trade policy would be highly undesirable and would seriously impair our efforts to strengthen our ties with other nations and promote a closer relationship with the developing countries.

German-American Chamber of Commerce, Inc.

Regarding the textile problem, the Chamber sees a very real danger in any quota system. In view of the West German industry, there should be a multi-lateral conference to reach an international agreement on textiles.

British-American Chamber of Commerce

The chamber is opposed to the restriction of free trade under conditions of fair competition, and we hold that the imposition of quotas on textiles and footwear is unreasonable and unnecessary. It is erroneous to lump all imports together under one term "footwear". The imposition of a quota against British footwear would constitute a gross and unfair discrimination against products that cannot be shown to compete other than most fairly with the domestic product.

Hon. Frank L. Farrar, Governor of South Dakota

Favors amending P.L. 88-482 by (1) establishing 100 percent trigger point, (2) include canned, cured and cooked meats in the import quota, (3) charge against the country of origin, any canned, cured and cooked meats entering through another country, (4) require that all imported meats meet the same specifications regarding cleanliness, purity, and health of animals, slaughtered under Federal inspection in the U.S.

James A. Graham, Commissioner of Agriculture, State of North Carolina

North Carolina's important textile industry is experiencing layoffs due in great part to competition of imported textiles. Reduced domestic textile production is reflected in serious losses to the agricultural economy; i.e., cotton and wool producers. I favor attempts to give relief to the textile and footwear industry as outlined in H.R. 16920.

Hon. John Carl West, Lieutenant Governor of South Carolina

Layoffs, reduction of workweeks, plant closings, and increases in unemployment are the realities South Carolina is suffering from the drastic increases in textile imports.

More than 90 percent of the increase in imports (10 percent in 1969 over 1968) has directly displaced domestic products, and was not absorbed by growing markets.

In 1969 the South Carolina textile worker averaged 269 days of work, down 7 days from the 1968 average of 276 days. Also, as of March 1970 his workweek averaged 41.2 hours, a decrease from the 42.6 hours average per week in March 1968. In the 13-month period ending February 1970, a total of 2,400 textile workers had lost their jobs in South Carolina, and during 1968 and 1969, eight plants went out of business. The loss of jobs caused a decrease of over \$12 million in payroll income, while the decrease workweek cost textile employees \$37 million in payrolls. At the same time these losses resulted in a heavy reduction of State revenue.

The South Carolina textile and apparel industries provide employment to 200,000 persons. The work force includes many semiskilled workers, workers that do not have the type of dexterity and mobility that others may have. The South Carolina textile workers include many beyond the age that can undergo major retraining. Women make up about 40 percent of the textile workers, and some 30,000 persons, or 20 percent of the textile workers, are black. Depression in the textile industry hits these types of employees the quickest and hardest.

To strengthen the Administration's negotiations for international textile import control agreements and to be ready for relief action if such agreements do not come, H.R. 16920 should be promptly enacted.

Massachusetts Department of Commerce and Development

We support the provisions of H.R. 16937 and identical bill, H.R. 16920, related to the establishment of quotas on the importation of textiles and shoe and leather products from foreign nations. We believe that the shoe and leather and textiles industries are deserving of an equal portion of America's growing domestic market. We stand ready to share this market with foreign competition, but we believe that the time has come for a realistic view of our foreign trade policies through the passage of this legislation.

New Jersey Economic Development Council

Textile mill products (which supply about 31,000 jobs) and apparel and other finished textile products (which supply about 79,000 jobs) together represent one-eighth of New Jersey's total industrial employment. They are also consumers of chemicals, another important industry of the State. From 1959 to 1968, a decline in employment of 2,900 and a decline in the number of firms of 261 in the textile and apparel industries represent a clear loss to the State's economy. An example of the effect of imports is the experience of Butler Knitting Mills whose operations have been drastically reduced as a result of imports from the Far East, particularly Taiwan and Hong Kong. Other losses are likely, which will reduce opportunities to employ unskilled and semiskilled labor and handicap urban rehabilitation and economic development programs, unless Congress takes action.

Leather and leather products, as well as textile products, are important to the economy of New Jersey and need protection from the effect of imports. Although there was a slight increase in employment in leather goods in New Jersey from 1959 to 1968, some firms have been seriously affected by imports. The Evans Tanning Company is a producer of kid and had been a main supplier for New England shoe manufacturers. With the loss of this market because of competition from imports of finished products, mainly from Italy and Spain, the company sees no prospect of staying in business. Black and Puerto Rican employees have comprised between 20 percent and 30 percent of the labor force.

American Association of Port Authorities

Protectionism, including import quotas on any and all products, is vigorously opposed. Import quotas are devices to favor the narrow interest. They are negative and self-defeating responses. By subsidizing industries that should be upgrading their products and the skills of their workers, the United States invites retaliation against our exports in other industries.

Joel B. Dirlam, University of Rhode Island

The voluntary quotas on imports of steel from European and Japanese producers imposed in 1969 and 1970 have been accompanied by a dramatic increase in the U.S. prices of steel products.

Quotas relax competitive pressures that stimulate innovations and efficiency. With highly protective quotas the steel industry may lag technologically. Compared with that in the Japanese steel industry, in the U.S. steel industry output per worker is lower, unit input of coke is higher. The U.S. steel industry has lagged in introducing oxygen using equipment and continuous casting equipment.

Quotas constitute a threat to exports of products made of steel. If the domestic producer of steel products must use higher-cost domestic steel rather than lower-cost imported steel, his costs will be higher and his competitiveness in foreign markets will be reduced. Moreover, exclusion of lower-cost import steel by quotas may shift the burden to more highly fabricated steel products.

Quota restrictions lead to cartelization. Enforcement of quotas on the supplier side entails a cartel-like organization to police the exporters. Quotas force a close cooperation among foreign producers on prices, production, and sales, and may also lead to the development of trading blocs.

Revere Stainless Steel Sink Corp.

Voluntary quotas on Japanese stainless steel raw imports have not been effective and have only helped to foster a plan of importing Japanese manufactured products which, ironically enjoy a lesser tariff duty than Japanese raw material. If this practice continues, American manufacturers, such as Revere, will be forced to disengage themselves from this part of the business manufacturing community. The corporation supports H.R. 17803.

Caterpillar Tractor Co.

We oppose legislation of import quotas on products of other countries. Such action would not produce the desired effect of expanding U.S. market opportunities abroad.

Seaboard World Airlines

Disapprove H.R. 16920, a bill to limit U.S. imports of textile articles and leather footwear, because it would limit international trade to the detriment of American carriers.

Charles H. Taquey

Removal of quotas on oil and other products would ease down not only the cost of living but, through repercussions from industry to industry, subject to the quantitative and psychological influence of the consumer price index, the entire price structure.

National Federation of Independent Business, Inc.

We need an adequate tariff structure that provides reasonable protection to U.S. industries without resorting to quotas or other restrictive measures on imports.

National Foreign Trade Council, Inc.

With regard to H.R. 16920, the Council recognizes the problems proposed for industries because of increased imports and hopes that by voluntary agreements with supplying nations, or other measures, including more effective use of the safeguards afforded in our laws and the GATT, the imposition of such mandatory orderly marketing measures can be avoided.

Chrysler Corporation

Legislated quotas are the wrong response because they would trigger counteractions abroad, which could lead to a major trade war. The principal loser would be the consumer, whose range of product choice would be narrowed. Quotas would lead to higher costs and prices for raw materials because of reduced supplies and lessened competition.

The Nation-Wide Committee on Import-Export Policy

Neither a mere relaxation of the criteria of injury as embodied in the Administration bill (H.R. 14870) or the Mills bill (H.R. 16920) would be of much help in slowing the rapidly rising imports. Therefore, adding the import ceiling proposals as contained in the "Fair International Trade Act" bill to H.R. 16920, the Mills bill, is proposed.

American Association of University Women

Quotas are not in the national interest and only increase international hostilities. The United States should narrow, not widen, the

gap between the developed and developing nations. Less developed countries need improved access to markets of the industrialized countries if they are to proceed with their economic development.

United Presbyterian Church

We believe that the current and evolving problems of American agriculture and industry are the legitimate concern of government and may necessitate some temporary and marginal measures of constructive assistance. However, we do not think that proposals providing for the restriction of imports is a constructive solution.

Robert W. Stevens, Indiana University

The current pressures for restricting imports have arisen mainly because of the phenomenal increase that has occurred in our imports. To restrict imports would be to take the wrong medicine, and worse, it would lead us back toward the economic nationalism of the troubled 1930's.

Danish-American Trade Council, Inc.

We oppose all pending bills which would place restrictions on importation of products from Denmark. Some of the Danish cheeses are already subject to import quota limitations. These and other Danish dairy products, Danish hams and other canned meats would be affected by numerous bills now pending. U.S. import restrictions are proposed on raw mink skins and certain textiles.

Embassy of the Republic of Korea

The government of the Republic of Korea opposes enactment of H.R. 16920 or similar quota legislation, because such legislation would:

1. Nullify solemn obligations of the United States and would impair corresponding rights of the Republic of Korea.
2. Entail very grave consequences for the continued economic development of the Republic of Korea.
3. Grant no discretion to executive officers of the United States to take into account the special circumstances of less-developed countries and other special policy considerations.

National Grange

Opposes quota legislation on non-agricultural items as an invitation to retaliation. Supports reasonable import restraints on agricultural imports that are not under Section 22, if such quotas are in the best interest of American producers and consumers. Favors protection of American price and wage levels, provided that existing export trade is not impaired.

National Council of Farm Cooperatives

The Committee urges careful consideration of the risks involved in initiating quota restrictions which may lead to retaliation and reversal of world trade expansion. Conclusive proof of industry injury should be required and Government assistance should be undertaken while all possible efforts are made to negotiate a solution to the import problem.

American Importers Association

The association opposes quota legislation and thinks that H.R. 16920 will inevitably bring retaliation. For those domestic producers who

feel injured we suggest that the remedies provided by existing law and the changes provided in H.R. 14870 will be adequate.

Board of Trade of the City of Chicago

Opposes H.R. 16920 as harmful to the agriculture-business community. Japan and EEC (principal markets for agriculture-business) would be entitled to retaliate. Since the bill proposes to roll back U.S. imports of man-made fiber products 33% and footwear 22% for 1970, meaningful near-future trade discussions would be jeopardized.

Swiss Union of Commerce and Industry

It is sincerely hoped that the U.S. Congress will abjure legislated quotas on textiles, footwear and other products of interest to the Swiss export industry. We believe that this would merely serve to increase the pressure from other industries for similar treatment. It would inevitably lead to retaliation by the foreign nations affected.

III. COMPETITIVE POSITION OF THE UNITED STATES IN INTERNATIONAL TRADE (INCLUDING PROPOSALS RELATED TO U.S. BALANCE OF TRADE OR BALANCE OF PAYMENTS)

1. GOVERNMENT OFFICIALS

The Special Representative for Trade Negotiations

The rising trade deficit with Japan was the result of two causes: (1) extremely aggressive, competent, forceful companies' export operations, with keen merchandising sense, manufacturing to approximate cost levels, and their very effective merchandising, so that they move in successfully and in some degree have created markets in the country; and (2) the growth in strength and effectiveness of the Japanese economy has not been parallel with a similar relaxation of restrictions on imports.

The Secretary of Commerce

Many reasons have been cited for our deteriorating trade position—the sharp expansion in our economy, the apparent growth in consumer preference for certain foreign-made goods, the increased industrial capacities and marketing know-how in Europe and Japan, the narrowing of our technological and managerial lead, more agricultural self-sufficiency abroad, greater emphasis on the export sector in other countries, our domestic inflation, and the growth of multi-national corporations. Competent analysts have differed widely among themselves as to the emphasis and weight to be accorded each of these factors in the total picture of cause and effect.

The Secretary of State

Rapidly increasing imports in response to inflationary pressures have been a major factor in our declining trade surplus. As we bring our inflation under control, we will reduce this artificial stimulus to our imports and drag on our exports. Restricting of imports is not the answer, for that would lead to offsetting curbs on our own exports.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

SCHEDULE 1—ANIMAL AND VEGETABLE PRODUCTS

The Bourbon Institute

Imported distilled beverages have taken over an increasing share of the U.S. alcoholic beverage market since 1955 because of reductions in duty. The share of the U.S. distilled spirits market supplied by U.S. products has been declining (67.8 percent in 1969 compared with 85.5 percent in 1955). If this trend continues it will have a catastrophic effect on the U.S. distilled spirits industry. U.S. imports increased from \$171 million in 1955 to \$647.4 million in 1969. Because of the prevalence of trade barriers abroad U.S. exports of alcoholic beverages have not increased in like ratio, and in 1969 amounted to only \$15.5 million.

U.S. import duties are more than counterbalanced competitively by the greater cost of grain, bottling, and packaging in the United States compared with that in foreign countries. The U.S. cost of labor is also higher. U.S. bourbon producers have to use new barrels under U.S. law. Cost of a new 50-gallon barrel is about \$25. Scotch and Canadian whiskey producers employ used barrels with re-use extending over as much as 50 years. U.S. blended whiskey must pay a rectifying tax of 30 cents a proof gallon, but Scotch and Canadian whiskeys, which are also blended, do not have to pay the rectifying tax.

National Grain and Feed Association

U.S. agricultural exports reached a peak of \$1.9 billion in 1966; in that year they accounted for 23 percent of total U.S. exports. Since then agricultural exports have declined; they amounted to \$5.9 billion in 1969 or 16 percent of total U.S. exports. During the years 1966-69, when agricultural exports declined by \$1.0 billion, non-agricultural exports increased by \$8.5 billion. Thus, the major problems in maintaining and expanding exports lie with agriculture and require a higher priority of attention and action than other segments of the economy. U.S. agricultural efficiency and increasing productivity require substantially expanded exports in the years ahead in order to live a healthy economic life.

Pan American Coffee Bureau

In 1968, the balance of trade with the producing members of the International Coffee Agreement (ICA) was favorable to the United States by more than \$175 million.

Hawaiian Fruit Packers, Ltd.

Hawaiian production of canned pineapple as related to the known world production decreased from approximately 72% in 1950 to 39% in 1968. This decrease has occurred since the decrease in tariff rates on pineapple products as a result of the 1948 GATT Geneva agreement. From 1956 through 1969 the total U.S. per capita consumption has remained relatively stable, however, per capita consumption of imported pineapple has almost doubled. The United States balance of payments will be adversely affected, if protective action is not taken, to the extent of the value of the increased imports of pineapple into the country.

Corn Refiners Association, Inc.

Imported tapioca starch competes directly with domestically produced corn starch. Only the United States among major industrial nations does not have a duty on imports of tapioca starch. This plus the nontariff trade barriers, has led to an imbalance of trade in tapioca starch.

Florida Fruit & Vegetable Association

This country's foreign trade policy is lacking in firmness and practicality, as to both the problems of imports and exports. Every other country with whom we do business has a well tailored foreign trade policy which fits its needs, regardless of our wishes. The efforts of our Government to achieve reasonable business agreements with our trade partners have been largely unproductive. Our own experience with government negotiations with Mexico to bring agreement on the importation of tomatoes, as a starter, was a fiasco. Such agreements could be successful if they were backed by national economic policy.

SCHEDULE 3—TEXTILE FIBERS AND TEXTILE PRODUCTS

Apparel Industries Inter-Association Committee

The apparel industry and its segments are particularly vulnerable to import competition from low-wage countries because U.S. wage rates are high and our U.S. laws encourage high wage rates and compensatory benefits. One of the first industries established by underdeveloped countries is textile and/or apparel and the U.S. market absorbs much of their output.

American Apparel Manufacturers Association

The deficit in apparel trade is large because imports exceed exports by a wide margin; the U.S. balance of payments is, therefore, affected adversely.

American Textile Manufacturers Institute

The United States hasn't had a favorable textile trade balance since 1957. The foreign market value of U.S. imports of textiles and apparel has risen from less than \$600 million in 1958 to over \$2.1 billion in 1969. During that same period the value of U.S. exports of such products has remained between \$500 and \$800 million.

World textile trade has become increasingly unbalanced with the United States taking an inordinate share of total world exports. Japan, on the other hand, had a favorable textile trade balance of \$1.7 billion in 1968, sending \$478 million worth of textiles to the United States while importing only \$11 million from us.

Wages paid textile mill workers in the United States are 5 times higher than in Japan, 8 times higher than in Hong Kong, with wider disparities in Korea, Taiwan, and other Asian countries. This wage gap is widening. Once control over a product line falls to foreign interests there will be no protection for American consumers and employees, e g., antitrust regulations, price fixing conspiracies, and minimum wage requirements.

Cordage Institute of the United States

In 1969, imports of cordage of natural hard fibers into the domestic market ranged from 88.8 percent in the case of agricultural twines

and 88.1 percent in the case of industrial twines to 28.8 percent for hard fiber ropes. Manila (abaca) rope from the Philippines, the principal source, is controlled by an absolute quota (6,000,000 pounds per year). Imports of synthetic cordage were 28,000 pounds in 1965 and increased to 294,000 pounds in 1969. In addition, some synthetic cordage is coming in under the guise of braids which carries a lower duty. The imports of cordage are from many countries with Mexico, Netherlands, and Portugal among the leaders, especially in supplying agricultural twines. Other countries such as Brazil and Japan are increasing their imports.

SCHEDULE 4—CHEMICALS AND RELATED PRODUCTS

Synthetic Organic Chemical Manufacturers Association

In 1969, the chemical industry trade balance of \$2.1 billion was substantially higher than the U.S. balance of \$1.4 billion. Without the chemical surplus, the U.S. would have had a deficit of about \$1 billion in 1968 and 1969. This favorable balance is in danger, however. The U.S. share of world chemical exports has declined from 29.6 percent in 1960 to 21.9 percent in 1969. Also the U.S. share of world chemical exports in 1969 fell below the U.S. share of world exports of all manufacturers for the first time.

Manufacturing Chemists Association

For many years, the chemical industry has maintained a favorable balance of trade and in 1969 its nearly \$3.4 billion in exports contributed a \$2.1 billion surplus of such exports over chemical imports. However, the U.S. share of world chemical exports fell from 26.4 percent in 1962 to 22.8 percent in 1968, while the share of Europe and Japan rose. In recent years, the U.S. cost/price relationship has risen rapidly and U.S. export prices generally are rising faster than those of our chief foreign competitors (Export Price Indexes, p. 5). There is a large disparity between wages and fringe benefits in the United States and those in Germany, United Kingdom, Italy, and France.

American Aniline Products, Inc., and Ad Hoc Committee of 11 U.S. Dyestuff Producers

The reason for the existence of ASP is the dominance of European and Japanese producers of batch-processed, labor-intensive synthetic organic chemicals, such as the dyes and pigments. In the past decade there has been a continuous and growing deficit in the U.S. balance of trade in dyes and pigments. Exports of dyes and pigments nearly balanced imports in 1958-60, but by 1969 U.S. imports were nearly four times the value of exports (table 4, page 16). Our position in the world export trade has diminished. In 1966, the U.S. supplied 7.4 percent of exports of dyes and pigments by the world's developed countries. By 1969, it was down to 5.5 percent.

Tenneco Chemicals, Inc.

Our balance of trade in synthetic organic dyestuffs went from a surplus of \$8 million in 1964 (\$1.4 million if AID shipments are deducted from exports) to a deficit of \$30 million in 1969 (\$34 million if AID shipments are deducted from exports).

United Mine Workers of America

We face the very devastating impact on the balance of payments because of the importation of foreign energy resources. It has been estimated that American energy needs, if met totally from foreign resources, would require a balance of payment of approximately \$40 billion in 20 years. It is obvious that our nation cannot stand such a horrendous balance of payments deficit if it is to remain a number one factor in the industrial world.

SCHEDULE 5—NONMETALIC MINERALS AND PRODUCTS

Window Glass Cutters League of America, AFL-CIO

U.S. manufacturers and workers face unfair odds in competing with low cost foreign manufacturers and labor. The unfair conditions under which international trade is conducted today can only lead to the United States becoming a nation of unemployed with its capital in the banks of the Asian and European countries.

Stone, Glass, and Clay Coordinating Committee

For U.S. labor-intensive industries to compete with the like product produced in foreign countries, who have U.S. technology and production systems, plus a lower wage rate structure, can only be destructive to the U.S. economy.

In order for U.S. trade statistics to truly show the U.S. position in trade, imports must be valued on the basis of cost, insurance, and freight (c.i.f.) and our export statistics must exclude U.S. Government subsidies. If these alternative methods are used, the United States would have sustained a trade deficit in 1966-69, rather than the surplus usually published.

The United States currently has a deficit of more than \$40 billion in its balance of payments account which should be used as justification for invoking Article XII of the GATT to restrict imports.

United States Potters Association

The domestic earthenware dinnerware industry has experienced an employment decrease of 26 percent from 1960 to 1965 while imports during the same period increased by 42 percent. In 1960, imports were 18 percent of domestic consumption; in 1965, they were 27 percent of such consumption. In recent years, imports have continued to increase. No domestic industry can long survive with increases in imports which the industry is facing where approximately 60 percent of the cost of producing earthenware dinnerware is direct labor.

Our balance of trade payments are linked with and tied up with our trade balances relative to imports and exports. We now have an unfavorable balance of trade and practically free trade. Perhaps it is time to take a hard look at the entire picture of world trade with a view to domestic industries sharing in it.

West Virginia, Pennsylvania, Ohio, and Indiana Glass Workers' Protective Leagues

Imports of cheap foreign-made glass products and American glass corporations operating plants in foreign countries have had an adverse effect on the American glassworker and have become a threat to the future of the U.S. glassware industry.

Imports of table and art glassware in 1969 were 6 percent higher in quantity and 21 percent higher in value than in 1968.

American Saint Gobain Corp., C-E Glass, Libbey-Owens-Ford Co., PPG Industries

Foreign flat glass producers have a strong advantage over U.S. producers in world markets. The U.S. balance of trade deficit in flat glass is sharply rising.

Crystal International Corp.

The U.S. flat glass industry is in an exceptionally healthy profit position, engages in very favorable international operations, is technologically dynamic, and already enjoys special protection from imports in the one sector (sheet glass) undergoing an adjustment period.

SCHEDULE 6—METALS AND METAL PRODUCTS

American Iron and Steel Institute

The emergence of strong, managed economies and supranational trading blocs have significantly reduced the once overwhelming advantages held by the United States in the form of abundant natural resources, a highly educated work force, vast supplies of capital, superior technology, mass markets, and a well-developed distribution system. The failure of our trade policy to adapt to the changing conditions of trade is causing serious dislocations in the U.S. economy. Putting our domestic house in order is a necessary first step in strengthening our competitive ability in world markets. The Institute recommends restoration of fiscal stability through a reordering of national priorities, reexamination of depreciation policies in the United States, and consideration to the appropriate balance between fiscal and monetary policy in restraining inflation.

The domestic and foreign economic policies of the United States are inseparably related in their effect on our competitive position in world trade and both must be subjected to intense study in developing a new foreign trade policy appropriate to today's world. Excessive reliance on monetary policy at the moment appears to be masking underlying weakness in the balance of payments.

Foreign Trade Committee, Fine and Specialty Wire Manufacturers' Association

Imports of steel wire in 1969 were 48 times those of 1945. Best estimates are that our share of the U.S. market has decreased from 98 percent in 1955 to 72 percent presently. Imported wire has invaded the domestic market as a result of its high labor content and low wage costs overseas, because capital costs are lower abroad, and because of reductions in U.S. tariffs.

Copper & Brass Fabricators Council, Inc.

In the 1930's, before the various trade agreements became effective, the industry exported an average of almost 50 million pounds annually and imported less than a million pounds. Since the tariff concessions of the trade agreements have been in effect, exports have declined drastically and imports have risen phenomenally. During the last 10 years, exports have averaged 14 million pounds annually, or only 8 1/2 percent of the average annual imports of 166 million pounds during the period.

E. Stanwyck Coil Co., Inc.

After several years of spiraling imports, about 90 percent of the radios sold in the United States were Asian made. 1963 brought imports of TV components which took more business away. In order to compete with imports, manufacturers and assemblers of electronics products have established plants abroad. The government is permitting technological suicide as well as great economic damage.

National Association of Scissors and Shears Manufacturers

The Tariff Commission in 1954 found that scissors and shears valued over \$1.75 per dozen were being imported in such quantities as to threaten serious injury to domestic industry producing like or directly competitive products. In 1964 the Tariff Commission found that economic conditions in the domestic industry had not improved since 1954. As a result of this finding, scissors and shears valued over \$1.75 per dozen were reserved from the Kennedy Round negotiations. However, even after large expenditures for capital improvements, imports with low-labor costs increased in the domestic market.

Office Machines International Institute

Before World War II there were only about six nations producing typewriters for export. Now there are eleven manufacturing/exporting countries, not counting those in Eastern Europe and some elsewhere. Nearly 3,800,000 machines were exported by those eleven countries of which exports from the United States represented less than two and one-half percent.

Industrial Fasteners Institute

The United States is very competitive with other countries in production of fasteners as evidenced by a favorable balance of trade in fasteners with all countries other than Japan, of about \$23 million in 1968 and \$20 million in 1969. When trade with Japan is included, the United States had a net deficit in fastener trade with all countries, of \$15 million in 1968 and \$29 million in 1969.

Wang Laboratories, Inc.

The electronic calculator market has grown rapidly, but most of the growth has been preempted by imports from Japan. Concurrently, American manufacturers closed their plants in favor of selling imports.

The Anti-Friction Bearing Manufacturers Association

The U.S. has significant exports of ball bearings to Germany, France, and the United Kingdom. This is not true of Japan. In 1969 reported imports of ball bearings exceeded exports by 47 percent (\$15 million). In the high production sizes, one-third of domestic consumption of ball bearings are imported. The roller bearing industry, at present, has a favorable balance of trade. Price is the major cause for imports of bearings. While the difference in wage rates is a substantial factor in pricing, our industry believes that the rationalization of the industry, a practice illegal under U.S. law but sanctioned by the Japanese Government, has produced an economy in production that supports predatory pricing practices.

Consumer Products Division, Electronic Industries Association.

The nature of the competitive situation creates an urgent need for extraordinary vigilance on the part of those whose task is to see that competition in the United States marketplace is fair. Competition is severe among United States companies and foreign brand merchandise. This fierce competition results in rock-bottom prices and slim profit returns. Some of our member-companies see imports as a serious threat to their operations; others, while concerned about imports, do not view them as presently posing a serious threat.

United Steel Workers of America

Because of the rising demand for steel, our own exports have increased rapidly. This surge of exports is not as rewarding as it might seem. More than half of our exports to West Germany, to the United Kingdom, and to Italy, for example, are in semifinished forms. This represents a kind of distress selling on the part of American producers, for semifinished steel is not profitable steel. Out of the 2,043,000 tons of exports of steel products during the first three months of this year, 758,000 tons consisted of semi-finished products. The situation with respect to imports, on the other hand, is just the opposite. Foreign producers are exporting to us their best, most highly priced steels, such as stainless, alloy and high speed steels. The average value per ton of imported steel during January-March 1970 was \$153, compared with \$124 per ton for all of 1969. In the first three months of this year, the value of steel exported from the United States was \$134 per ton compared with \$156 per ton for the same period of last year.

Pulp and Paper Machinery Association

The rapid growth of import competition has idled productive facilities, has resulted in loss of jobs and has seriously diminished profit margins.

Commercial Product Group, North American Rockwell Corp.

The U.S. industry is being outpaced by foreign industry—government policies and programs in six major areas, volume, labor, material, plant and equipment, technology, and government costs. The volume of U.S. industries is growing at a slower rate than that of competition. Foreign governments encourage mergers for economy of scale while our government forbids it. Although Japan's labor costs are rising at about 12 percent per year, productivity is going up even faster with an absolute reduction in unit costs. The combination of deep water industrial docks and super ships enables Japan to shop the world for materials and deliver them at low cost.

Construction and machine costs are substantially lower abroad. In some countries substantial grants are available from the government which produce the required capital. The large technology lead that the United States has enjoyed since World War II has been sliding away. With the rapid growth of the industrial sector, the government costs per unit of production are probably going down.

Electronic Industries Association and American Loudspeaker Manufacturers Association

Imports of electronic products have had a major adverse effect on our nation's balance of trade. In 1969 the deficit was \$741 million on these products.

Labor costs are the decisive factor influencing price competition. Most imported consumer electronics products come from Japan and these imports enter the U.S. at a low duty while similar articles entering Japan are subject to duties two to three times the U.S. rate. Japanese wage rates and working conditions, inferior by U.S. standards, give Japan the cost advantage and account for her virtually complete domination of the U.S. market for consumer electronic products. The competitive advantage of Japan's low wages has caused U.S. average unit prices to drop.

U.S. leadership in electronic technology is also threatened by imports. Profits from domestic produced articles have paid, in part, for research and development conducted by U.S. electronic companies.

Many U.S. jobs have been lost due to the rising imports of electronic articles. Imports of electronic products have caused a major loss of employment in the electronic products industries.

National Machine Tool Builders Association

The machine tool industry is in a depression period and the current penetration of the domestic market by imports significantly aggravates the situation.

Should imports continue to increase, there will be no standard machine tools produced in this country, and metalworking manufacturers will be forced to purchase all standard machine tool requirements outside the U.S. During the past four years, foreign machine tool builders have had extremely active home markets, but as these home markets are satisfied, standard machine tools will flood the U.S., and the pricing differentials will be greater than the U.S. builders can cope with.

The machine tool industry is militarily essential and if the present import trends continue unabated, our nation's ability to supply its own vital requirements of machine tools may well end.

The reasons for imports overtaking exports include lower labor costs (machine tools are a high labor content product); improving foreign technology; and foreign governments' export assistance, including rebating indirect domestic taxes, to their exporters.

American Sprocket Chain Manufacturers Association

Imports of roller chain have increased dramatically in the last fifteen years and today account for more than 25 percent of U.S. domestic consumption. In 1955 imported chains amounted to 3.3 percent of the total U.S. roller chain consumption. In 1969, imports accounted for 25.3 percent. Volume of domestic production has grown less than one and one-half times in this period while imports have grown almost fifteen times.

Committee of Producers of Ferroalloys and Related Products

Ferroalloy imports have skyrocketed over the past few years, both in volume and in their share of the available U.S. market. To stay competitive with low-cost imports, most domestic prices have been forced down to uneconomic levels, averaging 30 percent or more below 1960 price levels. Domestic industry profits have been declining; they were a meager 3 percent of sales in 1969 for the major portion of the industry. Most producers cannot justify further capital investments for necessary research and growth.

Electronic Industries Association

The production of electronic products is a labor intensive process on articles having a high dollar value per pound of weight. They can be made very economically in countries with a large supply of low-cost labor and can be shipped to distant markets with little added cost for freight. Producers in Asia have available a large supply of highly motivated, easily trainable labor, capable management, abundant capital, and they receive assistance from their governments; their technology is close to that of the United States and the gap is narrowing. These foreign producers have penetrated the U.S. market with such intensity, particularly in products of stable technology (standardized articles with infrequent design changes, sold on a commodity basis) that U.S. producers have had to establish foreign branches in self-defense.

The foreign branches of U.S. producers compete not only in the countries where they are established, but also in world markets; only a small part of their output comes to the United States. What is received here includes components and assemblies into which U.S.-made parts which have been incorporated at the foreign facilities.

The 807 duty allowance assists U.S. producers in meeting foreign competition in the U.S. market, and helps them serve other export markets. If 807 is repealed, costs to U.S. producers of what they sell in the U.S. market will increase by a small percentage, enough to give foreign competition a further advantage in the market here. The choice of U.S. producers would then be either to move domestic manufacturing operations out of the country to be combined with their foreign assembly facilities, or to buy parts abroad. Either course would have an adverse effect on U.S. employment and balance of payments. Elimination of item 807, could cause the electronics industry of the United States to suffer the loss of 7,000 jobs (with up to 220,000 workers adversely affected), and bring about a \$100 million reduction in the trade balance. Sales of electronic products in the United States in 1969 approached \$25 billion, and employment presently exceeds 1.1 million persons.

Electronic products accounted for about 9 percent of total U.S. exports and about 5 percent of total U.S. imports in 1969; electronic imports totaled \$1.8 billion, of which only \$332 million (18%) represented products returned under item 807. The industry's total sales in that year approached \$25 billion.

SCHEDULE 7—SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS

International Leather Goods, Plastics, and Novelty Workers Union, AFL-CIO

The worsening position of the United States, can be attributed to:

1. The spread of managed national economies, emergence of trading blocks, direct and indirect Government barriers to imports and aids to exports.

2. The internationalization of technology, the rise of foreign investments by U.S. firms, the spread of multinational corporations which can manipulate the location of operations as well as juggle exports, imports, prices, and dividends from one country to another within the corporate structure.

3. The disparity between wages and standards of American workers and those overseas.

Sporting Arms and Ammunition Manufacturers Institute

The domestic sporting arms and ammunition industry's increasing balance of payment deficit adversely affects the total U.S. balance of trade and contributes to the balance of payments problem. Balance of payments benefits could be obtained by increasing exports of sporting arms and ammunition.

Fairchild Camera & Instrument Corp.

Cooperation by the U.S. Government, and all segments of the economy is necessary to maintain U.S. technological skills, equipment and information in order to meet increasing foreign competition.

3. GENERAL WITNESSES

Committee for Economic Development

Trade policy, investment policy, and foreign aid policy have an important influence on the balance of payments and should be closely coordinated with one another and with international monetary and payments policy. An improvement of the United States balance of payments position must not be accomplished by import quotas.

Industrial Union Dept., AFL-CIO; International Union of Radio and Machine Workers of America, AFL-CIO

There is no free enterprise competition. National economies are now managed economies, and each nation uses devices, such as barring imports, for its own advantage. In addition to policies and programs that discriminate against our exports, centralized management and close assistance to exporting industries is provided to some of our competitors, as in Japan. International fair labor standards are needed. There must be a crash program to quickly raise substandard wage levels closer to our own domestic legal minimum levels. This should be done by the use of tariffs and by international treaties.

The National Farmers Organization

There must be a relative equality in the trade balances between trading nations or in the total trade balance between one nation and all its trading partners or the inevitable result is the bankruptcy of one of the trading partners and the resulting restrictions of the trading area rather than its expansion.

American Importers Association

World conditions and domestic inflation have reduced the substantial trade balance our country enjoyed until recently; the association submits that a modest trade balance is a more normal situation. In our view, protectionist legislation should not be enacted in a misguided attempt to create a large trade surplus.

Klein & Saks, Inc.

Aside from any effect of the Kennedy Round agreements on the volume of total international trade, these agreements have had an adverse effect on the U.S. balance of trade, and balance of payments. The U.S. negotiators carried forward the assumption of a pervasive

superiority of the nation in international trade which had served as the basis for trade negotiations for three decades. This assumption was strengthened by the official U.S. method of reporting its foreign trade. Our official figures include in "exports" substantial shipments which do not generate foreign exchange, and in "imports" only the foreign country value rather than the full value when imported. Thus we overstate our exports, understate our imports, and give the impression that our foreign trade is contributing favorably to our balance of payments, where as it is actually contributing unfavorably to our payments deficit. Another faulty premise came from the use of 1964 as the year of reference for the negotiations. Our balance of trade was more favorable in that year than in the immediately previous years, and was lower in succeeding years while the negotiations were proceeding. It has continued to deteriorate, partly as a result of the K.R., so that the U.S. commercial balance of trade ran at a deficit of \$4.8 billion in 1969, the most unfavorable in U.S. history. A record was also made in our liquidity basis balance of payments. Our deficit last year was approximately \$7 billion, nearly twice as great as the worst previous deficit in the country's history.

The Nation-Wide Committee on Import-Export Policy

With the exception of machinery, including aircraft, computers, special purpose machine tools, and chemicals, (principally raw materials and semimanufactured) our exports of other manufactured products are nearly all in a serious deficit position. This is true, even under the present method of computing trade statistics, whereby imports are valued at their foreign value, instead of what they cost us, and U.S. exports also include AID and government assisted exports. While the United States still leads the world in output per man-hour, such lead often is not wide enough to overcome the foreign labor cost advantage. American technology and methods of production have been widely adopted by foreign countries. Since World War II foreign productivity has been greatly boosted and wages though moving sharply upward, are lagging behind the U.S. level.

German-American Chamber of Commerce, Inc.

Although the German business and industry have always endeavored to maintain cordial economic relations vis-a-vis the United States and continue to do so, it has been noticed that there is a hardening of economic policies in the relations between the United States and the EEC. Therefore, the German industry favors establishment of a permanent contact committee between the United States and the EEC for consultations and resolving trade problems of common interest.

International Economic Policy Association

The U.S. share of world trade decreased from 17.5 percent in 1964 to 15.3 percent in 1969, due to a much greater increase in imports than in exports. This resulted in a 1969 balance of payments deficit of over \$7 billion. Little can be done about this very critical situation in the way of increasing trade, because so large a portion of U.S. goods is simply non-competitive on a price basis. However, two other areas present somewhat better opportunities for improving the balance of payments picture--promotion of U.S. services abroad, and encouragement of tourism from abroad to the United States. The United States

should establish as a continuing Federal body a "Council of International Economic and Financial Policy", which would study all aspects of international economic and financial relations, and would develop programs and strategies for achieving economic objectives in the external relations of the United States.

Emergency Committee for American Trade

Trade balance impairment partly result of overheated economy leading to increased imports. Exports have continued to climb at the historic rate of 7 percent per year. Remedy lies in fiscal measures and further export promotion.

Italy-American Chamber of Commerce, Inc.

In 1969 Italy purchased \$1.26 billion of American made goods while it exported products valued at \$1.20 billion. Textiles and clothing accounted for \$185 million of Italian shipments to the United States and was the second largest export product category. It must be feared there would be retaliation if quotas are written into law.

U.S. Council, International Chamber of Commerce

In February 1965 as a part of the new balance-of-payments program, ceilings were placed by the Federal Reserve Board on export credit. The effect was disastrous—our trade surplus declined \$1.9 billion from 1964 to 1965.

Joel B. Dirlam, University of Rhode Island

The balance of payments has to be examined as a whole before any judgment can be reached about the meaning of any one item in it. Our balance of payment difficulties are said to justify quotas on steel. Yet, quotas on steel will not restore a favorable balance of trade. Instead, they are more likely to jeopardize our exports. A policy designed to insure that the U.S. have a positive trade balance in every industry and for every product is not only economically nonsensical but, because of the leading role of the U.S., threatens the future of international trade.

IV. EXPORT PROMOTION

A. DISC

1. GOVERNMENT OFFICIALS

The Secretary of the Treasury

In order to have a more favorable balance of payments and to encourage exports of American goods, changes are needed in our tax treatment of exported goods. Restriction of imports is not practical since this would invite retaliation by our trading partners. Also, freedom to import is one of the most effective possible checks to domestic inflationary pressures.

Our current tax structure tends to create an unnecessary drag on exports and actually gives some incentive to manufacturing abroad rather than in the United States since the foreign subsidiary income is not taxed until it is remitted back to the United States.

The DISC proposal would put the domestic corporation on a competitive basis with the foreign subsidiary by deferring the income tax until the income is distributed to the shareholders.

It is recognized that this tax deferral would entail a significant revenue loss of approximately \$450-\$600 million. Therefore fiscal responsibility would require the effective date of this proposal to be delayed to July 1, 1971.

The effect of removing the bias against exports in our tax system should generate over time a level of exports a billion dollars or more greater than might otherwise develop.

The way most U.S. manufacturers are able to obtain the benefits of full deferral currently is to form a foreign corporation to manufacture abroad. The income from the sale of goods manufactured by foreign corporations owned by U.S. shareholders is not taxed by the United States until such income is distributed to the shareholders (or the stock of the subsidiary is sold). Until distribution (or the sale of the stock) the only applicable income taxes are foreign taxes, and these may be imposed at a level below the U.S. level or may be completely waived, especially on imports.

The DISC proposal would work more in favor of companies without existing large foreign structures and extensive foreign tax credits. Since the larger corporations are more able to reduce their U.S. tax liability by means of foreign tax credits, the tax deferral effect of DISC would not involve a revenue loss through a postponed receipt. The main features of the proposal follow:

1. BASIC PROVISIONS OF THE PROPOSAL

The Internal Revenue Code would be amended to provide for a new category of domestic corporations to be known as a Domestic International Sales Corporation (DISC). The U.S. tax on the export income derived through such a corporation would be deferred as long as it is used in the corporation's export business, is invested in "exported related assets" of the DISC, or is invested in "Eximbank paper", and this is not distributed to the DISC's shareholders.

A DISC would be required to confine its activities almost entirely to export selling and certain related activities. It could have foreign sales branches or subsidiaries but could not engage in foreign manufacturing except in a very limited degree.

A DISC could sell products of any domestic manufacturer.

2. QUALIFICATION OF A DISC

To achieve recognition as a DISC, the requirements would be an equity capital investment of \$2,500 or more, a ratio of indebtedness to related companies not in excess of five times the equity capital, and an appropriate election.

A gross receipts test would require that 95 percent of DISC's receipts to be received from export sales activities and from investments in "export related assets" and Eximbank paper. An assets test would be required that 95 percent of the DISC's assets be used in its export business, or be "export related assets" or Eximbank paper. To prevent inadvertent disqualifications under either of these tests, non-qualifying receipts or assets would not be taken into account if they are timely distributed.

3. TAX TREATMENT OF DISC INCOME

U.S. tax would not be imposed on its current or retained export earnings, including dividends and interest from its qualifying subsidiaries. Upon a dividend distribution or the liquidation or sale of the shares of a DISC its retained export earnings would be taxed to its shareholders as ordinary income. The dividend received deduction would not be available to the DISC.

The foreign tax credit would be available to DISC shareholders with respect to any foreign income taxes.

4. LIMITATION ON DISC PROFITS

Profits should be limited where the DISC is purchasing from, or acting as a commission agent for, a related manufacturer.

The income of the DISC would be subject to being allocated to the related manufacturer if it exceeds the income computed under both of two alternative formulas. As long as the income of the DISC does not exceed the amount determined under the formula which gives the higher amount, no allocation would be made and the income could be deferred. The formulas are: A—The DISC could not realize income in excess of 4 percent of its sales plus 10 percent of the "export promotion expenses" incurred by it and, B—The DISC could not realize more than 50 percent of the combined taxable income from the manufacturer in the United States and the export sale by the DISC, plus 10 percent of the export promotion expenses incurred by the DISC.

In addition to these formulas, the income of the DISC would not be allocated to the related U.S. manufacturing company if it is in accord with the intercompany pricing rules set forth in the existing regulations under Section 482 of the I.R.C.

5. INVESTMENTS IN "EXPORT RELATED ASSETS"

A DISC would be permitted to invest its accumulated export income in "export related assets". Such investments would be in the form of loans to domestic manufacturers, whether or not related, to finance the manufacturer's export related assets. The amount of export related assets of a manufacturer would be that proportion of the manufacturer's investment in production and supporting facilities which is the same as the proportion of the manufacturer's export sales and sales to DISC's to its total sales. Thus, if the manufacturer's export and DISC sales represented 20 percent of its total sales and its production and supporting facilities equaled \$20 million, the authorized borrowing would be \$4 million.

6. ACQUISITION OF EXPORT-IMPORT BANK PAPER BY DISC'S

As stated above, qualified export income would include interest on credit extended to export customers in accordance with normal commercial practice and interest on obligations issued, guaranteed, or insured by the Export-Import Bank and certain similar paper. Such debt obligations would also constitute qualified export assets. In cases where the DISC acts as a commission agent for an export manufac-

turer, the obligations acquired by the manufacturer in connection with the extension of credit to export customers in accordance with normal commercial practice could be acquired by the DISC.

7. DEFICIENCY DISTRIBUTIONS

In order to prevent inadvertent disqualification of a DISC, a deficiency dividend procedure would permit continued qualification of the DISC. Deficiency distributions could be made at two stages where either the income or asset test had not been met or interest on investments in export related assets or temporary bank deposits (referred to as "distributable interest") had not been distributed:

Current Deficiency Distributions.—Where the DISC during the taxable year had at least 70 percent of its gross receipts in the form of qualified receipts, a distribution of the income derived from non-qualified gross receipts could be made at any time after the close of the DISC's taxable year and prior to the time for filing the DISC's annual return. Similarly, any non-qualified asset could be distributed, or such asset could be liquidated with the proceeds being distributed or invested in qualified asset, within such period. A distribution of "distributable interest" could be made within such period without regard to the 70 percent test.

Delayed Deficiency Distributions.—A distribution of "distributable interest" or non-qualified income of a non-qualified asset (or a distribution from the proceeds of such an asset) could be made at any time with respect to any year as to which the period for assessment of additional taxes had not expired provided that the existence of such income or asset and the failure to distribute it within the return filing period was due to reasonable cause.

A delayed deficiency distribution would be required to consist of the distributable interest or non-qualified income (or asset or proceeds therefrom) plus an annual interest charge to compensate for the deferral of tax on the income from the return filing date.

8. DISQUALIFICATION OF DISC, LIQUIDATION, OR SALE OF STOCK

Upon liquidation of a DISC or upon its disqualification (where the deficiency dividend procedures are not used), DISC status would terminate and the earnings and profits of the DISC on which U.S. taxes had been deferred would be deemed to be distributed to the shareholders. Each shareholder would be taxed as if he had received his pro rata portion of such income in equal installments in the year in which such liquidation or disqualification occurs and in each of the succeeding nine years; except that if the DISC has not been qualified as such for at least ten years, the period of distribution will be deemed to be the number of years the DISC was in existence prior to the commencement of the liquidation or the disqualification.

Upon the sale of stock in a DISC, the gain realized will be taxed at ordinary income rates to the extent of the accumulated earnings and profits after the date of the DISC election. The foreign tax credit would be available similar to its application under section 1248 of the Internal Revenue Code.

9. REORGANIZATION OF EXISTING EXPORT OPERATIONS

It is contemplated that in general tax-free reorganizations would be permitted to place existing foreign operations in a DISC or to put existing foreign sales subsidiaries under its ownership.

10. FINANCIAL ACCOUNTING

The Accounting Principles Board of the American Institute of Certified Public Accountants has recently reviewed the question of the proper accounting treatment with respect to the deferred tax liability on the profits of a DISC. They have concluded that the DISC could be treated in the same manner as a foreign subsidiary—that is, under current practice there is no requirement that the deferred tax liability be accrued currently on the income, so that the U.S. tax liability would be reflected as a cost at the time dividends are paid, just as it would be imposed under our DISC proposal.

The Secretary of Commerce

The business community must be made more competitive and export minded in order to increase exports. While no single tool is adequate, progress has been made in improving export credit facilities and developing overseas promotional services. The principal missing ingredient is tax treatment more comparable in effect to that accorded exporters by other major trading nations.

DISC fills all the specifications since it will require minimum business adjustment and appears to be acceptable to industry, even to small business.

Because of increased production of U.S. goods, the net revenue loss may not be as great as Treasury estimated.

The business comment is overwhelmingly favorable.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Manufacturing Chemists Association

We suggest a series of measures to strengthen U.S. export position. The present U.S. system of taxation of foreign source income places U.S. industry at a competitive disadvantage. It should equate the tax burden on exports in line with that of other leading exporting nations. We urge adoption of DISC and recommend a standard of incremental costing in determining the total profits on export sales, which profit would be shared by the DISC and the U.S. manufacturing affiliate under the proposed formula. We recommend strengthening the lending operations of the EXIM Bank to allow exporters financing at the low, more competitive rates available abroad and suggest the bank be authorized to issue term-debt instruments. We urge removal of the voluntary restraints ceilings imposed upon commercial bank export financing by the Federal Reserve Board guidelines. Mechanisms should be established to identify disparities in ocean freight rates and to eliminate them. Containerization and documentation from origin to destination would reduce paper work. U.S. rail and road rate-making on U.S. export trade should be examined. Greater use should be made of commercial attachés, U.S. participation in foreign trade shows, drawback, and temporary entry provisions.

Machinery and Allied Products Institute

General Qualifications.—Pricing formulas governing sales to a DISC should be significantly liberalized to provide a meaningful incentive for a substantial and badly needed increase in U.S. exports.

DISC should be considered as simply a first step toward development of a comprehensive and consistent national foreign trade policy which balances and unites our economic and political objectives.

Specific Suggestions.—Authority for DISC should be made permanent.

Adoption of DISC should not be “balanced” by offsetting increases in other foreign tax areas.

Formulas to restrict DISC profits subject to tax deferral should be liberalized; alternatively, the Committee may wish to consider a sliding scale of tax deferral benefits with such benefits to be increased above a basic “floor” as exports are increased.

Adoption of the DISC proposal should not be deferred until July 1, 1971.

The proposed “95 percent rules” governing both a DISC’s gross receipts and its assets establish too high a standard of qualification and should be lowered.

Subject to appropriate Treasury definition, exports of services incident to manufacturing and/or construction abroad should qualify for tax deferral.

Congress should satisfy itself that the Accounting Principles Board has in fact concluded that the deferred tax liability of DISC need not be accrued currently.

Enactment of the DISC proposal should provide for an expedited ruling procedure to deal with individual problems.

Authority for a DISC should be sufficiently flexible to permit the concept’s adaptation to existing and frequently complex corporate organizations.

Rules restricting the qualification on DISC assets of equity holdings in foreign subsidiaries should be liberalized.

The qualification as DISC assets of loans to a U.S. parent corporation ought not be made to depend upon the ratio of exports to total sales.

Foreign Source Income Tax Reform

In considering DISC, Congress should also consider the following suggestions for reform in the foreign tax area:

The application of Section 482—and related regulations—to the taxation of foreign source income should be limited to “tax haven” situations.

Congress should repeal Subpart F of the Code; failing that there should be restrictions imposed on the application of Section 482 to Subpart F income.

Administration of double-tax provisions of existing tax treaties deserves priority consideration by Congress and the Treasury.

The advance ruling requirement of Section 367 should be dropped.

International Engineering and Construction Industries

1. Extend DISC to cover engineering and construction services. It is recommended that such services, whether they be accompanied by the export of equipment under the single responsibility concept or

offered alone be explicitly recognized as a source of foreign income attributable to a DISC.

2. Clarification of applicable source income:

(a) Allow a DISC three years to correct the 95 percent income or asset test.

(b) Allow a DISC to distribute non-export income where the 95 percent test would be failed.

(c) Establish as allowable source of foreign income to a DISC:

(i) Payments for non-U.S. personnel performing services abroad.

(ii) Payment for non-U.S. equipment or material.

(iii) Payments for licenses, royalties, or technical services of U.S. origin.

3. Remove the arms-length requirement of Section 482 of the IRC.

4. Provide for possible voluntary or involuntary termination over a period of years to prevent lump sum taxation of deferred taxes.

5. Provide for tax free reorganization in setting up a DISC.

6. Present accounting principles do not take into account such tax deferrals as would be offered by the proposed DISCs and these principles will require modifications; this will apply more especially to interpretations by the Office of International Operations of the Internal Revenue Service. Provisions should be incorporated to present suitable guidance and interpretations of the intent of the measure.

7. In lieu of the DISC proposal, extend the benefits of reduced tax rates now applicable to Western Hemisphere Trading Corporations to worldwide export operations.

E. D. Magnus & Associates, Inc.

We view the proposed special tax benefits to Domestic International Sales Corporations with grave misgivings, because they may result in a disruption of established overseas channels of distribution and thereby damage vital U.S. export interests.

Standard Parts Company of Houston

In favor of legislation to establish Domestic International Sales Corporation and the opportunity provided for corporations to retain profits to be reinvested in U.S. export development.

International Division, Beam's

A tax exemption (or deferral) would permit expansion of exports through reinvestment of profits. Tooling up for exporting has been inhibited by tax structure necessitating borrowing of money. Company (producing safety seat belts) has had to license foreign manufacturers. With tax deferral it could resume trade shows, contract with overseas customers, and perhaps use new facilities for increased domestic production.

Fairchild Camera & Instrument Corp.

The export potential of this country's high technology industries should be fostered. In this regard, the DISC proposal by the Treasury Department is a worthwhile step forward, providing the recommendation to discriminate against U.S. companies utilizing 807.00 is changed.

American Paper Institute

Action by U.S. Government, including tax incentives for exports, is needed if U.S. producers of pulp, paper, and linerboard are to con-

tinue to compete against producers in countries where capacity has been increasing and tax advantages greater than these in the United States are available. The House Ways and Means Committee is urged to support the DISC proposal, but the American Paper Institute would like to comment on provisions of any specific bill.

Davis Equipment

We support the DISC program because we believe it is needed to put American business in a more competitive position on the world market.

Auto Air Accessories, Inc.

Our company fully supports legislation for the DISC (Domestic International Sales Corporation).

The Mitchum Co.

The DISC proposal provides an incentive to U.S. exporters through operation of its tax clauses. I would urge that this legislation be adopted and become effective immediately rather than the July 1, 1971 date now proposed.

American Cotton Shippers Association

The Association favors adoption of legislation authorizing the formation of Domestic International Sales Corporation. Under this authority, domestic corporations engaged in export sales of cotton would be allowed deferral of U.S. taxes. This would enable U.S. firms to compete on more equal terms with foreign exporters receiving the benefits of various tax schemes. Such means are necessary for the U.S. to increase its share of the world cotton export market to former levels. U.S. cotton represented only 15 percent of the world market during the 1969-70 season, down from 41.5 percent during 1959-60.

Corporate Development, Amana Refrigeration, Inc.

American industry producing goods for export faces severe difficulties because of the relative disparity in labor costs between U.S. labor and that available to manufacturing concerns in other countries. Our understanding of the DISC proposal by the Secretary of the Treasury is that a domestic manufacturing subsidiary which exports its output would be placed on the same tax basis as a foreign subsidiary by relieving the domestic exporting company from taxation on its profits until such time as they cease to be involved in the export phase of their operations.

Society of the Plastic Industry, Inc.

Top priority should be given to legislative action for equalizing competitive imbalances disadvantaging U.S. exports which result from differing tax structures of other industrialized nations. The Society recommends offsetting tax relief to minimize the distortion to trade caused by border taxes and specifically endorses a number of other tax measures including adoption of DISC. It also recommends simplification of export documentation and urges increasing emphasis on the removal of inequities to U.S. exports from disparities in ocean freight rates favoring our foreign competitors. The Society also endorses the suggestions of the National Export Expansion Council for Amendments to the Internal Revenue Code.

Cook Industries, Inc.

Treasury's proposed Domestic International Sales Corporation will keep jobs in the U.S., bolster our exports, and aid our deteriorating balance of trade position.

Chrysler Corp.

The Domestic International Sales Corporation (DISC) and the Treasury Department's proposal to increase U.S. exports is strongly supported. This proposal would simplify U.S. export operations and permit deferral of U.S. tax on export profits. It should induce U.S. businesses to produce export articles in the U.S. instead of abroad although Chrysler has encountered significant nontariff barriers abroad, such as import quotas, local content requirements, weight taxes and taxes on engine horsepower and vehicle price. This proposal would not alleviate such types of discrimination against U.S. products.

Varel Manufacturing Co.

Restrictions on indebtedness between a DISC and a related company should be liberalized.

A DISC should not be required to include its earnings in a consolidated return as a member of an affiliated group.

National Association of Export Management Companies, Inc.

DISC will provide the American exporter additional needed working capital for financing, advertising, travel, etc.

It is suggested that DISC must obtain an annual tax clearance. Failure to do so would result in suspension of DISC privileges.

U.S. exporters are unable to obtain short term financing at interest rates comparable to their European and Japanese competitors. Therefore, it is urged that the Export-Import Bank be permitted to make short term loans at a 6 percent interest rate.

Leaf Tobacco Exporters Association, Inc.

Members of the association believe that the Domestic International Sales Corporation approach to export promotion will help increase exports and will probably deter companies from building additional plants overseas.

Westinghouse Electric Corp.

Westinghouse Electric Corporation strongly endorses the Treasury's DISC proposal as a reversal of the action taken in the 1962 Revenue Act to tax currently the income of export subsidiaries. This will promote exports by enhancing the after-tax profit on exports.

Taking into account the income tax base resulting from the value-added as a result of increased exports, there will be no revenue loss but a revenue gain if exports are increased by as much as 7.5 percent.

Consideration should be given to increasing the export incentive by permitting the parent to sell to the DISC at a more favorable price than is contemplated by the Treasury proposal.

Provision for a consent dividend procedure is advisable.

Union Carbide Corp.

Export marketing organizations were asked to appraise the potential impact of DISC on each of Union Carbide Corporation's major product groups to analyze in detail how their market strategies and

sales plans might be revised if the export stimulation offered by the DISC concept were present. Their analysis covered 23 major product groups which represent about 80 percent of the Corporation's total exports, and indicated that approximately 55 percent of the total exports could be increased by the enactment of DISC. It was found that these products fell into four major groups, or classes:

- A. Products where DISC would permit meeting a lower competitive price overseas.
- B. Products where DISC would provide the resources for more intensive selling and promotional efforts.
- C. Products whose exports would be increased by a combination of A and B.
- D. Products where DISC would justify expansion of manufacturing facilities in the United States in order to make goods available for export. In some cases, this could substitute for an expansion of overseas facilities.

The analysis of the product groups where DISC would be helpful in stimulating exports indicates that exports of these products will amount to \$140 million in 1970. In the absence of DISC, exports are expected to grow at the historic rate of 7.5 percent a year, rising to a level of about \$266 million after ten years. Cumulative exports of these products over the decade are estimated to total \$1.96 billion. However, with the export stimulation of DISC, analysis indicates an annual export growth rate of 10.5 percent and exports in the tenth year of \$350 million. With DISC, it is estimated that total exports of these products over the decade will amount to \$2.33 billion. This increase of \$370 million over the decade would be attributable solely to the effect of the DISC proposal.

General Electric Co.

The DISC proposal and similar Treasury efforts would relieve U.S. exporters from an inequitable situation in respect to foreign competitors who for years have benefitted from such export incentives. However, changes in the proposal are desirable. Benefits of forming a DISC will be diluted if it is necessary to provide for payment of Federal income tax on distribution of DISC income to the parent. The likelihood of a tax ever being paid on DISC earnings should be minimized. The proposal should be framed to avoid the necessity of internal reorganizations. It should provide that the existence of a validly incorporated DISC cannot be challenged and its income cannot be reallocated to the parent as long as net income does not exceed certain specified limits. The proposed disqualification from DISC of goods imported under TSUS item 807.00 is objectionable, especially when the imported product contains only a small component imported under 807.00.

Cummins Engine Co., Inc. and Kobe, Inc.

Two case histories as examples of export expansion through use of tax deferral are cited as evidence that tax deferral can encourage export sales activities. These specific companies have obtained tax deferrals either through use of Subpart G of the Internal Revenue Code which provides that where certain conditions are met, a foreign based company may obtain tax deferral as an Export Trade Corporation or through tax immunity of its earnings from Subpart F where it cannot qualify as an Export Trade Corporation.

Two recommendations for revision of DISC follow :

1. The establishment and operation of continuing field service facilities are essential to developing and maintaining a foreign market. The DISC legislation should make it clear that investment in such facilities and income from their operation would qualify.
2. The Treasury proposal with regard to loans by a DISC to a non-DISC should be liberalized.

National Machine Tool Builders Association

The Association supports the Administration's proposal for legislation authorizing the establishment of Domestic International Sales Corporations to confer on exporters certain tax advantages.

Sporting Arms and Ammunition Manufacturers Institute

To reduce the deterioration of U.S. balance of payments and encourage economic viability of the U.S. sporting arms and ammunition industry, Congress should enact legislation such as the Administration proposal for tax incentives to stimulate the export of U.S. products, such as sporting arms and ammunition.

National Grain and Feed Association

The proposed legislation authorizing Domestic International Sales Corporations (DISC) is supported. The DISC proposal would help stimulate U.S. agricultural exports by improving the competitive position of U.S. firms engaged in the farm export business.

3. GENERAL WITNESSES

International Trade Club of Chicago

We support the DISC plan recommended by the U.S. Dept. of Treasury to defer U.S. tax for a domestic corporation engaged in export sales.

Exportadora, Inc.

In our capacity as combination export managers for well known American manufacturers (medium and smaller size), we believe there are other ways of helping the export trade, large and small, in a more equitable manner than by the proposed DISC program.

Council of State Chambers of Commerce

Revision of the U.S. tax rules relating to foreign source income is an essential action for long-term improvements of our foreign trade balance.

The Treasury's DISC proposal should provide a significant incentive for export sales expansion and is supported.

Provisions in the proposal setting limitations on a DISC's profits are so restrictive as to seriously impair its incentive purpose. The 4 percent of sales alternative should be increased. Under the "50 percent of combined taxable income" alternative the taxable income should be determined, for the purpose of simplicity, by deducting from sales only the cost of goods sold rather than cost of goods sold plus allocated portions of other costs of the related manufacturer. If necessary for revenue reasons, the 50 percent figure could be reduced.

Under the deficiency distribution procedure in the proposal, provision should be made for consent dividends taxable to the stockholder of the DISC instead of requiring cash dividends.

International Economic Policy Association

Incentives should be implemented to increase exports of U.S. goods and services. The proposed Treasury DISC tax deferral is of only minor significance, and it is too late to have any appreciable effect on exports.

Regional Export Expansion Council for Arkansas-Tennessee-Mississippi area

The council favors immediate adoption of legislation, rather than the proposed date of July 1, 1971, proposed by the U.S. Treasury Department for the establishment of a plan called the "Domestic International Sales Corporation (DISC)" providing for deferral of U.S. tax for a domestic corporation engaged in export sales.

Memphis Regional Export Expansion Council

The Treasury Department's DISC proposal appears to be one of the most practical programs proposed in recent years for encouraging exports. Local REEC members believe this legislation should be enacted immediately rather than the July 1, 1971 target date.

National Foreign Trade Council, Inc.

The Domestic International Sales Corporation proposals represent a prudent step which should be taken towards developing a more meaningful policy to maintain and improve our current export position, and the Council recommends the enactment thereof and commends the Treasury Department for developing the constructive approach embodied in DISC.

Alan Schenk, Wayne State University Law School

1. Consideration of the DISC proposal should await the in-depth Treasury study of U.S. taxation in the international area. American exports may increase within the next year without government subsidy.

2. The piecemeal approach to the U.S. balance of payments problems has been ineffective:

(a) Prior patchwork legislation to improve the U.S. balance of payments position has had only short-term favorable effect.

(b) The DISC proposal is a negative approach to the U.S. balance of payment problems.

(i) The Treasury should be considering an expansion rather than a contraction of United States tax jurisdiction.

(ii) DISC is an ineffective device to discourage the use of foreign manufacturing subsidiaries.

3. There may be little correlation between the grant of the tax deferral privilege and the accomplishment of the announced goals:

(a) Proposal grants tax deferral windfall without any increase in export trade.

(b) Recent legislation granting tax deferral privileges has not had a noticeable impact in influencing major corporate decisions.

(c) DISC may have a long-term detrimental effect on wage rates and competitive prices.

4. DISC is related to the U.S. obligations under GATT and IMF:

(a) The International Monetary Fund restricts a member nation's freedom to affect international trade.

(b) The General Agreement on Tariffs and Trade restricts a member nation's freedom to grant export subsidies.

5. There is a need for a direct approach to solve basic problems involving balancing of payments.

National Association of Manufacturers

The severe deterioration in the balance of trade is an indication that U.S. manufacturers are at a competitive disadvantage. There are many reasons for this including taxes which are an important factor of cost.

The DISC proposal will be of substantial help, particularly on low margin products and on non-exported products to increase export sales to the benefit of balance of payments.

It is believed that the net revenue loss estimate by the Treasury will be significantly less over a period of time because of the increased domestic manufacturing that would be stimulated by DISC.

A poll of the members of the International Taxation Subcommittee of the NAM who are familiar with DISC indicated by a ratio of 3 to 1 that DISC would increase overall American exports and 2 to 1 that DISC would increase their own companies' exports.

American Institute of Certified Public Accountants

The DISC proposal is endorsed with two recommendations:

(1) Prohibition of the use of tax deferral funds to build manufacturing facilities abroad is contrary to the competitive need to locate manufacturing facilities closer to a particular foreign market. Possibly, incentives to repatriate foreign profits would be a more effective means of assisting in our balance of payments problems and, at the same time, recognizing the need to meet competition at the foreign market level;

(2) There is considerable evidence that established industry will not be able (or willing) to conform their internal operations to the provisions of DISC, particularly if there is no assurance that the DISC concept will be a permanent part of our tax law. This, coupled with the other factor referred to above, might restrict extensive utilization of the DISC concept which is necessary if there is to be a meaningful increase in exports.

First National Bank of Memphis

The Bank favors Domestic International Sales Corporation as an aid to the business community. The Bank prefers to see this proposal become effective immediately, rather than the July 1, 1971 date now proposed by the Treasury Department.

Taxation with Representation

Two major arguments advanced by the proponents of DISC are analyzed and open to further study. These arguments are (1) balance of payments and (2) equity of domestic corporation with non-taxable foreign subsidiaries.

It is not clear that a shift in production from foreign to domestic subsidiaries will have an impact on capital outflows from U.S. firms to their subsidiaries.

The effect of DISC on capital outflows would depend largely on whether DISC induces U.S. firms to make less use of foreign producing subsidiaries.

There is no indication that business will lower export prices. Therefore, business men would seek to maximize profits by maintaining export prices at their present level and would pocket the tax reduction attributable to DISC.

The cost of achieving export gains through DISC is estimated up to \$600 million by Treasury. No social welfare program would be proposed by a Federal agency on the basis of data and economic analysis as superficial as that produced to date in support of the DISC proposal.

The proper way to end any tax discrimination that may exist under current law is to terminate the tax deferral privileges now enjoyed by U.S. owned foreign producing subsidiaries.

A great deal more research must be done to justify DISC.

The success of DISC depends importantly on whether foreign countries retaliate and whether tax benefits are translated into lower export prices.

The effect of DISC is a subsidy which cannot be traced to the beneficiary.

What is needed is a more direct approach to our trade problems. We must adopt a more aggressive stand when negotiating with those nations that are running trade surpluses.

There seems to be no single agency where the balance of payments is analyzed and directed. Many government departments play a part in setting policies that have an impact on the balance of payments. We need to stop thinking in terms of piecemeal proposals, such as DISC, and start thinking in a systematic fashion about foreign trade strategies that are based on more than guesswork.

Institute of U.S. Taxation of Foreign Income, Inc.

1. DISC WOULD SUBSTANTIALLY INCREASE U.S. EXPORTS

Subpart F of the Internal Revenue Code which became law in 1962 has been detrimental to exports and has worsened our balance of payments position by taxing shareholders on the earnings of a controlled foreign corporation. If the DISC proposal is enacted into law, U.S. companies again, as they did prior to Subpart F, would engage in export sales activities.

2. THE ACTUAL NET LOSS OF TAX REVENUE WOULD BE WORTH IT

The benefits resulting from an increase in exports would produce substantial increased tax revenue from domestic sources. Also, the U.S. Treasury statistics show that only a small percentage of tax computed on foreign source net income is actually collected after deducting the foreign tax credit.

Every dollar of exports represents an increase in national wealth.

DISC would result in no actual loss of tax revenue, merely postponement of tax revenue.

3. OTHER RECOMMENDATIONS

I.R.C. Sec. 954(d) should be eliminated.

I.R.C. Sec. 367 should be amended to allow the same rights of appeal against findings of the Internal Revenue Service under that sec-

tion as are now permitted with respect to all other provisions of the Internal Revenue Code.

Foreign "added value" and similar taxes (if imposed by a foreign government at a rate of 10 percent or more) should be recognized as income taxes and allowed as such for the purpose of the foreign tax credit.

Foreign tax credit should be allowed for foreign income tax waived ("forgiven") by foreign governments as an incentive for investments in their countries.

A modification of the percentage formula for computing the allowable amount of DISC profits might be desirable. Examples of the Treasury's formula are presented as well as a proposed formula.

The DISC proposal eliminates the application of Section 482 of the I.R.S. but it is still applicable to other intercompany sales. It is recommended that proper guidelines be established so that business could be reasonably certain that their intercompany transactions will not be changed years after they take place.

California Council for International Trade

Recommendations for DISC:

The proposal is too complex and seems to favor larger manufacturers.

The proposal is potentially disruptive to export firms which have expressed misgivings.

Alternative to DISC:

Allow businesses to establish for Federal income tax purposes a reserve which reduced taxable income to be computed on the basis of a percentage of total export sales. At a future date, five or ten years after the sale, the reserve be reduced by periodic credits to taxable income.

Chamber of Commerce of the United States

The National Chamber views with concern the decreasing trade surplus of the last two years and the increasingly difficult position of American exports in world trade. United States domestic exporters are suffering from two major disadvantages. They do not receive the tax deferral available to foreign subsidiaries, and they often must compete against exporters in foreign countries who are given more liberal tax benefits.

The Treasury has advanced the DISC proposal to cope with these problems.

New York Chamber of Commerce

The Committee supports in principal the DISC proposal. The basic proposal, to encourage U.S. exports by providing for deferral of Federal income tax on export profits, would remove tax disadvantages for U.S. exporting businesses as compared to foreign suppliers and foreign subsidiaries of U.S. corporations. The DISC is a reform which would achieve equality and simplification by treating domestic exporting subsidiaries on the same basis as foreign subsidiaries.

Discover America Travel Organization, Inc.

Supports Treasury Department's Domestic International Sales Corp.

B. REBATE OF INDIRECT TAXES

1. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Dana Corp.

The DISC concept is a step in the right direction; it alone does not meet the competitiveness of foreign tax systems which completely or partially exempt from taxation or otherwise favorably treat the foreign source profits of their resident corporations. The very rebates of income taxes paid on exports which provide a significant tax incentive to our foreign competitors, such as Germany and Japan, have been prohibited to us by the State Department since 1962.

If suggested revisions to the DISC proposal appear untenable, expansion of the Western Hemisphere Trade Corporation concept to cover all foreign countries should be considered as a possible viable alternative to the DISC.

Also, legislation is needed to liberalize depreciation allowances and restrictions on foreign direct investment need to be rescinded.

Machinery and Allied Products Institute

Consideration of DISC suggests the necessity for congressional consideration of a number of other proposals for encouraging exports. They include:

Adoption of a measure now before the Committee which provides for the rebate of indirect taxes on exports.

Adoption of a "destination test" in connection with export income.

International Engineering and Construction Industries

Adopt a value-added-tax, rebatable on exports and assessed on imports of services of foreign sources.

General Electric Co.

H.R. 13713, to establish a refund of duties and taxes on exported articles, is a necessary and desirable supplement to DISC. This measure would be similar to what other countries have been doing, but on a more limited scale.

Crystal International Corp.

Export rebates constitute a refund of a type of tax which U.S. producers do not have to pay on merchandise which they export.

American Saint Gobain Corp., C-E Glass, Libbey-Owens-Ford Co., PPG Industries, Inc.

Foreign producers are assisted by their governments in the protection of their home markets and the subsidization of exports through the remission of internal taxes.

National Machine Tool Builders Association

The Association supports Chairman Mills' proposal to permit the rebating or "drawback" of such local, state and Federal taxes as are borne by the exported article.

2. GENERAL WITNESSES

Commerce and Industry Association of New York

U.S. exports can be promoted by the enactment of H.R. 13713 which provides for the refund of certain taxes paid during production of articles to be exported.

Hon. Daniel J. Evans, Governor of Washington

Supports a policy whereby the Federal Government offers a federal/state share or matching formula on various taxes or incentives to exporters, foreign investors and foreign visitors, utilizing the best features of comparable problems in effect in many countries.

David Busby and John B. Rehm

Because of our precarious trade balance, we believe H.R. 13713 would be the most simple, effective, and fair method to stimulate U.S. exports by (1) easing the existing requirements for obtaining the drawback or refund of duties upon exportation of products containing substituted materials, and (2) greatly expanding the drawback of domestic indirect taxes paid on goods, services, and property used in the manufacture of exports.

The bill need not have a serious impact upon the U.S. Treasury, if it is modified so as to authorize (rather than require) the Secretary of the Treasury to allow such drawback.

C. OTHER

1. GOVERNMENT OFFICIALS

The Secretary of Commerce

The administration in the past year has probably taken more effective and meaningful steps to expand our exports than have been taken in any similar period. In the field of financing we have made encouraging progress in broadening the export financing programs of the Export-Import Bank and its private affiliate, the Foreign Credit Insurance Association. In the field of transportation, we have taken two forward steps: We are in the process of completing measures to simplify shippers' export document procedures, and we have begun discussions with other governments on international standards for containerized shipments. We are looking into proposals for reducing U.S. rail rates on exports and promoting use of U.S. flag vessels. We have established an International Business Assistance Service in Commerce to coordinate and expedite government action on behalf of businessmen who need help on specific problems involving U.S. or foreign government agencies.

The Secretary of Agriculture

The Department of Agriculture has greatly expanded its export market development activities in order to capitalize to the maximum on the potentials that exist. Producer and trade associations representing every major export commodity are now partners with the Department in this effort. Farmers are still on the lowest side of the income scale. An expansion of exports would enable them to obtain an increasing part of their income from foreign markets.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Machinery and Allied Products Institute

The undoubted necessity for encouraging U.S. exports suggest consideration of at least two other aspects of government policy affecting exports.

It would be untimely to "untie" procurement in the U.S. with AID funds.

Although we commend the revitalized program of the Export-Import Bank, Congress should be aware of the essentiality of providing the Eximbank with sufficient funds to enlarge direct support of U.S. exports.

McDonnell Douglas Corp.

Selective placement of some of the work to build components in foreign countries has helped export sales.

Organic Chemical Group, American Importers Association

New product development expenditures, resulting from a large domestic market, are much more important in explaining chemical exports than are unit wage rates. Increases in exports resulting from the adoption of the ASP package would come in two major categories—new products and those products made by continuous-process, large-scale plants.

Seamless Specialty Tubing Producers

The solution for the domestic specialty tubing industry is not to be found in exports. The markets for the products are in highly industrialized nations. The highly industrialized nations are the ones exporting the products into the United States.

Seaboard World Airlines

Strongly supports and promotes U.S. exports by improving and expanding its air transport services for U.S. exporters and shippers.

E. I. du Pont de Nemours & Co., Inc.

The punitive attitude embodied in U.S. tax law and administration not only fails to provide incentive for exports, but imposes penalties, without parallel for any of our major foreign competitors. Many corporate taxpayers pay U.S. taxes on a substantial part of the earnings of foreign marketing subsidiaries from the resale of U.S. exports, just as though it were income earned by the U.S. taxpayer. Furthermore, the U.S. exporter is required to pay full U.S. tax on profits which, in reality, should be attributed to its foreign marketing affiliate. It is difficult to reconcile this situation with the government's stated interest in promoting U.S. exports.

Maestro International Industries, Inc.

Favors proposals to stimulate U.S. exports as contained in H.R. 14188 (treatment of articles assembled abroad).

American Institute for Imported Steel, Inc.

The institute seeks to promote and to expand U.S. exports as we purchase more imports, so as to create a higher level of economic activity, more jobs and profits, both here and abroad.

Card Clothing Manufacturers Association

The competitive pressure from lower priced imports under which the card clothing industry operates prohibits any promotion of exports.

Discover America Travel Organization, Inc.

The Organization proposes to increase our foreign exchange earnings through the addition of a tax rate reduction to the corporation's service area; particularly tourism. Foreign countries encourage tourism through subsidies, interest bonuses, government loans, or guarantees of loans, and tax exemptions or concessions. If tax incentives were given to promote tourism in the United States, the resulting increase in tourism would likely result in increased tax revenues collected through the multiplier effect.

U.S. National Fruit Export Council

The Council identified inflation as one of the major deterrents to exports and supports measures to curtail inflationary forces. There is a wide disparity in ocean freight rates for fruits from United States ports and from major competing origins such as Australia, Israel, South Africa, and Taiwan to export markets. We believe that ocean freight rates on U.S. fruits and fruit products should be in balance with those charged exporters of other countries, to the end that our products shall not be rendered uncompetitive by reason of discriminatory ocean freight charges. U.S. exports of these products average more than \$300 million annually.

National Association of Secondary Material Industries, Inc.

The Foreign Trade Division represents the leading exporters of secondary materials in the United States, including such commodities as nonferrous scrap metals. The United States remains the largest exporter of nonferrous scrap metals in the world and many of the countries of Western Europe and the Far East depend on such exports to help them in the process of industrialization.

The harmful effects of restrictive export controls (as now administered by the U.S. Department of Commerce) concerns two specific metals—copper and copper-base scrap; and nickel and stainless steel scrap.

We urge that steps be taken to permit the widest possible latitude in exports of secondary materials from the United States. It is vitally important that restrictions and impediments (including increasing ocean freight rates) to the flow of secondary materials be eliminated and that the U.S. Government encourage and enforce the free trade policies which have helped the United States become a major force in the world market.

Florida Fruit & Vegetable Association

This Association and other agricultural groups have expended much time, effort, and money in developing markets abroad only to see them taken up by other countries whose production costs are much less than ours by virtue of lower wages. This is hardly the comparative advantage of efficiency so loudly spoken of by economists, who view foreign trade with that theory. We feel that it is time for the United States, whose value of exports has receded to 4 percent of its Gross National

Product, to realize that it no longer enjoys a comparative advantage in world trade because other countries have caught up with our technology and productive ability and have lower labor costs.

National Machine Tool Builders Association

U.S. exports of machine tools are impeded by non-tariff trade barriers, such as border taxes, requirements that the importer deposit funds with the government, or obtain import license.

To counterbalance tax rebates, refunds, and examinations granted foreign exporters of machine tools, the U.S. Government should assist U.S. exporters in like manner to make our exports more competitive abroad.

The Association urges that export control procedures be modified to enable potential exporters, in advance of sales, to know when an export license will be issued.

The Association recommends that the Export-Import Bank's current export financing assistance, recently made more broadly available, be continued and further expanded.

3. GENERAL WITNESSES

American Association of Port Authorities

Tax legislation consistent with GATT rules should be enacted which would provide tax incentives for exporters which would be as beneficial as those provided to trading competitors of the United States. The Administration's efforts to insure that American products be allowed to compete fairly in world markets on equitable terms should be applauded.

Commerce and Industry Association of New York

U.S. exports can be promoted by (1) adequate export financing (on internationally competitive items) particularly, an automatic rediscount facility on export paper by the Federal Reserve System; (2) expansion of the Joint Export Association Program of the Department of Commerce; (3) programs to encourage U.S. exports, particularly the Domestic International Sales Corporation; (4) the restoration of Eximbank authority to finance commercial credits on exports to Eastern Europe and the removal of ceiling on Eximbank loans; (5) extension of MFN policy to Eastern European countries; and (6) the establishment of a new Executive agency to coordinate Federal export expansion programs.

Emergency Committee for American Trade

Favors export promotion through export credit and tax incentives, tough negotiation on trade barriers, and organized encouragement of exports by firms not presently export minded.

League of Women Voters of the United States

Legislation aimed at fostering increased U.S. exports and expanded world trade should be advanced.

Greater Detroit Chamber of Commerce

We commend the new and broader policies of the Exim Bank in the field of export financing, and of the FCIA in the field of credit insurance for insuring foreign receivables against political risks. DISC

would provide certain tax incentives for exports and its creation is highly recommended. The Chamber recommends proposed legislation such as H.R. 13713 which would broaden drawback privileges.

U.S. Council, International Chamber of Commerce

The United States has failed to facilitate exports: It does not have liberal financing or a re-discount system for export finance comparable with other countries. While the Export-Import Bank provides direct project loans in some instances at the rate of about 6½%, the bulk of our export financing supplied by guarantees of the Export-Import Bank and financed by private banks now goes at rates of 11 percent or higher.

The steamship conferences charge significantly more for comparable freight from the United States abroad than for freight into the United States. Within the United States certain railroad freight rates are much higher on goods destined for export than for domestic consumption.

Wyoming-Western Nebraska Regional Export Expansion Council

The Council believes that greater incentive for U.S. export expansion will be obtained by minor changes in Sections 921, 922, and 482 of the Internal Revenue Code. These amendments are as follows:

1. Existing rules requires delivery of goods by the U.S. businessman to, and passage of title in, the foreign country. A "destination rule" should be submitted for this requirement.
2. The Western Hemisphere Trade Corporation concept should be made to apply to all U.S. exports.
3. Allow 25 percent margin between domestic manufacturer and its foreign-based subsidiary. This is based on the fact that 25 percent to 33½ percent of all U.S. exports are to foreign subsidiaries of U.S. firms.

Chamber of Commerce of the United States

The Chamber recommends new Government efforts to encourage export expansion. The Chamber recommends improvements in the export financing for U.S. traders through a removal of restraints on the EXIM-Bank and the commercial banks plus new programs responsive to exporters' needs. The Government should provide exporters better tools to regain a semblance of parity with the strong financial support which major competing countries afford their international businessmen.

Farm Bureau Federation

Favors increased agricultural exports through efforts of our Government, working with farmers and marketing firms.

Hon. Daniel J. Evans, Governor of Washington

Supports closer federal/state cooperation in devising national policy and developing new and expanded markets. Believes in the continuation of a progressive and positive U.S. foreign trade policy.

V. FOREIGN INVESTMENTS AND EXISTING CONTROLS ON U.S. FOREIGN INVESTMENTS

1. GOVERNMENT OFFICIALS

The Secretary of Commerce

Up to now, the interest of American producers of textiles in investment in foreign producers of textiles in the Far East is relatively small. However, there is a growing inclination on their part to look toward that area if we do not find a solution to textile imports.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

E. I. du Pont de Nemours & Co., Inc.

The foreign direct investment controls were introduced as a short-term measure to provide temporary balance of payments relief but they are self-defeating and will have serious adverse effect if continued indefinitely. The regulations discourage export sales since any increase in trade receivables from foreign subsidies is considered to be a transfer of capital. A serious problem is the conflict between the forced repatriation of earnings versus potential tax penalties; another is the serious financial implications of continuing to borrow overseas while the regulations themselves restrict the liability to repay such borrowings.

United Glass and Ceramic Workers of America

U.S. capital can and does move overseas, but workers and communities remain behind to bear the brunt of import competition.

Machinists, Electrical and Radio IMAW, IBEW, IUERMW

Passage of measures which would supervise and curb the outflow of American technical know-how and investment capital would also be helpful.

Manufacturing Chemists Association

We favor removal of controls on U.S. investments abroad because of the probable long range detrimental effects upon the international competitive position of U.S. companies.

Stone, Glass, and Clay Coordinating Committee

U.S. private investments in foreign manufacturing facilities is detrimental to U.S. industries and workers because it results in decreased manufacturing in the United States and increased imports of articles manufactured abroad. U.S. private foreign investment increased 436 percent 1950-68; most of it was in manufacturing facilities. Immediate consideration must be given to putting a halt to unregulated foreign investment.

Consumer Products Division, Electronic Industries Association

A concern of our association is home country restrictions which inhibit either imports of United States products or United States private foreign investment, or both and inhibit exports to non-United States markets.

Society of the Plastic Industry, Inc.

Existing foreign direct investment controls seriously hamper the U.S. plastic industry's ability to participate profitably in foreign markets. The Society urges their elimination.

United Rubber, Cork, Linoleum and Plastic Workers of America

Requests supervision and curbing the outflow of American foreign investments of American companies. United States conglomerates and corporations are establishing foreign subsidiaries and are investing billions of dollars in these subsidiaries and other related foreign industries, then importing the cheaply produced goods back into the United States in ever increasing quantities.

International Chemical Workers Union

We have complained long and hard to management about the large number of plants they are building abroad. In 1960, out of every \$9 the chemical industry invested in new plants and equipment, only approximately \$1 was invested abroad. In 1969 about \$1 in every \$2 is being invested abroad. Our foreign trade policy is in fact forcing U.S. chemical manufacturers to export jobs rather than chemicals.

Man-Made Fiber Producers Association, Inc.

The association believes that there is full employment in the Japanese textile industry. In fact, the Japanese government is trying to transfer textile workers to higher paying industries because of its labor shortage in those industries. The Japanese are investing in foreign countries to obtain the advantage of lower wages for labor intensive products so that more workers in Japan could be transferred to the higher-paying jobs.

American Iron and Steel Institute

There should be no restrictions on the international movements of capital and labor.

3. GENERAL WITNESSES

International Economic Policy Association

IEPA presented a number of proposals designed to encourage U.S. exports of goods and services, U.S. overseas operations, and repatriation of funds from abroad. Among these were: (1) reasonable means should be established whereby U.S. companies could repatriate funds from abroad to improve our balance of payments account without incurring tax liability, and (2) as an incentive for improvement in our balance of payments, Section 956 should be repealed, or at least amended so that bona fide loans to or a bona fide investment in a U.S. direct investor by its foreign affiliate would not be considered constructive dividends and subject to U.S. taxes.

ILWU

The I.L.W.U. agrees with the following AFL-CIO position that: "A major part of America's problem in international trade is directly related to the foreign investment and foreign-subsidary operations of American companies." They agree with the AFL-CIO proposal for governmental action to stop subsidizing U.S. corporations in setting up foreign plants, curbing the outflow of American foreign investment, and regulating and controlling the operations of U.S. based multi-national corporations.

U.S. Council, International Chamber of Commerce

Investment in facilities or in business abroad is a means to obtain market penetration and it also increases exports. It is estimated that approximately a fourth of U.S. exports are to the affiliates of U.S. companies abroad.

AFL-CIO

U.S. Government measures are required:

(1) To stop helping and subsidizing U.S. companies in setting up and operating foreign subsidiaries—repeal section 807 and similar provisions of the Tariff Code.

(2) To supervise and curb the substantial outflows of American companies for investment in foreign operations.

(3) To develop regulations covering U.S.-based multinational companies.

(4) To press, in appropriate international agencies, for the establishment of international fair labor standards in world trade.

(5) To regulate the flow of imports into the United States of a variety of goods and product lines, in which sharply rising imports are displacing significant percentages of U.S. production and employment in such markets.

The Nation-Wide Committee on Import-Export Policy

As evidenced by our rising machinery exports, increasing U.S. foreign investments cause reduction of U.S. exports as we are supplying foreign markets at an increasing rate from within.

Industrial Union Department, AFL-CIO; International Union of Radio and Machine Workers of America, AFL-CIO

The tax treatment of foreign subsidiaries of American companies must be changed to discourage the flow of American capital and exportation of jobs overseas. Measures should be adopted to limit and tax the export of capital which finances the establishment, acquisition or expansion of U.S.-owned manufacturing facilities abroad. All patents developed in public programs, or with public funds, should be publicly owned, to stem overly hasty outflow of American technology.

Emergency Committee for American Trade

Section 252 overlooks link between U.S. investments and exports (machinery, parts, and the like).

VI. ROLE OF MULTINATIONAL FIRMS IN U.S. TRADE POLICY

1. GOVERNMENT OFFICIALS

The Special Representative for Trade Negotiations

Mr. Gilbert does not believe there is such a thing as a "multinational company". So-called multinational companies have an impact on U.S. trade of overseas investments. A Presidential Commission, only partly appointed, would probably be an ideal vehicle for trying to come up with and sift out the real facts and impacts, and try to work out a policy if policies are needed.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

E. I. du Pont de Nemours & Co., Inc.

Du Pont qualifies as a multinational company, not only because more than 20 percent of our total sales, employment, and investment are outside the United States, but also because we run the business as a worldwide enterprise and look to non-U.S. markets as a major source of future growth. In Europe, Latin America, Canada and Japan we are increasingly facing able competitors who not only have sophisticated technology and products but also benefit from favorable taxation and other forms of assistance and encouragement from the governments. The multinational company has reached maturity before law and custom and attitudes are completely ready for it.

Fair-Rite Products Corp.

Our two largest customers, General Instrument Corporation and TRW Electronic Components Division, established plants in Taiwan which have caused us to lose sales. In speaking with these two companies, I was told very simply that the move to Taiwan was made because they could not compete with Japanese manufacturers who were shipping both coils and completed sets to this country at prices that could not be approached using American labor. We see the move of Philco-Ford Electronics to Taiwan, General Electric to Hong Kong, and now to Singapore, and the same story repeated with virtually every manufacturer in the land.

Stone, Glass, and Clay Coordinating Committee

The present policy of exporting American jobs—a policy promoted by the Executive branch and multinational firms under the present U.S. trade policy and foreign investment practices—is wrong. The multinational corporations want to invest abroad, utilize low-wage foreign labor, and have unrestricted access to U.S. markets in direct competition with U.S. industries unable or unwilling to move overseas.

United Rubber, Cork, Linoleum and Plastic Workers of America

We request government assistance to regulate and control the operations of U.S. based multinational companies.

Office Machines International Institute

To meet the resistance from various administrative barriers abroad (foreign exchange restrictions) placed by European countries which barred their markets to U.S.-made typewriters. U.S. companies found it expedient to establish subsidiaries in Western Europe. By the time these countries removed their foreign exchange restrictions, labor costs in the United States were considerably higher than that paid for the same skills in Europe. In order to be competitive in third countries, the U.S. companies found it necessary to ship to those countries from their foreign plants. This caused a decline in exports from U.S.-based factories. Continued increase in costs in this country coincided with greater output by plants in Europe and Japan at lower prices caused an increase in exports to the United States. This was especially true in the case of portable typewriters. With the introduction of compact, electrically powered typewriters and smaller manual typewriters, more and more of the U.S. market is being supplied from abroad by both American subsidiaries and foreign companies.

United Steel Workers of America

Another development that gives us concern is the emergence of the multinational corporation. Charles Baker of the International Iron and Steel Institute (IISI) commented that perhaps half, even more than half of the imported steel one day may very well be produced abroad by American companies who are important domestic producers too. If our trade policy is accelerating this in the steel industry, we are very much concerned about it. If our union was concerned about 18 percent of the market being penetrated by overseas steel in 1968, what kind of a prospect for job security should we entertain if penetration is increased by 100 percent within 10 years.

Maestro International Industries, Inc.

Maestro International has a multinational industrial investment in Latin America and, therefore, strongly favors this type of trade.

Electrical Machinists, IAMAW, IBEW, IUERMW

Measures which would regulate the overseas growth of American-based multinational corporations are needed.

United Mine Workers of America

Most major U.S. coal mines and commercially viable coal deposits are owned by large, diversified, multinational oil and mining companies; such companies make investment decisions based upon maximum return. Unless there is a clear national mandate to develop our own energy resources, these conglomerate firms will not invest in the coal mining industry to the degree that they otherwise would, because that capital will be placed either in metal mines here or abroad, or in foreign oil or other foreign energy resources.

3. GENERAL WITNESSES

Industrial Union Dept., AFL-CIO; International Union of Radio and Machine Workers of America, AFL-CIO

The big multinational firms—most of them are based in the United States—have been a big factor affecting the U.S. position in world trade. A large percentage of U.S. exports and imports involve transactions by these corporations. Some of their sales in the United States displace American workers. These large American corporations, like those on the Mexican side of the border, use components and complete units made overseas at sweatshop wages and sell their products in the United States at no reduction in prices.

Committee for a National Trade Policy, Inc.

Any move to inhibit world trade or the development of multinational corporations would be at high cost to economic growth at home and national prestige and influence abroad.

Swiss Union of Commerce and Industry

There are two major, interrelated developments in world economic activity and organization which hold both the promise of new economic growth and world economic stagnation. We refer to the regional trade and economic arrangements and the increasing importance of the multinational corporation. A free movement of goods in world trade is essential to the proper and constructive development of both

the regional groupings and the multinational corporations. Without such an environment the benefits which potentially flow from both could be perverted.

If large industrial countries and regional economic blocs become protectionist and inwardlooking, with the investment of capital by multinational corporations primarily motivated by the necessity to jump over national or regional trade barriers, we would have lost the benefits of the most dynamic forces for economic progress in the world today.

The multinational corporation allows economies of scale and coordinated management, research, marketing and investment strategies on a worldwide basis. This would be inhibited without a free movement of goods. Trade between parent and foreign subsidiary is an important element in maximizing the efficiency and the economic contribution of the multinational corporation. Clearly an open, multi-lateral trading system is the best method of harnessing the energy unleashed by these new developments.

VII. FOREIGN TRADE PRACTICES

A. BORDER TAXES

1. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Synthetic Chemical Manufacturers Association and Dry Color Manufacturers Association

As if an unconditional 50%-20% deal was not bad enough, it really turned out to be a 50%-0% deal with respect to most of our trade with the EEC countries. Where we did get tariff cuts of the Europeans, non-tariff barriers were promptly erected in their place. The principal of these non-tariff barriers have been European border taxes. Since the K.R., increases in EEC border taxes have further raised the barrier to our chemical exports to the point where the total barrier—tariffs and border tax—will be even higher after a full 50% cut than it was at the time the agreement was signed. At the same time the increase in their export rebate has further subsidized their exports and undermined the tariff we have left.

Manufacturing Chemists Association

The chemical industry is concerned about the trade distorting effects of foreign internal taxes charged on imports and rebated on exports, as well as, with the GATT trading rules relating to these border tax adjustments. The problem becomes more important as foreign tax rates are harmonized, and as more nations adopt a value added type tax system.

Society of the Plastic Industry, Inc.

To any extent that value added taxes are borne by producers and to any extent that U.S. corporate income taxes are borne by consumers, the present system of Border Tax adjustments discriminates against U.S. trade. The Society recommends that our government allow or negotiate to allow offsetting direct tax credits for foreign indirect taxation paid by or on behalf of U.S. exporters as well as to grant similar offsetting relief to the extent that such taxes are rebated to our foreign competitors when competing in third country markets.

The O. Hommel Co.

European countries impose a border tax on inorganic pigment of the type manufactured by the O. Hommel Company. This tax is one of several factors restricting U.S. exports of such pigments to Europe.

Sherwin Williams Chemicals

Our chemical export sales group have evaluated increased export opportunities arising from the Kennedy Round and the proposed separate package. They have concluded that there is no significant advantage to us. The projected reduction in foreign tariff is offset by increases in turn-over taxes, border taxes and other non-tariff barriers instituted by our trading partners since the conclusion of the Kennedy Round. In too many cases the cost of entry of our products is as high or higher than before.

Man-Made Fiber Producers

Foreign governments, through import duties and other restrictions such as border taxes have virtually closed the imports of manmade fibers into their countries. As a result, Japan and Europe have a limited market for American-produced manmade fibers; the American market, however, offers unlimited growth opportunities for manmade fibers produced in Japan and Europe.

American Iron and Steel Institute

In the European Economic Community, border taxes are one of the main roadblocks to imports. These add substantially to the cost of entry for foreign goods.

Crystal International Corp.

Border taxes, when taken in context with other measures, do not appreciably alter the competitive situation in flat glass.

2. GENERAL WITNESSES

Industrial Union Department, AFL-CIO, International Union of Radio and Machine Workers of America, AFL-CIO

Non-tariff barriers that confront American steel producers include border taxes.

B. COMMON AGRICULTURAL POLICY

1. GOVERNMENT OFFICIALS

The Special Representative for Trade Negotiations

The administration is concerned by the execution of the Common Agricultural Policy in that they have followed a route of price supports at unrealistically high levels, which means a requirement of excluding foreign competition.

The Secretary of Agriculture

Agricultural policies of the EEC support and encourage high-cost production among its member nations and lead to subsidized export marketing practices that disrupt world markets for agricultural products; both importing and exporting countries lose in the long run. England is attempting to bring its agricultural production and trade

policies somewhat in line with those of the EEC, which it hopes to join. Other non-EEC countries also may join that organization and thereby form a trade bloc that could eventually account for over half of the world's trade in farm products. It is therefore imperative that the EEC review and revise the application of its Common Agricultural Policy so that both the Community and the rest of the world will benefit to an increasing degree from a more efficient use of the world's resources through the expansion of trade.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

National Grain and Feed Association

The Common Agricultural Policy (CAP) of the EEC began to take its toll on U.S. farm exports beginning in 1967. EEC farmers, with the incentives of guaranteed high prices and the variable levy wall, increased grain production from 58.0 million tons in 1966 to 69.7 million tons in 1969. In the same period, EEC grain imports declined from 20.5 million tons to 14.7 million tons while wheat exports to countries outside the EEC increased from 4.5 million tons to 6.6 million tons. Thus, in 1969 the U.S. lost over 5 million tons of feed grain exports to the EEC and over 2 million tons of wheat exports to other parts of the world.

The United Kingdom, which after the EEC is our second largest agricultural market in Western Europe, has applied for membership in the EEC along with Ireland, Denmark, and Norway. If these countries slip behind the EEC high agricultural price-variable levy wall, an unmitigated farm export disaster for U.S. agriculture would be in the making. The CAP has proven to be a trade disaster to the United States. An enlarged EEC could extend this trade disaster. The negotiations required for the U.K. and others to join the EEC could be an opportunity to change the CAP, with a more liberal agricultural trade policy emerging. What is needed is an unmistakably strong expression by our Government of our trade and economic interests involved in the accession of the U.K. and others to the EEC. We should call for a readherence to the GATT rules by the EEC with respect to enlargement of the Community and with respect to the EEC's preferential trading arrangements. We should also re-exert the tariff binding we have available to us on grains with both the U.K. and EEC when these bindings come back into force on July 1, 1971. When the U.K. and EEC take up the question of the CAP we should be ready with suggestions on agricultural trade policy in the interests of all parties concerned. All of this should be exercised within the context of U.K.-EEC negotiations and should not wait to be settled after the U.K. and others have joined the EEC and the present CAP. We must take the position that any prospective political integration arising from an enlarged EEC *does not* outweigh our agricultural trade and general international economic interests.

Tobacco Associates, Inc.

The common agricultural policy on tobacco recently adopted by the European Economic Community provides unlimited tobacco production in the member countries; supports tobacco prices at higher than actual values, specifies that imports may be suspended when supply

surpluses occur, provides that such surpluses may be disposed of in world market by subsidization. This policy plus subsequent EEC action making permanent the duty-free status of tobacco imported from associated overseas territories will seriously endanger U.S. tobacco trade.

U.S. Council, International Chamber of Commerce

Our agricultural exports to Europe face the protectionism of a possibly expanding Common Market, which engages in preferential transactions with a number of countries.

Corn Refiners Association, Inc.

The CAP has worsened the United States' difficulty in regard to tapioca starch imports by raising new barriers to EEC tapioca imports. Recently tapioca entering the EEC has been subject to tariffs as high as 50 percent.

California-Arizona Citrus Industry

The EEC presently applies customs duties, intervention prices, export refunds, basic price, buying-in price, reference price and quality standards to citrus. Threshold prices and variable levies are currently applied to cereals, butter, cheese, skim milk, beef and veal, other livestock products and olive oil.

National Cannery Association

The forthcoming negotiations of the EEC with the United Kingdom and other applicants for membership in an enlarged Community poses a threat to U.S. agricultural export markets. In the event of EEC enlargement, the low tariffs on canned foods (and other agricultural products) in the applicant countries will be scrapped, and will be replaced by variable levies and other market regulations under the EEC Common Agricultural policy.

The EEC, the largest market for U.S. canned foods, is well on the way towards creating a trading orbit which virtually excludes the United States. Preferential arrangements are in force with 21 African countries, and with Greece, Turkey, Morocco and Tunisia. As part of EEC's Mediterranean policy, an agreement with Yugoslavia has been concluded and agreements with Spain and Israel are near conclusion. Preferential trade arrangements with yet other countries are under discussion. These association agreements are how the EEC can establish trading orbits and still operate under the GATT.

The variable levy is an absolute violation of GATT principles. It is the basis under which the EEC assesses a levy (tax) on the calculated amounts of sugars in canned fruits, varying in ad valorem effect from one shipment to another. The variable levy concept is in direct conflict with the following articles of GATT: Article XI, Article VII(2), Article VII(5), and Article VIII(1). It is infinitely more protective in effect than the American Selling Price system of valuation and is applied to a value of trade four times the inflated ASP values of U.S. imports subject to the ASP valuation. Moreover, the levy system is the basis on which the EEC seeks to develop minimum import prices on canned fruits, vegetables, and fishery products; that would also be in violation of GATT.

The Community has taken a position that any practice (except any practice of ours) not expressly prohibited by the GATT should be tolerated.

The U.S. Government process for corrective moves to NTB's gets bogged down in the interagency procedures plus our political support for the idea of European unification.

U.S. National Fruit Export Council

Exports of fruits and fruit products are impeded by a continuing and growing agricultural protectionism, of which the most extreme is that of the European Community. Various regulations under the EEC's Common Agricultural Policy are formidable barriers to the importation of U.S. fruits. Variable levies (on canned fruit), reference prices (on fresh fruit), and minimum import prices are bad for our exports not only because of high ad valorem protection but also because of their side effects, which create nuisances for the trade. The United States should continue to press for agricultural trade liberalization in other countries as well, notably Japan.

We are very much concerned about the consequences to our export trade if the EEC is enlarged. The United Kingdom, Denmark and Norway are major export markets for U.S. fruits and their customs duties are generally lower than the duties on the same fruit entering the EEC. However, membership in the EEC will mean scrapping of their existing tariff systems and adopting the Common Agricultural Policy and market regulations. We consider that the variable levy system under the CAP is illegal. With the prospect that the variable levy will be effective in 10 countries rather than 6, the United States should re-examine its position and should institute the long overdue challenge to the EEC variable levy system.

The variable levy system provides funds with which the EEC subsidizes agricultural exports and thus nullify the U.S. comparative advantage both in the ECC and in world markets. Other countries also subsidize their agricultural exports. Appropriate action should include U.S. retaliation by compensatory withdrawal if consultation with offending governments, either directly or through the GATT, fails to secure relief within a reasonable time. We support the proposal in Section 203(b) of H.R. 14870.

3. GENERAL WITNESSES

International Economic Policy Association

The EEC's common agricultural policy is a direct violation of their GATT commitments, and is disrupting U.S. and world agricultural trade.

Board of Trade of City of Chicago

The current EEC variable levy system for feed grains is causing major losses of U.S. exports, plus price hardships to meat, poultry, and egg consumers in the EEC.

National Grange

The European variable levy system prohibits agricultural products from entering the EEC on a competitive basis, and it results in commodity surpluses to be disposed of as subsidized exports.

C. OTHER NON-TARIFF TRADE BARRIERS

1. GOVERNMENT OFFICIALS

The Special Representative for Trade Negotiations

The administration bill does not deal with non-tariff barriers. Non-tariff barriers deal with altering existing domestic law, and in Mr. Gilbert's judgment the President must come back to the Congress on an ad referendum basis, after finding out what he can succeed in accomplishing in negotiations. Requests some "general instructions" or "blessing" from the Congress to help in the process of non-tariff barrier negotiations. Without the elimination of A.S.P., as negotiated, there is no possibility of anyone taking us seriously when we say we want to talk about the elimination of other non-tariff barriers.

The Secretary of Commerce

Japan has a great many trade restrictions against U.S. goods. Japan has approximately 90 categories of items on their restricted list of imports which are in violation of their undertakings under the General Agreement on Tariffs and Trade. We have been urging and pressuring Japan to release these restrictions. The only thing we can hope is that Japan, which has become the second largest producing nation in the Free World, will accept more of the responsibilities of a major nation and will extend reciprocity to its trading partners.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Chrysler Corp.

The Government should negotiate the same treatment for them that is accorded foreign companies in the U.S. market. They want full reciprocity and consistent with that desire they believe that trade negotiations should be aimed at the reduction and ultimate removal of nontariff barriers. Among the non-tariff barriers that should be eliminated is one used by some governments requiring a specified percentage of "domestic content" in cars sold in their countries. This forces U.S. auto manufacturers into high cost assembly or manufacturing operations in the countries concerned to the detriment of the consumers in those countries, who pay the resultant higher prices.

Another serious non-tariff barrier is the internal taxes that discriminate against U.S. cars by forcing payment of proportionally higher taxes than on the smaller cars produced in the home market. This discourages foreign purchase of U.S. cars.

E. I. duPont de Nemours Co., Inc.

Quantitative import restrictions on wool and man-made fibers fabrics and garments imposed by European nations tend to deflect textile exports, especially from the Far East into the United States.

Distillery, Rectifying, Wine and Allied Workers International Union of America, AFL-CIO

Opposes non-tariff barriers encountered by the alcoholic beverage industries in the export market including the outright bar of imports such as that imposed by Italy on table wines; the banning of wines bearing designations such as Champagne, Burgundy, Chianti, Ries-

ling, Sherry or Port because such names have been limited to wines coming from certain geographic areas; import quotas; discrimination in the handling of U.S. beverages by government marketing agencies; bans on advertising; discriminatory application of internal taxes; requirement of high advance deposits to secure import licenses or to satisfy exchange control directives; discriminatory practices in the granting of import permits; harassment through repeated requirement of laboratory analyses.

McDonnell Douglas Corp.

The largest single non-tariff barrier is sales resistance. There is a growing tendency in international markets for the foreign purchaser to buy only if a plant is set up in his country to manufacture some part of the article.

Fairchild Camera & Instrument Corp.

Non-tariff barriers are being planned by certain European countries against U.S. technological products, in the form of testing and certification requirements which would discriminate against American products in favor of European products. The U.S. policy should be directed toward keeping open world markets by heading off the implementation of such non-tariff barriers as the European Multipartite Agreement.

American Aniline Products, Inc., and Ad Hoc Committee of 11 U.S. Dyestuff Producers

The stability in the shares of world export trade accounted for by the European producers is evidence of the continued cooperation of the European producers, through working arrangements previously established through the European dye cartel. On July 24, 1969, the Commission of the EEC entered its decree finding the European dye producers guilty of violating the antitrust provisions of the Treaty of Rome by repeatedly fixing prices for dyes sold in the Common Market through concerted action. The antitrust article of the Treaty of Rome applies only to practices which affect trade within the Common Market, consequently, the companies which have been guilty of anti-competitive concerted action within the EEC are free to carry out such activities in their exports to the U.S. or third countries without fear of prohibition by the EEC Commission.

The Bourbon Institute

France does not permit advertising of distilled spirits although U.S. law permits French distilled spirits to be advertised in the United States.

Canadian provincial stores charge higher mark-ups on U.S. bourbon than on Canadian produced liquor.

American National Cattlemen's Association

Feel that U.S. could export more choice beef if foreign governments would relax certain barriers to U.S. beef imports. Among these are (1) Japan's quotas, (2) protectionist policies of the EEC, (3) sanitary regulations of Australia and New Zealand.

The O. Hommel Co.

A European buyer of inorganic pigments must first obtain a permit from his government, and then must usually deposit in advance an

amount equal to or twice that of the import duty imposed by his country.

Industrial Fasteners Institute

Japan restricts U.S. imports of fasteners to only those of special types.

The Anti-Friction Bearing Manufacturers Association

In Japan artificial barriers to trade are raised in the form of import licenses and currency controls.

Corporate Development, Amana Refrigeration, Inc.

We have attempted to export microwave ovens and refrigeration equipment to Japan and our efforts have been unsuccessful due to what seems to be impossible administrative regulations and port discrimination. Meanwhile, any Japanese manufacturer of these articles has unlimited access to American ports.

American Iron and Steel Institute

Harmonization of the system of value added taxes within the EEC at a higher level than exists today will magnify the adverse impact on the United States. There are many other devices used abroad to block imports or to give exports an artificial competitive edge in world markets. The Institute believes that the President should have significantly increased means at his disposal for dealing with the problem of nontariff barriers.

Apparel Industries Inter-Association Committee

Other countries have met Far East competition in knit outerwear of wool and/or manmade fibers by a system of bilateral quantitative limitations.

National Grain and Feed Association

U.S. agricultural exports to Japan have grown rapidly and promise to continue to grow as long as we maintain a competitive and aggressive export sales policy. There are opportunities to improve exports of grains and soybeans to Japan by reducing some remaining import barriers and gaining merchandizing rights within the Japanese economy.

American Apparel Manufacturers Association

Nontariff barriers of various types set up by many countries discourage growth in U.S. apparel exports.

Corn Refiners Association, Inc.

Countries other than the EEC use nontariff barriers to block tapioca starch imports. Japan uses import licenses.

California-Arizona Citrus Industry

Three years after Japan liberalized the entry of U.S. lemons, exports increased 8-fold. Japan continues to maintain quotas on fresh grapefruit, fresh oranges, and concentrated citrus juices in violation of the GATT rules.

The EEC is moving toward eventual exclusion of imports of citrus.

Florida Citrus Mutual

The Mutual favors removal of NTB's of foreign countries so that U.S. exports of citrus will have equal access into countries which do not produce citrus.

National Electrical Manufacturers Association

The Association opposes European nontariff taxes which place an unfair restraint on trade. The U.S. should take appropriate counter measures until these barriers are reduced or nullified.

Attached are an example of the taxes on a fluorescent lamp imported into Germany, plus a listing of various tariffs and taxes for EEC and EFTA countries, as well as part of the U.S. tariff schedule.

A \$100 fluorescent lamp imported into the U.S. is subject to about \$13.30 in U.S. duties and taxes; one imported into Germany is subject to \$42.91 in duties and taxes; and one imported into France is subject to much higher duties and taxes.

3. GENERAL WITNESSES

International Economic Policy Association

Major non-tariff trade barriers of the United States and other countries are listed, and the question is posed: how many of these barriers are we and our trading partners *truly* willing to negotiate? We must have a clear conception of the relative economic values and trade and balance of payment impact on each of the several items. It is probable that no country will negotiate away any really significant self-protective barrier. At any rate, such negotiations should take place between trading blocs, and should apply only bilaterally between those blocs—not on an unrestricted MFN basis.

League of Women Voters of the United States of America

U.S. businesses have justified grievances against many foreign nontariff barrier practices, and other countries have complaints against us. It is essential that we repeal ASP as the first step of good faith. The United States should be a leader among nations by pursuing trade policies and practices which would inspire others to follow the same path.

The National Farmers Organization

The major problem which U.S. agricultural exporters have faced during the last several years has been the proliferation of non-tariff barriers, particularly the variable levy system used by the European Economic Community.

American Exporters Association

If world trade is to increase in the future, as it has in the past twenty years it will be necessary that our trading partners substantially relax their restrictions against American exports. The association urges the Administration to maintain its efforts to secure such relaxation.

National Foreign Trade Council, Inc.

The highly restrictive effects of such devices as quantitative restrictions, "buy national" laws and practices, discriminatory internal taxes, arbitrary systems of customs valuation, and state trading and marketing regulations are now adversely affecting trade among many countries more than tariffs per se. More than 800 such impediments have been identified in work under GATT during the last year. The Council reaffirms its endorsement, as expressed in the Declaration of the 55th and 56th National Foreign Trade Conventions, of the work

under GATT, and urges even stronger efforts under GATT auspices on the part of the major industrial nations, to draft rules of procedure to guide efforts to remove or reduce such barriers.

Caterpillar Tractor Co.

Caterpillar is fully aware of the artificial devices used by many countries to restrict opportunities of U.S. companies to pursue markets abroad. We support the objectives of this committee to enact legislation that will strengthen the nation's hand in dealing with countries that unjustly discriminate against U.S. exports, and we are actively supporting this effort through our business contacts at home and abroad.

Committee for a National Trade Policy, Inc.

The Congress should require the Administration to carry out a program for: (1) getting the developed countries to remove their remaining tariffs and non-tariff barriers, (2) establishing international rules of equitable competition (dealing with subsidies, adjustment assistance, patents, etc.), (3) helping the less developed countries gain the freest access to the world's best markets, (4) easing controls over trade with Communist block countries, and (5) removing controls over international capital movements which directly or indirectly restrict U.S. exports and U.S. investment abroad.

Industrial Union Department, AFL-CIO; International Union of Radio and Machine Workers of America, AFL-CIO

The non-tariff barriers that American steel producers have to contend with include import licensing, quotas, surcharges to tariffs, national preference laws, and foreign exchange controls. Also, tax concessions granted for subsidiaries of American companies create a disadvantage for domestic producers.

Committee of Economic Development

Japan still illegally holds to a series of residual quotas although her balance of payments shows a comfortable surplus. The United States should vigorously prosecute this matter in the GATT.

Joel B. Dirlam, University of Rhode Island

If there are any trade restrictions such as non-tariff barriers which would prevent U.S. Steel or Bethlehem Steel from marketing in Japan, I would certainly be in favor of eliminating them.

AFL-CIO

The AFL-CIO urges the Congress to clarify and strengthen the U.S. Government's ability to act, when unfair trade barriers in foreign countries are applied to manufactured goods from the United States.

Farm Bureau

The Bureau opposes restrictionist devices such as international commodity agreements.

U.S. Council, International Chamber of Commerce

The ICC surveyed its membership in 66 countries last year. The results of this survey and the ICC's recommendations have been formally submitted to the GATT. Our negotiators' hands in the current GATT discussions of NTBs could be strengthened by a clear state-

ment of Congressional intent that the United States should participate in a mutual lowering of such barriers.

Many exports to Japan are sold to a trading company which controls the channels of trade and takes all the markup in price. Such barriers are contrary to GATT principles.

New York Chamber of Commerce

Unfair competition should be identified and eliminated from international trading relations. Present GATT rules provide some protection from dumping, export subsidization and import quotas not justified by a country's balance of payments and inconsistent with the spirit of GATT. The United States has not made adequate use of GATT procedures and our own protective statutes to guard the interests of its importers and exporters.

The Chamber concurs in the President's view that a clear statement of Congressional intent with regard to nontariff barriers is needed to assist in U.S. efforts to obtain reciprocal lowering of such barriers. Without this the Executive cannot negotiate their removal.

VIII. OTHER RECOMMENDATIONS ON PROVISIONS OF U.S. LAW RELATED TO IMPORTS

A. ANTIDUMPING AND COUNTERVAILING DUTIES AND SIMILAR MEASURES

1. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Copper and Brass Fabricators Council, Inc.

The Antidumping Act should be revised as proposed by H.R. 17605 to furnish the protection to domestic industries which Congress originally intended. The Treasury Department has so administered the law that relief has rarely been given and never within a reasonable time. It has misconstrued its own function and has often thwarted the relief which the Tariff Commission might give. Unless the Antidumping Act is strengthened, any relief which might be afforded in the coming trade legislation to an industry being injured by increased imports could be thwarted.

Consumer Products Division, Electronic Industries Association

We are concerned over unfair commercial practices by foreign exporters, the most notable of which is selling in the United States at less than fair value. We are also concerned about foreign government export aids and incentives which include tolerance or encouragement of cartel activities, as well as tax, accounting, credit, and banking practices that give foreign manufacturers an export advantage. Rather than amending Section 252(b) of the TEA of 1962, to extend the countervailing duty prescription of Section 303 of TEA of 1962, the real need is for review of the administration of Section 303, itself. Section 252(b) (2) of the TEA of 1962 needs clarification of the meaning of "engages in discriminatory or other acts", what is meant by "tolerance" of cartels, what is an international cartel, how is the existence of an actionable cartel determined, and on whom is the burden of proof.

Stone, Glass, and Clay Coordinating Committee

The Congress must amend the Antidumping Act.

United Glass and Ceramic Workers of America

U.S. international trade enforcement agencies have been ineffective in dealing with unfair trade practices of foreign firms.

Cast Iron Soil Pipe Institute

The Treasury Department has no legally specified time in which to consider complaints of dumping against importers and in one recent case, the length of time between the submission of a complaint and action by the Treasury Department was 22 months. A mandatory time limit for Treasury's consideration of dumping complaints would be helpful in this regard.

American Iron and Steel Institute

In the EEC, taxes are rebated on exports thus constituting a significant stimulus to the sale of Common Market goods to other countries. The rebate of these taxes is especially injurious with respect to our efforts to compete in non-EEC countries.

Pulp and Paper Machinery Association

Foreign manufacturers are given substantial financial advantages by export incentive programs. These foreign manufacturers benefit from capital made available by their government at very low interest rates to finance exports destined for the United States. The recent successes of imports cannot be explained by the greater efficiency of foreign competitors.

United Cement, Lime and Gypsum Workers International Union

Supports H.R. 17605, which would have the Congress adopt and ratify the Tariff Commission's position on the definition of injury from imports at less than fair value, the definition of industry, and the treatment of the cumulative effect of dumping from more than one source. There is an urgent need to limit Treasury to the single function of the mathematical determination of dumping assigned to it by the 1954 amendment to the Antidumping Act. The provision in H.R. 17605 for a six-month limitation on Treasury antidumping investigations is urgently required. The need to resolve the conflict between Treasury and the Tariff Commission makes this a particularly appropriate time to enact the provisions of H.R. 17605.

The Anti-Friction Bearing Manufacturers Association

We are aware of the support given to the bearing exporters by way of subsidies, mostly indirect, from the Japanese Government.

United Stone and Allied Products Workers of America, AFL-CIO

In 1967, the U.S. Treasury Department was requested to investigate possible violation of the Antidumping Act and subsequently found dumping by the Canadian, West German, and French producers. A hearing was held in October 1969 by the U.S. Tariff Commission, which subsequently found that the U.S. potassium chloride industry was being injured by imports. However, it took over 2 years to implement the machinery to enforce the present Act. During those 2 years over 1,500 workers were put out of work. This alone points out the need for immediate enactment of H.R. 17605 to amend and strengthen the Antidumping Act.

Chattem Drug and Chemical Co.

The Tariff Commission has determined that imports of glycine at less-than-fair-value (LTFV) have injured the domestic glycine industry. Glycine of Japanese origin now threatens to be dumped on the U.S. market via Denmark, West Germany and other European countries. As Treasury apparently holds that the sale of LTFV glycine exports to third countries which resell and divert to the United States at prices below the average home market value of the country of origin constitutes a transaction beyond the reach of the U.S. anti-dumping laws, there is no adequate administrative remedy for Chattem. H.R. 17665 would create a special tariff provision for imported glycine and add a specific duty of 25¢ per pound to the ad valorem rate. Even though the addition of a specific duty would not give us the advance assurance a quota bill naturally provides, nevertheless, in the interest of administrative simplicity, we are prepared to recommend its enactment in preference to the more complex quota legislation.

Zenith Radio Corp.

The problem of dumping at less than home market prices, and that of massive government subsidies of exports from Japan can best be handled by existing legislation.

United Hatters, Cap and Millinery Workers International Union

A September 1950 Tariff Commission report to the investigation under paragraph 13 of Executive Order 10082, in connection with article XIX of the GATT, Mr. Coleman stated: "Your committee can note that the Tariff Commission found, in this dumping case in 1950, that a price of \$10.70 per dozen (applicable to women's fur felt hat bodies from Czechoslovakia) was a dumping price. It just doesn't make sense that the Bureau of Customs in 1967 could find that a price of \$8.81 per dozen was not a sale below fair value"—in 1967 Mr. Coleman had petitioned the Treasury Department for a dumping finding against hat bodies from Czechoslovakia entering the U.S. at about \$7.50 per dozen. The Treasury Department got the "Czechs" to raise the price to \$8.81 per dozen and the case was closed.

International Molder's and Allied Workers Union

Any legislation regarding dumping should provide for a comprehensive study of labor standards in those countries which are competing with the American worker. When complaints are justified, the normal remedies for dumping should be effectuated by the complainant country. Since an individual firm or employees of the firm, through their labor organization, have the right of complaint, perhaps machinery such as that incorporated in the adjustment assistance provision of the U.S.-Canadian Auto Agreement would be feasible. If and when information is not available and the right of inspection is not granted, then the result of the country's refusal to cooperate should result in an automatic finding in favor of the complaining party or parties.

Cement Industry Antidumping Committee

The Cement Industry Antidumping Committee urges the adoption of H.R. 17605 or equivalent legislation to make the Antidumping Act of 1921 more effective. H.R. 17605 would:

- (1) Preclude Treasury from dismissing cases on the basis of price assurances.

(2) Authorize the Tariff Commission to accept price assurances in appropriate circumstances.

(3) Place a six-month time limitation (with an extra 90-day allowance if necessary) on Treasury's determination of whether dumping has occurred.

(4) Adopt current Tariff Commission standards for determination of injury, definition of what constitutes a domestic industry, and consolidation of complaints directed at the same class and kind of merchandise imported from various foreign sources.

(5) Afford judicial review to all parties in a dumping case.

Ceramic Tile Manufacturers of the United States, Inc.

We request an amendment to the proposed TA of 1969 that would:

(a.) Require foreign cartels exporting to the United States to file a report with the Department of Justice setting forth the terms and conditions of their cartel agreements;

(b.) Authorize the Department of Justice to conduct appropriate investigations and to request the Tariff Commission to initiate *in rem* proceedings under Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) whenever the facts warrant; and

(c.) Empower the Tariff Commission to issue an order of exclusion (without reference to the President or any department or agency) when it finds that Section 337 is violated.

Committee of Producers of Ferroalloys and Related Products

The domestic ferroalloys producers have, at various times, filed dumping complaints against foreign producers under the Antidumping Act; however, all complaints have been to no avail. We also requested the Treasury Department to investigate standard ferro-manganese imports from India with a view to imposing countervailing duties. Evidence was submitted of a substantial Indian government subsidy program; however, Treasury has taken no action. Escape clause relief or adjustment assistance are of little value; consequently we have apparently exhausted all other possible remedies.

American Sprocket Chain Manufacturers Association

We favor amending the Antidumping Act of 1921 to make relief against dumping more practically available. To provide a realistic procedure for obtaining relief, we urge enactment of H.R. 17605, which would eliminate significant weaknesses in the 1921 statute.

National Milk Producers Federation

The Federation urges that countervailing duties be collected on U.S. imports of dairy products that have been subsidized. For 2 years it has repeatedly given the Treasury Department evidence of direct subsidy bestowed by other countries on U.S. imports of dairy products. All the Federation gets back from Treasury is that the matter is under study.

Farmers and Manufacturers Beet Sugar Association

In 1968, export subsidies were granted by France and Italy on 85,000 metric tons of beet molasses. Approximately 88,000 metric tons were imported from those 2 countries. Additional export subsidies were granted in France in 1969 and 1970. U.S. law calls for the levy of a countervailing duty on such imports, but the Government has taken no action as yet. Furthermore, under existing statutes, a

countervailing duty can only be applied to the 1 or 2 countries that subsidize, while much of the injuries importation comes from several other countries.

National Electrical Manufacturers Association

Foreign competitors enjoy special advantages such as tax rebates in connection with their sales of electrical goods in the United States. Often they sell equipment to U.S. purchasers at prices significantly below the prices they receive in their home countries, and often supported by various forms of government subsidies and incentives.

Green Olive Trade Association

The Spanish olive bottling industry has been developed by a program of substantial (government) subsidies—direct as of well as indirect. A Tariff Commission report takes note of these incentives. In response to Congressman Burke it was stated that countervailing duties were not applicable to olives because the benefits being paid to the Spaniards did not technically qualify under that provision. A U.S. Spanish “trade commission” for olives was unsuccessful because, it was stated, that we were not able to induce Spain to go along with that thought.

Electronic Industries Association and American Loudspeaker Manufacturers Association

The antidumping remedy is a protection for foreign manufacturers who engage in the unfair practice of dumping in order to penetrate the United States market. Strong legislative oversight by this committee is needed to provide effective enforcement of the Antidumping Act. Dumping investigations involving capacitors, ferrite cores and television sets are still pending after more than two years. Japan passed a law in 1937 which promoted the Japanese electronics industry by providing subsidies up to 50 percent of the cost of research and development and low wage loans for the increase of production facilities.

2. GENERAL WITNESSES

Caterpillar Tractor Co.

We are against countervailing duties and antidumping penalties imposed at entry to the United States.

National Foreign Trade Council, Inc.

Unfair competition and non-tariff barriers, which in contravention of the GATT adversely affect our commerce, should be opposed and offset by utilizing fully the countervailing duty, anti-dumping, and other safeguards, including voluntary agreements, temporary quotas and tariff adjustments, which are afforded in our laws and in the GATT.

Trade Relations Council of the United States, Inc.

The Antidumping Act of 1921 should be amended to provide withholding of appraisement on imports entered from a date four months prior to the filing of an antidumping complaint with the Secretary of the Treasury. A change in Treasury Department procedures to conform to the new antidumping code, by withholding appraisement on entries on and after the date the notice is published (instead of on entries commencing four months prior to the date the complaint

was filed), provides a shield for dumping and violates the intent of Title II of PL 90-634 which instructed the Treasury Department to apply the code only where consistent with the Antidumping Act. U.S. antidumping procedures are not working properly and Japan, in particular, is favored. Foreign dumpers too often can end proceedings merely by promising to discontinue the practice.

The countervailing duty statute should be amended to require imposing such duties on all imports which have benefited from remission of value added and other taxes in the country of origin. Heretofore the Treasury Department has failed to use the countervailing duty provision in most cases when it was warranted.

National Grange

The National Grange does not condone dumping by the U.S. or other countries—with certain exceptions.

B. OTHER PROVISIONS (NATIONAL SECURITY, FOOD, DRUG, AND COSMETIC ACT, MARK OF ORIGIN, ETC.)

1. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Electrical Machinists, IMAW, IBEW & IUERMW

Enactment of truth-in-import labeling law would identify the manufacturer and country of origin of all imported products.

Cast Iron Soil Pipe Institute

Cast-iron soil pipe imported from abroad is sometimes marked with the name of a U.S. producer who also imports, and the imported material is commingled with that produced domestically. At present, there is no requirement for making foreign countries of origin on cast-iron soil pipe since paragraph J of an amendment to a tariff act in 1939 specified that certain products which had been imported in substantial quantity during the period 1932-1936, and were not required to be marked at that time should be exempted from marking thereafter. The "J list" is the list of these articles, and cast-iron soil pipe is included thereon. Cast-iron soil pipe should be taken off of the "J" list since some members of the Institute state that there were no substantial imports of the article during 1932-36.

The Fair International Trade Bill proposes that in investigations covering imports, regional rather than national industries can be considered in those cases in which the articles involved are not easily transported long distances. The institute supports this portion of the bill.

The Anti-Friction Bearing Manufacturers Association

The historical record of the bearing industry in times of national crises provides indisputable evidence of the interrelationship between national security and a healthy, viable anti-friction bearings industry. Without bearings the defense capability of this country would not only be crippled, it would be ruined.

We recommend an increased budget to support the Bureau of Customs. Present import statistical categories while of great value are still not sufficient.

Crompton Co., Inc.

The Crompton Company, on behalf of the domestic manufacturers of cotton velveteens, believes that such fabrics should be specifically exempted from any reductions in the present rates of duty which might be proposed should the President be given authority pursuant to section 203(a) of H.R. 16920 to enter into trade agreements with foreign countries.

The cotton velveteen industry received a unanimous decision of the Tariff Commission (October 25, 1956) that it was being seriously injured by increased imports, although the President did not adopt the Commission's recommendation of a substantial increase in duty. On April 22, 1964, a majority of the Commission found that there had been no improvement in the economic condition of the industry since the escape-clause report. Cotton velveteen was, therefore, by operation of the provisions of the Trade Expansion Act of 1962, placed on the exemption list and was not subject to negotiations in the Kennedy Round.

We believe that the situation is no better today in the case of the cotton velveteen industry, and we therefore respectfully request that there be no reduction in duty for any purpose on imports of such velveteens.

Stainless Steel Table Flatware Manufacturers Association

Section 203 of H.R. 16920 should be amended to include Presidential authority to enter into trade negotiations not only as a result of action taken pursuant to Section 351 of the Trade Expansion Act of 1962 but also Article XXVIII of GATT.

Labors' International Union of North America and Marble Institute of America

Requests that the Buy American Act's differential clause be increased to 40 percent.

Joint Board, Fur, Leather, and Machine Workers Union and Furriers Joint Council of New York

Favors passage of H.R. 3093 and 3094 which would repeal the embargo on seven kinds of furskins which are the product of the Soviet Union or Communist China.

The ban on the furskins does not restrict the importation of fur garments made from these furskins. The result has been the loss of scarce jobs and livelihood for American fur workers, harm to domestic fur breeders, processors, and dealers, and bankruptcies and failures of manufacturers of garments made from non-banned furskins.

The value of imported fur garments increased by 150 percent in 1969. The increasing rate of imports shows that any damage to the target countries is miniscular in comparison to the damage to the domestic economy and that the effect of the embargo is the very opposite of what Congress intended it to be when it enacted it. Concomitantly with the increase in imports, employment opportunities for U.S. fur workers have declined. During 1969, employment in the New York fur industry and payrolls (after adjustment for wage increases negotiated that year) declined about 13-15 percent.

American Sprocket Chain Manufacturers Association

If imports continue to take over more and more of our domestic market, U.S. plants will not be able to support our economy in an emergency. We need chains not only for essential military and strategic equipment, but also for feeding and housing our civilian population and military forces. We need chains to maintain our factories throughout the nation.

Oil, Chemical & Atomic Workers International Union, AFL-CIO

We request that the Buy American Act's differential clause be increased to 40 percent.

National Electrical Manufacturers Association

We urge that this committee review the operations of the Buy American Act.

Card Clothing Manufacturers Association

Because of the essential nature of the card clothing industry, a domestic industry could not be reconstructed if it were to disappear in the face of increased imports. Because of the disastrous effect further tariff reductions would have on the domestic industry, national security demands that tariff reductions should not be allowed to further weaken this industry.

National Association of Greenhouse Vegetable Growers

For national security, health and welfare of our citizens, we must have a strong and prosperous agricultural industry. We cannot become dependent on foreign countries for our food supplies. If tomatoes grown in Mexico and other foreign countries are allowed to be shipped into the United States and sold at prices based on wages paid to their workers, U.S. tomato growers in Florida, California, Texas as well as local state growers and the highly specialized greenhouse tomato growers, will be forced out of business.

Since about 80% of the tomatoes from Mexico are being imported during the local greenhouse market season, we believe an adjustment should be made on the duties during this shipping season.

General Electric Co.

Provisions of H.R. 14870 in regard to foreign import restrictions do not go far enough to remedy the procurement policies of foreign governments for heavy electrical equipment. The Buy American Act should be amended to authorize prohibitive margins (of domestic preference) on goods from foreign countries which practice unjustifiable import restriction. The enabling statutes of TVA, Bonneville Power Administration, the Bureau of Reclamation, and other agencies should be amended to prohibit purchase of foreign-made goods from such countries. Even without benefit of such statutory remedies, Congress should express its intent clearly to the Executive branch in this matter.

Committee of Producers of Ferroalloys and Related Products

In 1964 the then Office of Emergency Planning (OEP) found "that the ferroalloy industry is an essential part of our mobilization base." Our Committee of Producers of Ferroalloys and Related Products filed a petition in May 1968 for import relief with the OEP under Sec-

tion 232 of the Trade Expansion Act. Although that petition is still pending, there is little hope for favorable action.

Tea Association of the United States

The enforcement of the Tea Act of 1897 is essential for the importation of high quality tea into the United States. The Tea Act has standards for quality as well as purity. Repeal of the Tea Act would place full reliance on the Food and Drug Act to make sure imported tea is pure. Pure tea is not necessarily high quality tea. Reliance on the Food and Drug Act would make the United States a dumping ground for low quality tea.

The cost of administering the Tea Act (\$125,000 per year) is only about $\frac{1}{4}$ to $\frac{1}{5}$ of 1 percent of the value of the imported tea. The cost of administering the tea law should be paid by the Government. The Tea Act has been effective for 73 years in keeping imported tea of high quality and it should remain in force.

2. GENERAL WITNESSES

Industrial Union Department, AFL-CIO; International Union of Radio and Machine Workers of America, AFL-CIO

Legislation requiring truth-in-import labeling to identify the manufacturer and nation of origin of all imported products would serve an important purpose.

Textile and Apparel Group, American Importers Association

We do not believe that the President should have the right to negotiate agreements regulating foreign trade. The Constitution has given the Congress the power to regulate trade, and any power the President has must be delegated. In this regard, the Administration is apparently basing its current negotiations upon the authority of section 204 of the Agricultural Act of 1956. This section contains absolutely no standards or criteria or provision for due process in the exercise of this authority. In our opinion, section 204 is unconstitutional since it deprives us of due process and is an improper delegation of authority.

Present law, which does establish proper standards and procedures for negotiating international agreements, is embodied in section 352 of the TEA, which gives the President authority to negotiate international agreements *after* findings are made in escape-clause proceedings. We strongly urge the Committee to delete the words "textiles" and "textile products" from section 204 which would make it exclusively an agricultural commodity provision and would place all industrial products under the purview of section 352. We would further suggest that section 352(b) be amended so as to delete the word "significant" and substitute the word "preponderant" so as to insure that agreements with two countries accounting for a minor share of world trade would not be the basis upon which automatic controls could be imposed against our major trading partners.

C. INSTITUTIONAL CHANGES IN DEVELOPMENT AND EXECUTION OF TRADE POLICY (E.G., STANDARDIZATION OF INTERNATIONAL TRADE PRACTICES)

1. WITNESSES WITH SPECIFIC PRODUCT INTEREST

Wang Laboratories, Inc.

A Cabinet level Department of International Trade is proposed to combine all government functions relating to international trade now the responsibility of the Department of Commerce, the Treasury Department, and the State Department. The current fragmentation of responsibility does not permit fast reaction to changing foreign trade conditions, a situation which is hindering the growth of U.S. interests abroad. A Cabinet level post is needed to provide leadership for American industrial growth abroad and to reverse our balance of trade deficit.

Society of the Plastic Industry, Inc.

The Society recommends an industry-advisory program as follows: 1. The Advisors should be organized on a "sector" concept, with plastics as one sector. In turn the advisors would organize contacts within their industries. 2. The appointment of the Industry Advisors should be made official rather than unofficial and include experienced individuals accustomed to handling confidential information. 3. The Industry Advisors should be called upon to participate in discussions and conferences on all aspects of trade negotiations. Future trade policy also needs a better coordination of the various government information sources.

International Leather Goods, Plastics, and Novelty Workers Union, AFL-CIO

The U.S. Government, working in such international organizations as the GATT as well as the International Labor Organization, can and should do everything possible to promote the principle of fair labor standards in international trade. For long-term relief from excessive imports, wages of leather goods workers in any exporting country involved in the GATT should be raised and working conditions improved when the unit labor costs of such industries are substantially below those of foreign competitors. No tariff concession should be made on products that are processed by workers receiving wages which are substandard in the receiving country. For immediate relief a mechanism should be set up in the GATT whereby voluntary export quotas or an export tax would be imposed by the exporting country.

Electrical Machinists, IAMAW, IBEW, and IUERMW

Functions now dispersed among many departments and agencies should be consolidated in a cabinet level Department of Foreign Trade which would be more sympathetic to the needs of the electronic industry.

U.S. National Fruit Export Council

The Fruit Export Council believes that the Office of the Special Representative for Trade Negotiations is the logical center for coordination of all agencies concerned with matters of international trade. We consider that STR has not received the support necessary to function vigorously and efficiently, and that it should receive budgetary and administrative support.

International Molders and Allied Workers Union

We support international fair labor standards.

Mushroom Processors Association

The role of the Tariff Commission requires reassessment. When the Tariff Commission finds an industry seriously injured by imports, its recommendations should be self-executed. If the President believes the national interest requires otherwise, then provide a mechanism for the President to override such findings by petition to Congress.

National Cannery Association

Foreign trade matters in the United States are dispersed among Federal agencies so that it is very difficult for us to have a firm policy and to monitor that policy. Part of the problem then, is how to create a central office for coordinating our trade program while still maintaining the necessary or desirable interagency coordination.

National Soybean Processors Association

The Association feels that the Office of Special Trade Representative should be strengthened and expanded. It provides a valuable vehicle for swift communication between commodity groups and the Administration.

2. GENERAL WITNESSES

Industrial Union Department, AFL-CIO, International Union of Radio and Machinist Workers of America, AFL-CIO

A Department of Foreign Trade should be established in the Executive Department, with cabinet status and an advisory committee with representation from labor and consumer groups. Currently, the responsibilities for foreign trade are shared by too many agencies. The responsibilities of the proposed Department should include: collecting of statistics; providing assistance to industries with export potential in obtaining credit and marketing information; providing assistance and relief to industries and workers injured by imports; and reviewing and regulating international trade, including the marketing operations of multinational corporations.

Howard S. Piquet

Recommend that countries active in world trade meet to agree upon a program for the mutual elimination of trade barriers over a period of as long as 25 to 35 years. Congress should urge the President to take the initiative in proposing such an arrangement.

Trade Relations Council of the United States, Inc.

In negotiating trade agreements, the people who make policy decisions and actually negotiate should personally hear the representations of domestic industry, instead of leaving this task to a panel of middle-grade civil servants. Furthermore, industry representatives should not be held at arms length; they should be available to the negotiators during the course of negotiations.

A Foreign Trade Board should be established within the Executive Branch under the chairmanship of the Secretary of Commerce, with membership for the Secretaries of Agriculture, Interior, and Labor. This would give weight to the hitherto insufficiently recognized ability and interest of Commerce to evaluate influences in U.S. foreign trade. The Board's recommendations would go directly to the President, with views of State and the Special Trade Representative presented separately.

The escape clause should be changed to make Tariff Commission findings final and self-executing. Too often now the Commission's finding is ignored by the Executive branch. Tariff Commission is an expert fact-finding body, not directly subject to guidance of Administration in power and likely to be more consistent than a branch of the Executive.

Farm Bureau

Proposes a new Commission on Trade and Tariffs with power to act against unfair trade practices relative to U.S. imports. Industries affected by imports should receive prompt appropriate action. Import restrictions should be removed when no longer required.

Robert B. Schwenger

Recommend enactment this year of authority to take exploratory steps as follows:

(1) Respond to the President's request for a statement of Congressional intent with regard to the negotiation of non-tariff barriers by approving the open, public, multilateral discussion of the purpose and effects of any U.S. Government action which foreign countries consider a trade barrier; other countries to reciprocate by discussion of their trade barriers to the United States.

(2) The President should consider inviting other countries to join in a *Declaration of Economic Interdependence* for insuring the maximum expansion of world trade and production in the public interest.

(3) The President to propose the establishment of a continuing Multilateral Forum on Trade Problems as a means for carrying out discussions cited in point 1.

(4) Authorize the establishment of a U.S. Trade-Fact Office reporting to the Congress and the American public to obtain full and correct trade information.

IX. OTHER TRADE AND TARIFF MATTERS (TESTIMONY ON INDIVIDUAL TARIFF BILLS OR SPECIFIC COMMENT ON RESULTS OF KENNEDY ROUND)

A. ARTICLES ASSEMBLED OR PROCESSED ABROAD

1. WITNESSES WITH SPECIFIC PRODUCT INTEREST

National Semiconductor Corp.

Item 807.00 allows the company to offer a pricing structure which permits it to compete effectively in world markets and, therefore, has stimulated its growth in domestic employment and capital investment. This growth has also stimulated the growth of the company's domestic suppliers. The company has continued to utilize superior skills of American labor for other than the relatively simple and less expensive tasks.

The repeal of item 807.00 would result in the exportation of employment and capital investment which would otherwise take place in the United States. Should item 807.00 be repealed, the company would continue to grow but would have to rely heavily on overseas manufacture as well as assembly of materials and, possibly, its products.

Item 807.00 should be revised so that the value of all American-made goods exported and subsequently imported with value added is duty-free regardless of the kind of overseas work performed. The several provisions of Schedule 8 of the TSUS concerning articles advanced or improved abroad appear to relate to one underlying concept, that the value of American goods exported should not be dutiable when returned after foreign value has been added. This concept is valid. It is better that imported products contain some American-made articles rather than none at all. A single provision allowing any exported American-made items to return to the U.S. duty-free regardless of the kind of work performed abroad would permit domestic manufacturers, feeling the impact of foreign competition, an alternative to closing their domestic plants and investing abroad.

The company's greatest concern is that repeal of item 807.00 would lead to one of two equally undesirable results. It could lead to a leveling off of economic activity in the United States and the exportation of economic growth. It could also lead to more rigorous efforts to impose import restrictions.

Semiconductor Division, Electronic Industries Association

Repeal of item 807.00 and related provisions of the TSUS is opposed because use of these provisions has helped the U.S. semiconductor industry to integrate its production processes internationally and thus maintain its technological leadership. It has also helped to increase sales and expand domestic employment. The semiconductor functions performed by low-skilled labor abroad could be performed in the United States by complex equipment, but the cost of designing and building such equipment economically restricts its use to stable, high-volume markets; it would not be economically feasible in an industry where the state of the art is constantly changing.

Since the semiconductor device is the basic component used in most electronic end products, other facets of the economy benefit by the semiconductor industry's use of item 807.00. For example, the cost

of semiconductors represents from 15 to 25 percent of the cost of a computer and, to a large degree, the U.S. leadership in computer technology is based on United States leadership in semiconductor technology.

Fairchild Camera and Instrument Corp.

Provisions of 807 increase American jobs, produce positive effects on U.S. balance of trade, permit U.S. companies to innovate rapidly and thereby stay ahead of foreign competitors, promote formation of new U.S. companies, ensure that this country can foster the industrial productivity of less developed countries with the fewest detrimental side effects for its own industries.

Use of 807 by the semiconductor industry has permitted lowering of costs (some statistics given) followed by rapid and steep price reductions, followed by increased volume of sales. Increased volume required increased employment in the U.S. (some statistics given) as well as abroad, with the skilled jobs retained in the U.S.

The cost savings permitted by use of 807 have permitted the U.S. semiconductor industry to maintain an edge in the intensely competitive world market for semiconductor products with respect to sales per se and with respect to introduction of new products.

Repeal of 807 would, in effect, result in a tax on American labor. Production costs would increase. Sales would be adversely affected. The rate of innovation would be handicapped, as well as the ability to compete with foreign producers in the U.S. and foreign markets. The result would be the shift of a far greater portion of semiconductor production work abroad. The U.S. balance of trade and domestic employment would be affected adversely.

Because of the complexities involved, the company believes that the Committee should await the result of the Tariff Commission's investigation of 807 before acting on repeal.

Texas Instruments

By making it possible for U.S. electronics manufacturers to transfer labor-intensive assembly operations abroad and to keep and expand skilled operations in this country, item 807.00 has contributed importantly to the growth of the domestic work force and to higher paying jobs in the United States.

The repeal of 807.00 would result in increased costs, higher prices, reduced sales (both at home and abroad), and declines in production and employment. The weakened industry would seek to compensate by the use of labor-saving machinery and/or by manufacturing or buying the products abroad that are now made in the United States. These changes would undoubtedly hurt employment and affect the U.S. trade balance.

Ness Industries, Inc.

The company feels that the repeal of item 807.00 would be harmful to competition within the U.S. electronics industry, to our balance of trade, and to domestic employment.

Off-shore assembly of electronic products, the components of which were engineered and manufactured in the U.S., has enabled the producers to lower costs considerably and thus expand markets rapidly. The electronics industry will continue to grow with the development

of new markets if costs continue to decrease with a continued use of off-shore facilities for assembly.

Where large companies are concerned, repeal of item 807.00 would result in the transfer of a much larger portion of the manufacturing process abroad, or automation on a very large scale in the U.S.; domestic employment would decline in either case. Small companies, which have spurred product development, lowered costs, tapped new markets and maintained this country's leadership in electronics, would not have these options because of the enormous capital outlays required. Failure might result.

Should small companies fail because of repeal of item 807.00, or should new small companies not be formed because of the lack of that incentive, only the large companies would exist and the benefits of innovative competition might be eliminated because capital-intensive industries dominated by a few large corporations typically fail to react to market needs.

Maestro International Industries, Inc.

Because of its particular operations in furniture manufacture, Maestro International recommends removal of all U.S. tariffs on fine, traditional wood case furniture and upholstered and wooden frame furniture (where value of textile material used in upholstering represents less than 40 percent of the total value of piece of upholstered furniture) manufactured and assembled by U.S. subsidiary companies (at least 75 percent U.S. owned) in Latin America for export to the United States, utilizing at least 90 percent of U.S. made furniture manufacturing machinery and plant equipment.

Boss Manufacturing Co.

Through the utilization of sections 806 and 807, the Boss Manufacturing Co., a manufacturer of gloves, established an assembly plant in Juarez, Mexico, which has contributed to the economic well-being of a neighbor. In connection with this operation, a facility had to be added in El Paso, Texas, in which 35 workers are employed. Furthermore, we are in a better position to protect our present manufacturing facilities and to provide continued employment at these facilities.

Sections 806 and 807 have provided us with an opportunity to compete successfully against Far East imports.

Gulf & Western Industries, Inc.

Gulf & Western has substantial investments in the Dominican Republic and is attempting to bring stability to that country by providing light manufacturing facilities in industrial free zone to provide employment and investment opportunities. If some modification of Sec. 807 is necessary, the approach in Sec. 955(c) of the Internal Revenue Code of 1954 should be adopted. Passage of H.R. 14188, as it now stands, would be a breach of good faith and of the many promises made by our Government to the less developed countries and would result in long range economic and political repercussions detrimental to the United States.

General Assembly & Co.

We have obtained from the Haitian Government a franchise to manufacture for re-export, and thus there are no local taxes or duties

on raw materials or equipment. Our firm can probably save $\frac{2}{3}$ of present labor costs on practically any assembly of components. We receive components through "forwarders" in New York and Miami, via air freight or ocean freight. The assembled, finished product is shipped, collect, to the United States.

Business Equipment Manufacturers Assoc.

The Committee should reject H.R. 14188, or any other legislative proposal which may be put forth to repeal item 807.00 of the Tariff Schedules of the United States because such repeal would have a significant adverse impact upon U.S. industry as a whole, and the business equipment industry in particular. Item 807.00 enables business equipment manufacturers to compete effectively for domestic and foreign sales of products—subsequent to the time when the technology of a new product has become available to the rest of the world.

Office Machines International Institute

IBM has a plant in Mexico and the trade in typewriters which is advertised by various dealers as factory rebuilt are shipped under bond to the Mexican factory rather than shipped to the factory in Kentucky to be so rebuilt. Then they are returned to the United States under Section 807. This does not help U.S. labor, but the cost of labor in the Mexican typewriter plant is much lower.

Wang Laboratories, Inc.

Under current conditions, item 807.00 provides the company with a means to stay competitive in the United States and worldwide. Item 807.00 would not be necessary if the United States were to insist upon reciprocal trade barriers.

United Rubber, Cork, Linoleum and Plastic Workers of America

We request government assistance to stop helping and subsidizing U.S. companies in setting up and operating foreign subsidiaries through tariff regulations, like section 807.00 of the Tariff Code.

Fur and Leather Department, Amalgamated Meat Cutters and Butcher Workmen of North America, AFL-CIO

Items 806.30 and 807.00 of the tariff schedules should be repealed. These provisions, as our members from the Los Angeles area can testify, have been totally perverted by employers. They have been exploited as wide open escape hatches from provisions of the Wage-Hour Law.

Stone, Glass, and Clay Coordinating Committee

Tariff Code 807 should be repealed to prevent exportation of American jobs.

International Union of Doll & Toy Workers and International Union of Dolls, Toys, Playthings, Novelties & Allied Products of the United States and Canada, AFL-CIO

The mushrooming expansion of foreign subsidiary operations of U.S. firms, thanks primarily to item 807.00 of the U.S. Tariff Code, has been a major factor in the deterioration of that part of the domestic toy industry unable to take advantage of this special benefit.

Electrical Machinists, IAMAW, IBEW & IUERMW

Repeal of TSUS items 806.30 and 807.00. Would eliminate special "value added" tariff loopholes.

Electronic Industries Association

The electronics industry of the United States opposes enactment of H.R. 14188 repealing item 807. Congress should defer consideration of this and similar bills pending completion of the Tariff Commission's study and allow an opportunity for the President to analyze the Commission's report.

Pacific Car and Foundry Co.

The company believes that repeal of item 807.00 (H.R. 14188) would be deleterious to its economic interests. Duty savings to the company under the provision (\$20,500 in 1968 and \$38,500 in 1969) enable the company to produce a product of superior performance characteristics and quality at a competitive price. Repeal of this item would also remove the incentive for the company to purchase U.S. components for use, and perhaps driving component manufacturing and purchase overseas.

Form-O-Uth Co.

The labor unions' position of favoring elimination of TSUS items 806.30 and 807.00 is not valid because (1) the imports of commodities from Mexico under these TSUS items are small relative to total imports from all countries and (2) it is more beneficial to the United States to have imports under TSUS items 806.30 and 807.00 made of U.S. components by U.S. labor than to have imports made of foreign-made components by foreign labor. U.S. manufacturers had invested about \$200 million in Mexico as of 1969 in plants and equipment assuming that TSUS items 806.30 and 807.00 were approved by the United States and would continue to be. The continuation of TSUS items 806.30 and 807.00 promotes good will between the United States and Mexico.

General Time Corp.

The repeal of tariff item 807.00 would have an acutely detrimental impact on our sales of clock radio timers, which we sell to customers who ship them overseas for assembly and reimport them duty free under item 807.00.

By 1971, 71 percent of the clock radios sold in the U.S. will be assembled in the Far East, and 80 percent of our clock radio timers will be sold in the 807.00 trade. Repeal of item 807.00 would force us to close down this product line and cause us to lose \$2.2 million in 1971. In addition, if we ceased making clock radio timers, it is probable that our former customers would buy their timers abroad, costing the U.S. a balance of payments loss of \$9.6 million in 1971.

General Electric Co.

The use by U.S. manufacturers of items 806.30 and 807.00 results in several significant benefits to the U.S. economy and U.S. employment; neither item should be repealed. Congress should at least defer action on H.R. 14188 until the Tariff Commission report on these items has been submitted.

Goods entering under items 806.30 or 807.00 are American in character, as Congress intended, and the foreign component is fully dutiable. Judicial interpretation of predecessor provisions makes this clear. Use of these provisions has enabled General Electric to maximize U.S. content of goods while retaining essential cost competitive positions. In 1969 finished products of the type in which these provisions are used had a foreign content averaging 11 percent and a re-entered U.S. content of 7 percent. The remaining 82 percent was U.S. content in the final product. GE is not engaging in "runaway" operations.

Peaks in U.S. demand for many articles cannot be met from domestic facilities until new plant is built and labor trained. Capacity shortages are usually confined to a few particular operations. If these can be performed abroad without the added cost of U.S. duties on the re-imported components, extraordinary demand can be met without additional cost (and prices) or resort to production of the entire article abroad.

These provisions allow GE to perform certain labor-intensive operations abroad while retaining high-skill operations and research and development work in this country. In this way low-cost foreign competition can be met. Elimination of these provisions would accelerate the offshore movement of many U.S. operations and much American technology, as well as the importation of goods entirely foreign in origin.

The use of U.S. components by foreign manufacturers is encouraged by duty exemption on part of the value of their exports to the United States. The U.S. components are used in articles manufactured for sale in the home market of the foreign producer and in third country markets. The replacement market for such components can also be supplied by the U.S. manufacturer.

Items 806.30 and 807.00, by aiding the competitiveness of U.S. firms, result in sustained or even increased U.S. employment, orderly and effective investment in domestic facilities, and an overall gain in the U.S. balance of trade.

International Ladies' Garment Workers' Union

The two unions have more than 850,000 members in the United States. Imports of apparel entering the United States under item 807.00 of the Tariff Schedules pose a more serious threat to domestic apparel workers than the overall growth of other apparel imports. The tariff provision provides an unhealthy inducement to domestic apparel firms to move their operations to foreign countries. Much of the work in manufacturing clothing domestically is contracted out to other firms which have no financial interest in the raw materials and do not sell the finished product. These "outside" operations are easily transferred to foreign countries, thus avoiding union contracts and minimum wage requirements.

The major cost differential between domestic and foreign operations is reflected in the difference in respective wage levels; foreign wages range from 8 to 26 percent of wages paid comparable U.S. apparel workers. Tax concessions to U.S. firms in foreign countries, low interest loans, customs duties refunds, and various other concessions constitute an export subsidy which should make the subsequent imports into the United States subject to the application of countervailing duties under U.S. laws.

When fabric is cut in this country and assembled into apparel abroad, only one U.S. worker is involved to 19 foreign production workers performing the subsequent operations. The cause of loss of jobs in this country is not limited to Mexican border operations but may occur anywhere in the United States because of 807 operations in Trinidad, Jamaica, the Philippines, or other countries. There has been a tremendous growth of 807 apparel imports. When the value of imports in 1965 is represented by 100, the pro rata representation of value in 1969 is 2,343. The number of countries supplying such imports grew from 9 in 1965 to 33 in 1969. (Data are supplied regarding the growth from each country and for various items). The 807 provision is difficult or impossible to properly administer because: (1) the valuation for duty purposes is far below the fair or sale value thereby giving the importer additional advantages (2) much of the time the cut pieces sent abroad are not from domestic goods but from imported goods and the identity of the origin is lost (3) many of the operations in making a garment fall within the category of further fabrication of the parts or further enhancing the value of the parts and thus 807 provision should be inapplicable.

United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW)

UAW continued support of 806.30 and 807.00 hinges on full and effective protection for injured workers due to operation of these items. Also desired are: (1) full U.S. employment assuring suitable alternative employed for displaced workers, (2) non-jeopardy of American workers' labor standards, (3) foreign workers engaged in 806.30 and 807.00 operations protected against exploitation, (4) lower prices to consumers instead of higher corporation profits, and (5) constructive progress in developing countries having 806.30 and 807.00 operations.

Certification by the U.S. embassy in the country involved, of firms conducting, processing or assembling abroad would assure standard compliance outside the United States.

2. GENERAL WITNESSES

McAllen Industrial Board

This statement is presented in lieu of all testimony by the McAllen Industrial Board, The McAllen Chamber of Commerce and a group of interested businessmen, and on behalf of the domestic Form-O-Uth Company, Gardena, California and its Mexican affiliate and other potential domestic users and general labor interests in the U.S.-Mexico border city of McAllen, Texas.

The McAllen Industrial Board supports the retention of items 806.30 and 807.00 of the TSUS for the following reasons:

- (1) The development of industry in the McAllen-Reynosa area of Texas,
- (2) Further development of a "good-neighbor" atmosphere between the U.S. and Mexico, and
- (3) Strengthening the bond between the U.S. and U.S. producers which must rely on the reliability of the laws promulgated by their lawmakers.

The area in which McAllen, Texas is located has need of industry to create jobs, which are the primary concern of U.S. producers and labor representatives.

The Form-O-Uth Company has committed itself to build a plant in this area solely on the strength of a successful application of items 806.30 and 807.00. Other U.S.-Mexico border cities have such industries which have put local unemployed people in gainful occupations. Such success will breed further industrial plants—but without items 806.30 and 807.00, the alternative will be to purchase products from the Far East.

United States-Mexico Border Cities Assoc.

The Border Industrial Program in the U.S. and Mexico has improved the border economy and is providing many jobs for workers in U.S. and Mexican border cities.

Items 806.30 and 807.00 of the TSUS encourage maximum use of U.S. components and, therefore, the development or retention of U.S. jobs. Using these provisions and U.S. technology, U.S. manufacturing firms can produce finished products, with 80 to 90 percent U.S. value, that are competitively priced in the U.S. and world market, thereby reducing the incentive for U.S. manufacturers to locate overseas, and creating a more favorable U.S. balance of trade position.

AFL-CIO

The AFL-CIO urges immediate adoption of H.R. 14188, introduced by Chairman Mills, to repeal item 807 of the Tariff Schedules. We also urge repeal of a similar provision, item 806.30.

American-Mexican Association

The provisions under TSUS items 806.30 and 807.00 have proved an ingenious device to accomplish two important national goals: expansion of U.S. trade, and allowing LDC's opportunity to improve themselves through trade.

Lowering U.S. competitiveness through inflation is the most serious threat to the U.S. balance of payments. Imports are a useful weapon to combat persistent inflation. Items 806.30 and 807.00, by fighting inflation, providing low-cost inputs, and encouraging export of U.S. components, aid the U.S. balance of payments, despite short-run danger of the opposite effect.

These provisions also promote specialization and efficiency in U.S. industry. Many U.S. firms would probably close U.S. plants and do all manufacturing abroad if they could not send components to be assembled by low cost labor in Mexico or the Orient. Benefits of 807 go to entrepreneurs, consumers and U.S. labor (as consumers and in form of jobs created or saved).

U.S.-Mexico balance of trade (and services) is favorable to the United States and 807 enhances this balance. With few exceptions dollars earned by LDC's through trade are spent in the United States, especially in the case of Mexico. Mexican visitors spend 80 percent as much in the United States as U.S. visitors spend in Mexico. Much of this Mexican spending is based on wages paid in border industries.

U.S. and Mexican border areas, both far removed from their respective industrial centers, have a mutually advantageous relationship

based on the U.S. tariff provisions. Under the "twin plant" concept 3,000 jobs have been created on the U.S. side and 20,000 jobs on the Mexican side. New U.S. jobs and purchases of Mexican workers on the U.S. side (50 to 80 cents on every dollar of wages) provide opportunities for young Mexican-Americans who would otherwise migrate largely into city slums. Increased employment on the Mexican side means decreased migration (legal and illegal) to the United States. A study of these relationships, "Industrial and Employment Potential of the United States-Mexico Border," prepared by Robert R. Nathan Associates, is available from the Economic Development Administration of the U.S. Department of Commerce.

The Nation-Wide Committee on Import-Export Policy

The repeal of these items of the Tariff Schedules of the United States is supported, as proposed in H.R. 14188 with respect to item 807.00. The establishment of plants in foreign countries with the specific purpose of gaining the advantage of low wages outflanks our minimum wage laws and leads to unemployment in the United States. It is proposed to also repeal TSUS item 806.30.

California Council for International Trade

Retain items 806.30 and 807.00 in the U.S. Tariff Schedules for the following reasons:

1. These provisions, as they now exist, improve the competitive position of many U.S. companies both in the U.S. and foreign markets and, on balance, are a positive factor in the health of the U.S. economy.
2. Repeal of these provisions would weaken the competitive posture of U.S. manufacturers, thereby strengthening foreign competition.
3. These provisions have resulted in strengthening the economies of many countries including Mexico, Hong Kong, South Korea, Taiwan, and Singapore.
4. The provisions as they now stand encourage the free flow of U.S. goods in international trade.

National Foreign Trade Council, Inc.

The exclusion from DISC of export property of items containing item 807 components, far from aiding U.S. manufacturing, encourages the purchase of components abroad. Moreover, the Treasury restriction appears to be inherently self-defeating, since a relatively inexpensive item containing Item 807 components could, when associated with an export of considerable value, prevent such export sale.

Emergency Committee for American Trade

The assertion is made that without the privilege accorded U.S. industry under sections 806.30 and 807.00 the United States would lose valuable export markets.

Commerce & Industry Association of N.Y.

Privilege of using item 807.00 has contributed significantly to ability of many U.S. manufacturers to offer diversified products at competitive prices to the American consumer. Item 807.00 should remain available to U.S. industry whenever it is deemed appropriate.

The rejection is urged of H.R. 14188, which bill would eliminate the privilege of American industry to ship articles abroad for assem-

bly and subsequent return to the United States without payment of customs duties on the cost or value of the U.S. components contained therein.

Industrial Union Department, AFL-CIO; International Union of Radio and Machine Workers of America, AFL-CIO

Elimination of special "value-added" tariffs permitted under Items 806.30 and 807.00 of the TSUS is an imperative.

Chamber of Commerce of the United States

The Chamber opposes H.R. 14188 and favors retention of 806.30 and 807.00 of the TSUS. These provisions reflect the realities of today's world economy and are essential if the United States is to keep abreast of the intense and growing competition at home and abroad. American industry must have access to all possible means of producing the right products at the right prices. By making parts in the U.S., having them assembled or further manufactured abroad, and then bringing them back to the United States, American industry is able to reduce the cost and therefore the price of its products, expand its markets and expand employment opportunities and job skills in the United States.

Greater Detroit Chamber of Commerce

The Chamber favors increased use of tariff treatment permitting assembly abroad of U.S. produced articles and reimportation into the United States on a value added basis (sec. 807). The Chamber opposes H.R. 14188 which would eliminate this part of the tariff schedule.

B. OTHER

1. GOVERNMENT OFFICIALS

The Secretary of State

A liberal system of tariff preferences should be adopted for the manufactured exports of the less developed countries. However, this should be part of a general arrangement in which *all* advanced countries would open their markets to all the poor countries without seeking reciprocal benefits for themselves.

The Congress should extend the International Coffee Agreement, now due to expire on September 30, 1970. Coffee is of overwhelming importance to many poor countries in Latin America and Africa. Violent fluctuations in the volume and price of green coffee heightens political unrest, exacerbates tensions, and unseats governments in the more volatile producing countries.

2. WITNESSES WITH SPECIFIC PRODUCT INTEREST

INTERNATIONAL COFFEE AGREEMENT

Pan American Coffee Bureau

The ICA benefits coffee producing countries:

(1) By contributing to the well-being of 20,500,000 people in Latin America, Africa, and Asia who earn their livelihood from coffee.

(2) By bringing relative price stability to the world coffee market.

(3) By stabilizing foreign exchange earnings of the coffee-producing countries.

The ICA has helped make coffee the "bargain of the decade." The average cost of coffee prepared in the home is about one and one-half cents per cup.

The ICA benefits the U.S. economy:

(1) U.S. coffee imports create 624,000 jobs and generate \$4.5 billion earnings in the United States.

(2) Most of the dollars spent on imported coffee return to the U.S. in the purchase of U.S. made items. The coffee-producing members of the ICA accounted for 16.2 percent of U.S. exports, ranking third behind the EEC and Canada. Some 1,400 U.S. cities and towns in all 50 States benefit from the trade with coffee countries.

The ICA has been effective in curbing and restraining the rises and declines of coffee prices while providing an ample supply of coffee at prices equitable to both producing and consuming countries. Following the 1963 and 1969 frosts in Brazil, prices rose but the rises were smaller than those which would have occurred without the ICA.

The ICA has set the basis to cope with overproduction in addition to its efforts to balance annual consumption needs with exports through a quota system.

The ICA has been ratified by the Senate for two 5-year terms—the first 1963–1968; the second from 1968 through 1973. The present implementing legislation expires September 30, 1970. Renewal of the implementing legislation will be beneficial to both producers and consumers.

Hills Bros. Coffee, Inc.

Continued participation by the United States in the International Coffee Agreement is detrimental to the best interest of the American coffee consumer; therefore, passage of the legislation enabling U.S. participation in the Agreement is opposed.

Green Coffee Association of New Orleans

Article 44 of the International Coffee Agreement states "No member shall apply governmental measures affecting its exports and re-exports of coffee to another member which when taken as a whole in relating to that other member amount to discriminatory treatment in favor of processed coffee as compared with green coffee." Any violation of article 44 is strenuously protested. It is requisite upon the State Department, Department of Commerce, and other governmental authorities to continue efforts to abolish existing inequities.

National Coffee Association

U.S. consumer and coffee industry interests are best accommodated without the International Coffee Agreement (ICA). The U.S. Government, through the Secretary of State, has stated that the ICA is of vital importance and essential to the U.S. national interest. The National Coffee Association, therefore, supports the principles and objectives underlying the ICA, including assurance of adequate supplies of coffee at equitable prices. The ICA should provide for quota levels, selectively ranges, and adjustment mechanisms for the 1970–71 coffee year which will make adequate coffee available at prices more equitable to the American consumer; and failing this, quotas for the 1970–71

coffee year should be suspended with all other facets of the ICA kept intact. The Government should reassess the importance of the ICA to the U.S. national interests with the objective of returning to free trade in coffee at the earliest possible date.

Pacific Coast Coffee Association

In order to bring coffee to U.S. consumers at the lowest possible cost and to eliminate all barriers to trade in coffee, any Brazilian export tax or U.S. import charge on instant coffee is opposed. (Such taxes or charges have been sought pursuant to article 44 of the International Coffee Agreement to equalize Brazil's export charges on green coffee and instant coffee.) The International Coffee Agreement has failed in that:

- (1) Coffee prices, in the presence of adequate supplies, have increased and remain high after selective and reserve quota releases of additional coffee;
- (2) Producing members have been unresponsive to the concerns of many importing members;
- (3) Artificial supply restraints are injurious to consumer interests, particularly when supply and demand appear to be in balance;
- (4) The agreement lacks sufficient flexibility to quickly free additional coffee in periods of quota shortage or rising prices; and
- (5) Coffee consumption has not increased and may decrease due to the high prices.

For these reasons, continued United States participation in the Agreement is opposed; however, if continued participation is unavoidable, Congress should defer consideration of the Agreement's enabling legislation (no bills pending at this time) until quotas for the 1970/1971 coffee year have been suspended, and then insist upon annual review of the enabling legislation.

The Association supports a request of the National Coffee Association to the State Department that the quotas under the ICA be increased to make certain adequate coffee is available to prevent inordinate increases in the price of coffee to the American consumer and that the State Department undertake a study of the current and long-term world coffee demand and supply situation with the purpose of determining how, when, and under what conditions the ICA could be placed on a stand-by basis or eliminated.

Amalgamated Meat Cutters and Butcher Workmen, AFL-CIO

U.S. soluble coffee manufacturers using Brazilian green coffee as a raw material must pay a Brazilian export "contribution" tax of 22 to 23 cents per pound. Since it takes 3 pounds of green coffee to make 1 pound of soluble coffee, the export tax on the coffee needed to make a pound of soluble coffee is from 66 to 69 cents per pound. Brazilian export taxes on soluble coffee amount to only 13 cents a pound. Article 44 of the International Coffee Agreement prohibits governmental measures which amount to discriminatory treatment in favor of processed coffee as compared with green coffee. U.S. Government attempts to negotiate the problem with Brazil have failed. An arbitration panel established by the International Coffee Organization concluded that the United States was authorized to take appropriate action to remedy the situation. The result of the discriminatory treatment has been an increase in imports from Brazil from 2.8 million pounds in 1965 to

28.2 million pounds in 1969 and a decline in U.S. exports during the same period from 12.1 million pounds to 8.1 million pounds. Negotiations with Brazil have been going on for over 4 years without satisfactory results. What is needed is a U.S. tariff on imported Brazilian soluble coffee to equalize the contribution tax or the establishment of quotas on imports of soluble coffee, with the quota amounts (by country) equal to imports in 1965.

RESULTS OF KENNEDY ROUND

Synthetic Chemical Manufacturers Association and Dry Color Manufacturers Association

After just the first two 10% cuts, benzenoid chemical imports have increased 50% and totalled approximately \$120 million in 1969. As might be expected, sectors of our industry in which our cost disadvantage is greatest have been the hardest hit. In dyes, which are particularly labor intensive, imports have increased by 60% in the last two years. Dye exports have actually decreased and our trade deficit in dyes has more than tripled, falling to a deficit of \$41 million. Foreign trade in high volume low cost petrochemicals has also been affected by tariff reductions and by the inability of U.S. companies to purchase petrochemical feedstocks at world market prices. Because of this cost disadvantage petrochemicals are accounting for a smaller and smaller portion of U.S. chemical exports and a substantially increasing portion of U.S. chemical imports.

Despite repeated requests, our trade negotiators have persisted in their refusal to release the Tariff Commission's non-confidential findings and conclusions bearing on the probable economic effects of the "separate package". The Government has agreed to present the Tariff Commission's findings and conclusions on the probable economic effect to this Committee in executive session. While we believe there is no excuse for the Government not publishing the Tariff Commission's analysis, less any confidential information, we believe that, as a very minimum, representatives of the chemical industry should be accorded an opportunity to attend the session at which the Commission's findings are reviewed and accorded an opportunity to offer comments.

Synthetic Organic Chemical Manufacturers Association

After just the first two 10 percent K.R. cuts, benzenoid chemical imports have already risen 50 percent in just two years. SOCMA members have already been forced to drop hundreds of benzenoid chemicals from their product lines.

The issue presented by the "separate package" is not an issue of free trade versus protectionism; the issue is whether we can afford to make trade concessions without reciprocity, whether we can afford to liberalize trade when our trading partners are doing just the opposite. There is absolutely no justification for the unreciprocal 50%-20% deal our negotiators secured in the Kennedy Round. The second deal, the so-called "separate package", provides for the elimination of ASP valuation and additional tariff reductions on literally hundreds of benzenoid chemicals in excess of the 50 percent authorized by Congress. In exchange, our European trading partners very magnanimously agreed to return to us the remaining 30 percent reduction in their

chemical tariff reductions which we had already bought and paid for in the Kennedy Round. We think it is clear that these deals were not only unreciprocal, but they were negotiated in such way as to attempt to coerce the Congress and our industry into agreeing to the "separate package."

GAF Corp.

A study made in 1968, covering 204 selected dyes and pigments from GAF's product line, concluded that profits would drop roughly 80 percent due to the Kennedy Round cuts in duties. With only three of the five annual duty reductions accomplished, the predictions are becoming more and more accurate. It has become necessary to eliminate over 200 of our 1600 dye and pigments products, and the end of the withdrawals is not in sight. In 1969, we were forced to shut down one of our dye units because of unprofitability. This necessitated a loss of jobs and a write-off of \$2,038,000. It is also necessary to make heavy investment in environmental control systems for dye plants. Because of the declining profitability of this segment of the chemical industry caused by increased imports due to the K.R. reductions, there is some question whether such investment is justified. Parts of our dye and pigment business may not last for the total 50 percent reduction of the K.R., not to mention elimination of ASP.

American Aniline Products, Inc. and Ad Hoc Committee of 11 U.S. Dyestuff Producers

Prior to the taking effect of the annual duty reductions of the K.R., imports of dyes increased at an average annual rate of 16 percent, which was more than three times the rate of increase of domestic production. Following the K.R. reductions commencing January 1, 1968, dye imports have increased at an average annual rate of 38 percent. The ratio of dye imports to the total supply for domestic use increased from 3 percent in 1961 to nearly 11 percent in 1969.

Organic Chemical Group, American Importers Association

In 1968 and 1969, the first two years under the KR agreement, the output of the domestic benzenoid industry increased more than in the last two years prior to this agreement. Both employment and company profits in the chemical industry rose. Even in the dye sector, domestic production rose substantially. There was a \$508 million increase in our chemical exports, or over four times the increase in chemical imports; as a result the increase in the net chemical trade balance was 22%.

H. Kohnstamm & Co. Inc.

We question our ability to survive the 50% tariff reduction in the TA of 1962. Already, this has forced us to drastically reduce production of major products, i.e., certain blue pigments, and made other products so marginal that we shall be forced to cease production as the full impact of these policies take effect.

International Chemical Workers Union

After the first two 10% tariff cuts under the Kennedy Round agreement, imports of benzenoid chemicals have increased by an alarming 50%. The European negotiators were pretty sharp. They negotiated this 50%-20% deal to make it look like they were really giving us

something when they threw in the other 30% as a "concession" for the elimination of ASP. We believe that GATT ought to be like some of our labor contracts and have a renegotiating clause. Then if you get stuck with a bad agreement like in chemicals, you can go back and straighten things out.

Sherwin-Williams Chemicals

In Sept., 1966 we evaluated the effect on our domestic business of the proposal to reduce tariff rates on benzenoid chemicals by 50% and to eliminate A.S.P. This study indicated that the pertinent part of our chemical business would produce a net pretax profit of less than 1%. Three of the five steps of the Kennedy Round have now taken place. As a result there has been substantial and increasing penetration of our domestic markets by offshore producers. We have suffered sales losses and profit erosion in significant areas of our chemical business and have already been forced to close facilities, discontinue promising research and development programs and to cease to manufacture chemicals in several areas where our management can no longer expect a minimum profit level. In many areas of substantial interest to us, the tariff levels scheduled for 1973 will not compensate us for labor, investment and production cost advantages enjoyed by our offshore competitors—particularly Japan and members of the EEC.

Pulp and Paper Machinery Association

Prior to the Kennedy Round, the import duty on pulp and paper making machinery was 7 percent ad valorem. Reductions are scheduled that will reduce the duty to 3.5 percent ad valorem in 1972. The pulp and paper machinery industry thus finds itself with no tariff shield of any significance.

Aluminum Association

The Kennedy Round negotiations did not go far enough in eliminating inequities affecting aluminum foreign trade, e.g., a reduction of the Common Market ingot tariff. The United States should seek to establish conditions for equal opportunity to compete in all aluminum markets. Thus tariff levels on alumina and primary aluminum should be reduced to the lowest possible levels, short of sacrificing tariff equality in the world market.

National Electrical Manufacturers Association

In preparation for the Kennedy Round of tariff negotiations in 1964, NEMA requested that U.S. tariffs on large electrical equipment not be reduced unless the tariff and non-tariff barriers of other foreign countries were also reduced. NEMA asked for access to foreign markets for such U.S.-made products, equal to the access of similar foreign equipment to markets in the United States. Nevertheless, in the Kennedy Round, U.S. duties on nearly all of these products were reduced the full 50 percent, with virtually no effective foreign country concessions to open their protected home markets to U.S. bidders.

American Cyanamid Co.

The adverse effects of two of the five steps already consummated in the 50 percent Kennedy Round tariff cuts are becoming apparent, and it is anticipated that the full 50 percent tariff reduction will cause fur-

ther loss of sales and profits. Exports attributable to the Trade Expansion Act of 1962 are expected to be negligible. The Kennedy Round was not reciprocal.

Clothespin and Veneer Products Association

With respect to the small industry of clothespins and flat veneer products, the Kennedy Round duty reductions are inducing rapid increases in imports of such products. The imports not only directly displace equivalent domestic production but they threaten the most serious consequences to the industry producing those articles. The industry is concentrated in Maine where the shutdown of clothespin and veneer product factories would add intolerably to the existing economic distress; because of age, skill levels, absence of viable economic alternatives, and other human factors, adjustment assistance to workers and firms affords no practical solution to the problem.

United Rubber, Cork, Linoleum and Plastic Workers of America

The footwear industry as a whole cannot withstand a continuation of trade concessions granting liberal tariff reductions. It would be our further recommendation that a moratorium be placed on all phases of the Kennedy round as pertaining to footwear and that no further reduction be allowed pending the rejection or adoption of legislation presently before this committee.

GENERAL COMMENT

National Confectioners Association

Many industries and labor groups which favored the Trade Expansion Act in 1962 have since been hurt by that Act and now are urging a sensible approach to the trade problem.

Opposes the proposal to reduce duties on manufactured articles from less developed countries to help the LDC's become manufacturing countries, because the U.S. confectionery industry along with other industries could lose access to some of the large quantities of raw materials they are accustomed to buying from these less developed countries.

Rolled Zinc Manufacturers Association

We oppose the elimination of import duties by the United States and other countries on imports from the less developed countries. We believe that such a course would cause unfortunate economic results in the United States.

Florida Citrus Mutual

World production, as well as U.S. production, is increasing at a fantastic rate as more and more trees come into production. Florida workers receive 8 times the wages of foreign workers. The association opposes further reduction of U.S. tariff rates on citrus. It opposes the granting of tariff preferences to developing countries on commodities in surplus supply in the United States. It opposes U.S. foreign trade zones which would give foreign citrus producing countries better access to U.S. markets, such as the McAllen trade zone.

National Grain and Feed Association

The International Grains Arrangement (IGA) was a frenzied effort to produce something out of 4 years of near fruitless talks on agri-

cultural trade. The IGA proved to be worse than worthless. It set minimum world trading prices at levels completely out of any realistic relationship with trading values of wheat in a world of increasing productivity. The result for the United States was the loss of competitive position and sharply reduced exports from mid-1968 until the spring of 1969, when the pricing provisions of the IGA were abandoned altogether. The IGA was an uneconomic and harmful experience for the United States and Canada, only an illusion to Australia, and a misdirection to the EEC. Despite this, the International Wheat Council is beginning to talk about renewing or extending the IGA beyond its present expiration date of June 30, 1970. We should follow our experiences and not be interested in any further attempts to internationally administer world wheat price.

Tobacco Associates, Inc.

Tobacco growers ask that their trading interests be protected in any legislation resulting from H.R. 14780 and H.R. 16920. They fear that if this is not done they will face diminishing foreign markets as happened to them earlier through import barriers in Australia and the Philippines.

Michigan Sugar Co.

The price of domestic coal has increased sharply since December 1967. Furthermore, the supply has been sharply curtailed, so that domestic users in the witness's section of the country must often of necessity purchase low-quality coal which upon burning aggravates pollution in the atmosphere. In the face of sharply increased exports, the witness advocates an embargo on the exportation of domestic coal, even though such an action would unfavorably affect the balance of payments picture.

American Institute for Imported Steel, Inc.

The economic well-being of the United States and the Free World is dependent upon the actions of this Committee and the Congress. If the pressures of special interest groups should cause us to retreat to a policy of narrow economic nationalism, the long term effect of such a policy can only be disastrous to the United States economy. On the other hand, if enlightened policy pursued by the United States during the latter 36 years is maintained, the increased exports and imports deriving from such policy will mean more jobs and more profits for all concerned. The institute believes that the Administration's bill H.R. 14870, while modest in its approach, maintains the proper alternatives and direction for U.S. international trade policy.

American Iron and Steel Institute

The institute urges that comprehensive studies be undertaken promptly to provide answers to the following questions: (1) what are the causes, both domestic and foreign, of the decline in competitive strength of important American industries; (2) how effective are the existing mechanisms for adjusting imbalances in international trade in terms of the overall interests of the United States, and what new ones are needed to serve those interests; and (3) what should be done in the light of realities of international trade and the interests of the United States to prevent the irreversible decline of vital domestic industries.

The institute would be pleased to offer suggestions for strengthening certain provisions of H.R. 14870.

Consumer Products Division, Electronic Industries Association

We urge this committee to direct the Tariff Commission to make a study of United States trade in consumer electronic products to analyze forces which are influencing such trade.

United Glass and Ceramic Workers of America

House Concurrent Resolution 371 and Senate Concurrent Resolution 41 urge the Executive branch of the United States to reduce imports of products used in residential and commercial construction because of the U.S. Government's monetary restrictions on domestic industries supplying like or similar products. This Joint Resolution merits support.

Harvey Industries, Inc. (Glass)

The Fair International Trade Bill setting ceilings on particular products that have been hurt over the past 10 years by severe foreign competition should be passed.

Window Glass Cutters League of America, AFL-CIO

The Congress should pass the Fair International Trade Act, or a substitute bill providing the same or near results, or the continued existence of an already crippled sheet glass industry is in danger.

United Shoe Workers of America and Boot and Shoe Workers Union

Another trade problem that faces the domestic shoe industry is increasing imports of shoe uppers which are attached to soles in the U.S. The problem is serious, and there are no official data available as to the volume of such imports.

Laborers' International Union of North America and Marble Institute of America

As a means of increasing the fabrication of marble (both of foreign and domestic origin) in the United States, the MIA urges that the Congress reduce the rate of duty on imported rough marble blocks and at the same time increase the rates of duty on manufactured marble and travertine (the latter suggested action is preferred to the placing of quotas on manufactured marble and travertine).

Cold Spring Granite Co.

Imports of fabricated granite have risen 300 percent between 1966 and 1969, as a result of which a number of U.S. granite fabricators have ceased operations in the last few years. It is urged that protection in the form of tariffs be increased substantially (and not decreased as now scheduled) to keep the domestic granite industry alive.

Empire State Novelty Corp.

In the last five years imports have had an adverse impact on the domestic ladies handbag and purse frame industry, and more specifically on the Empire State Novelty Corporation. Imports currently account for 50 percent of all handbag sales in the United States. Domestic manufacturers of handbag and purse frames are caught between opposing forces—government-fostered free trade and cheaper wages and raw materials available in foreign countries. Defense-

related industries in the United States, through their competition in the domestic labor market, have helped to drive up wages. The small non-defense-related industries are hurt by these increases in costs and cannot compete with imports.

None of the usual remedies appear practicable to roll back imports to the 1963 or 1965 level and stop the contraction of the domestic handbag frame and purse industry. Automation is no solution nor can small companies usually close their domestic operations and open plants abroad. Little hope can be offered by higher tariffs or quotas, prices supports, application of the A.S.P. to other imports (other than chemicals and leather goods) or direct and indirect government subsidies. All have their shortcomings. The most practicable remedy is short-term tax relief. A partial exemption from corporation taxes would provide capital for plant expansion, and would underwrite development of new products and markets. The domestic handbag industry needs the same direct or indirect benevolence from the Federal Government as provided to other areas of the economy—like that provided the domestic aircraft industry in underwriting the development of the SST commercial aircraft.

Wang Laboratories, Inc.

It is suggested that the U.S. Government take the following action: demand reciprocal treatment by countries who wish to protect their markets and at the same time exploit the United States; impose a reciprocal system for valuing products for tariff purposes; impose like restrictions on entry of products from foreign countries when those countries restrict entry of our products; tighten the requirement for proper classification of imports along with severe penalties for violations (misclassification of imports by shippers creates erroneous statistical data); and repeal all decisions which would brand foreign products as made in America.

Design Products, Inc.

Design Products protests the practice by Japanese manufacturers of copying rod holders which we have manufactured, producing them with low-cost labor and shipping these holders into the United States. The result has been that we have lost our customers.

A tariff should be placed on this merchandise to protect the American manufacturer.

Cheney Brothers, Inc.

We have been trying to enact a bill, H.R. 13528, which would suspend import duties on (1) raw silk in any form of package most suitable to present requirements and (2) 100 percent silk yarns, regardless of size, if not dyed. A number of silk mills have had to go out of business and others have requested Mr. Gerli, owner of Cheney Brothers, if he couldn't help them to get orders. If these mills cannot get orders, they will be gone and so will the silk industry. This little measure (H.R. 13528) will help them, and I hope it will have your interest so that it can get early favorable action.

National Handbag Association

A sample handbag produced domestically was introduced—the retail selling price was \$15. A similar handbag made in Japan was also introduced—the retail price was \$3.79. A sample wallet was also

introduced—testimony was also given relative to the comparative inexpensiveness of this imported product as against that produced domestically. The domestic producer of this wallet was going out of business (implied due to import competition).

Office Machines International Institute

Most of the electric adding machines enter this country under the guise of calculating machines. The duty on calculators has always been two percent lower than on the adding machines; there is no other country that does not have the same duty for both machines. Importers also have the advantage of paying duty on only the f.o.b. cost of the goods. The United States is the only major trading country that does not levy duties ad valorem c.i.f., port of entry. For finished goods, such as machinery, our import statistics, as published by the Department of Commerce, are very poor due to many miscalculations. Our export statistics also have many misclassifications and, for those concerned with our balance of payments position, do not separate true commercial exports from those financed by the United States Government.

Commercial Product Group, North American Rockwell Corp.

New and liberalized policies involving depreciation allowance, export financing, and the formation of a government-industry commission would be of significant interim assistance while we work towards an effective industry-government relationship in the United States.

Seamless Specialty Tubing Producers

TSUS items 610.30 through 610.52 should be scrapped. The current TSUSA is not in phase with other government data. Efforts are being made by the industry with the Tariff Commission to improve annotations for imports but the only real way to improve it to a first class measuring tool is to revise it completely. We urge that an advisory group of government and specialty tubing industry representatives be established charged with changing or modifying the TSUSA annotations to the point where imports of specialty tubing can be measured.

We are also concerned about the scheduled changes in duty. These tariff adjustments serve only to make it more advantageous for the marketing efforts of importers.

National Association of Glue Manufacturers, Inc.

As a result of the reduced rates, imports have continued to increase and in all probability will continue to increase each year as they have for the past several years. Imports averaged about 9-10 million pounds per year in the late 50's and were in excess of 25 million pounds in 1968 and 1969. Prior to the late 1950's, imports averaged around 5 million pounds per year. During the same period of time, the United States production has dropped from an excess of 110 million pounds to about 75 million pounds and with the increase in imports, the domestic production will likely be lower because glues of like quality cannot be manufactured and sold in this country at prices as low as prices at which imported glues are offered to consumers.

At the time of the Escape Clause Investigation, there was a total of 18 manufacturers of animal glues in the United States whereas today only 6 manufacturers are in production. The industry is seriously hurt and to preserve what is left and taking into consideration

essential requirements for animal glues that cannot be satisfied with substitute products, we urge that any further cuts in the rates of duties be withdrawn and the original rate of duty as established by the Tariff Act of 1930 be restored.

J. B. Hargrave, Naval Architects, Inc.

Boats or yachts built abroad are assessed duty on the value which includes the design value even when the design fee is paid directly from an American customer to an American designer. Foreign designers have lower expenses and can underbid their American equivalents, but duty is charged on the fee for service rendered by an American to an American. Large foreign-built ships are sold to U.S. flag operators without duty. The size of the vessel should not be a ground for difference in policy. It is suggested that the law be changed to eliminate duties on American design fees for foreign-made products.

The O. Hommel Co.

The United Kingdom, France, Germany, and other European countries allow exporters a tax rebate on exports of inorganic pigments; such a rebate, in combination with the very substantial cuts in U.S. rates of duty, gives foreign producers a decided competitive advantage in the U.S. market.

Oil, Chemical and Atomic Workers International Union

Regarding waterborne transportation problems of non-contiguous states and territories, we oppose any movement to allow exemptions for foreign tankers, but allow that certain specific areas of the Jones Act should be strengthened.

Seaboard World Airlines

Seaboard World contributes substantially to the military airlift program and the national defense readiness of the United States. Any restrictions on transatlantic trade will limit Seaboard's operations and its ability to respond in times of emergency to national defense needs.

Tobacco Institute, Inc.

Drawback of duties paid on import of tobacco leaf, cigarette paper, scrap tobacco, and menthol is permitted on the exports of cigarettes and tobacco blends under 19 U.S.C. 1313. The Tobacco Institute urges continuation of the right to drawback and liberalization of the drawback provisions of the law. Revised procedures are also recommended for claiming drawbacks on cigarettes sold as "sea stores" for sale aboard ship beyond the three-mile limit by considering proof of delivery to a ship chandler's bonded export warehouse as proof of exportation for drawback purposes. Under present procedures, the cost involved in making the claim has prevented tobacco companies from claiming drawback.

The Institute approves proposed amendments to the Customs Regulations announced on April 22, 1970 simplifying proof of exportation of goods for drawback purposes (35 F.R. 6505), viewing the action as a promising step toward streamlining procedures. It also supports H.R. 13713, introduced by Chairman Mills, which would amend 19 U.S.C. 1313(b) to permit drawback substitution when the domestic material is "of a kind and quality similar to" the imported material. At present this section limits substitution to cases where the domestic and imported goods are "of the same kind and quality."

The Institute recommends that separate legislation cover that part of H.R. 13713 which would extend drawback to direct and indirect local, State, and Federal taxes borne by the exported article. Embodiment of the tax drawback proposal in a separate bill would permit careful consideration of this means of encouraging U.S. exports without delaying necessary changes in the traditional drawback of import duties. If this provision is not separated from H.R. 13713, it is recommended that the Treasury Secretary's power of review of possible conflict with U.S. GATT obligations not include review of provisions covering drawback of import duties.

Oil, Chemical & Atomic Workers International Union, AFL-CIO

As a means of increasing the fabrication of marble (both of foreign and domestic origin) in the United States, the Congress should reduce the rate of duty on imported rough marble blocks and, at the same time, increase the rates of duty on manufactured marble and travertine (the latter suggested action is preferred to the placing of quotas on manufactured marble and travertine).

Electronic Industries Association and American Loudspeaker Manufacturers Association

We favor amending TSUS, Schedule 6, headnote 1, part 5, to exclude ceramic electrical capacitors, but to include ceramic electrical capacitors in item 535.14.

Open season tariff concession petition to modify the rate of duty applicable to electronic products was denied by the Special Representative for Trade Negotiations. Under Article XXVIII of GATT, each nation has the right to give notice under the so-called "open season" provisions that it does not intend to renew or extend the life of particular tariff concessions.

We asked that the duty be restored to the level of 25 percent. The petition was summarily rejected although the United States did exercise its rights on stainless steel flatware, light aircraft, and canned fish and canned whale meat not fit for human consumption.

Green Olive Trade Association

The Green Olive Trade Association represents the American olive bottling industry whose members import Spanish olives in bulk. The threat from imports arises from an acknowledged defect in our tariff schedules. When the Tariff Act of 1930 was passed, olives had been imported only in bulk, i.e., in kegs or drums or other large containers, and our tariff schedules ever since have provided duties on a per gallon basis. As there is no duty specified for olives in bottles, the rate of duty is the same whether the container is a 2 oz. bottle or a 1,760 pound cask. The value of bottled olives, however, is substantially double the value of olives in bulk. Now we find ourselves facing extinction on a technicality.

Seventeen members of the House of Representatives and Senator Murphy have in this Congress proposed a total of six identical bills (H.R.'s 748, 2687, 3137, 5858 and 13280, and S. 2643) to create an additional tariff category for olives imported in sealed containers holding less than 9½ pounds. The new tariff category would have a higher rate of duty (50% ad valorem) than the duties on bulk olives, which would remain unchanged.

From testimony it was stated that: it has always been our view that this is a reclassification rather than a raising of a duty. It is the creation of a duty classification for bottled olives where none had existed to this date. The duty on bulk olives was bound in the Kennedy Round in 1967. We have never viewed that as applicable to bottled olives. However, if it is, it is important to note that at the time of the Kennedy Round negotiations this legislation was pending before Congress. In other words, the action taken in the Kennedy Round was taken in full awareness of the likelihood or possibility of this bill being enacted in the United States.

Ceramic Tile Manufacturers of the United States, Inc.

Recommends amending Title II of the proposed TA of 1969, incorporating the intent of H. Con. Res. 409 (and similar resolutions) as follows:

- (a) Imposition of Restrictions—Whenever the President finds that:
- (1) Governmental monetary restrictions have had the effect of reducing residential and commercial construction, and
 - (2) A product or commodity used principally in such residential or commercial construction is imported in substantial quantities from foreign countries, and
 - (3) Continued operation of United States facilities producing said product or commodity is threatened as a result thereof, he is authorized to seek voluntary import reductions or, by proclamation, to impose such quantitative limitations and such other import restrictions as he determines necessary to maintain production facilities in the United States pending removal of said governmental monetary restrictions.

Gasket Materials Producers Institute, Inc.

An appropriate tariff on imported gasket materials adversely affecting American manufacturers is recommended. Material originating largely in England has been underselling domestic production by 15 percent, jeopardizing primarily the U.S. automotive market. Devaluation of the British pound, economies of the St. Lawrence Seaway, and aggressive selling aid the English supplier.

National Building Granite Quarries Association, Inc.

The NBGQA urges that some form of protection against increasing imports be extended to the U.S. granite industry; presumably, protection in the form of increased duties would be acceptable.

Ballantyne of Omaha, Inc.

Ballantyne of Omaha, Inc. has been engaged in the manufacture of professional (35mm) motion picture sound and projection equipment for over thirty-eight years.

Up until 1955, American manufacturers of motion picture and sound projection equipment enjoyed 90% of the domestic market. Since that date foreign manufacturers have taken over the bulk of the domestic market. In 1955, there were eight domestic producers of 35mm motion picture projectors, today, Ballantyne is one of the three remaining manufacturers of this equipment in the United States.

U.S. imports of professional motion picture projectors (principally from England, Holland, West Germany and Italy), have a rate of duty of 8% ad valorem, however, when American manufacturers ex-

port to these same countries, the importers must pay a tax of anywhere from 17½% to 25%. We believe this to be grossly unfair and inequitable, and recommend to the House Ways and Means Committee that the import duties on these foreign projectors sold in the United States be made comparable with the duties levied by these foreign countries on American projectors.

American Butter Institute and National Cheese Institute, Inc.

The Institute recommends that all dairy product imports be classified under a milk equivalency umbrella. Such a system would permit only a given quantity of milk (in its various forms) to be imported and, thus, eliminate the loophole problem which has hampered the effective import control of dairy products for many years.

National Machine Tool Builders Association

Supports efforts by the Government to encourage foreign machine tool builders to expand their licensing and manufacturing activities in the U.S. and compete with U.S. builders from within the U.S.

Repeal of the 7 percent investment credit has hurt. Recommends liberalization of tax depreciation rules and capital recovery allowances comparable to those of other industrial nations, and assurance of their permanence by having them based on permanent law that is uncomplicated, understandable, and precise, rather than complex regulatory guidelines subject to frequent change.

Hawaiian Fruit Packers, Ltd.

The pineapple industry suffers from a wage rate differential with foreign countries. In addition to this standard argument for increased tariff protection, Hawaiian pineapple bears the burden of subsidizing the domestic shipping and sugar industries. The additional burdens of shipping and sugar costs would approximate 7% on an ad valorem basis without consideration of additional labor costs.

Currently the tariff on (canned) pineapple is the equivalent of about 6½% ad valorem and this compares to the approximate 15% to 20% ad valorem tariff on (canned) fruits such as peaches and fruit cocktail. An increase in the effective tariff rate on pineapple to the equivalent rate on peaches or fruit cocktail may make it possible for Hawaiian pineapple producers to survive. We conceive of no substantial reason that pineapple should bear any less tariff protection than other domestic fruits with which it is competitive. It is our opinion that the most efficient and practical way to protect the domestic pineapple industry is to increase the tariff on imported pineapple to a level which reflects the intent of existent tariff legislation. The present tariff rates were established at a time when foreign pineapple was not a factor; and obviously do not reflect the present balance of world competition.

Reynolds Metals Co.

The U.S. primary aluminum industry, including Reynolds Company, believes that the United States should seek agreement in the elimination of tariff and non-tariff barriers in all countries trading in aluminum. The U.S. Government should not consider a further reduction in the U.S. aluminum tariff until such time when tariff parity has been achieved among the aluminum trading countries.

3. GENERAL WITNESSES

Farm Bureau

Negotiations on the reduction of trade barriers must consider trade as a whole without separating out agriculture for separate treatment.

U.S. farm policies should be changed to agree with U.S. foreign policy objectives. Present farm programs weaken our tariff bargaining position and weaken our ability to export at prices at least equal to the cost of production. Direct subsidy payments on wheat, feed grains, and cotton should be phased out. Government supply-management programs such as these have failed, whereas the nonsupply-managed products such as soybeans are produced in far better balance with the market. There is evidence that with the high cost of the European subsidy programs that they might welcome the opportunity to reduce their import barriers at the same time the United States reduced its export subsidies.

In 1968-69 the total value of U.S. agricultural exports declined 9 percent from the previous year, falling to the lowest level since 1962-63. The value of imports of agricultural products increased 6 percent. American agriculture has an important stake in a high level of mutually advantageous world trade. Exports represent a significant part of the total market for our agricultural production.

The National Farmers Organization

The Organization opposes what the Administration has done with the results of the Kennedy Round and the International Grains Agreement concerning wheat. He states that at no time did the Administration use the instrumentalities created within the Agreement to try to work out the problems between exporting and importing nations.

The Organization objects to the Administration's disregard for the International Grains Agreement concerning wheat.

Committee for a National Trade Policy, Inc.

The President should be required to report to the Congress annually on the nation's foreign trade and international competitive position relative to import adjustments and promotion of exports.

International Economic Policy Association

The United States should reexamine its earlier support of United Kingdom accession to the EEC, because of serious doubts that such accession would result in hoped-for political and military advantages. The problem is aggravated by the recent proliferation of preference agreements by the EEC with many other European, and Non-European, countries. Such an expansion of trade blocs was not contemplated in the original GATT.

World Trade Centers Association

In the past decade, the total value of world trade has increased from \$113 billion to \$250 billion. It has been estimated that over the next ten years, the volume will reach the \$500 billion mark. This kind of growth means opportunity for all nations.

Trading nations must reject policies which are protectionist, and work toward the further development of freer trade. In this connection, the U.S. should develop a program which will promote international trade. The development of such a program requires forward-looking legislation.

National Council of Jewish Women

As early as 1932, Congress recognized the consumer interest in international trade. A bill (H.R. 6662, House Report 29, Jan. 7, 1932) passed by Congress, but vetoed by President Hoover, Congress provided for a consumer counsel to protect the interest of the consumers before the Tariff Commission. We strongly urge that some means be provided, in pending legislation, to voice and protect the consumer interest.

Industrial Union Dept., AFL-CIO; International Union of Radio and Machine Workers of America, AFL-CIO

Truth-in-import labeling legislation to identify the manufacturer and nation of origin of all imported products would serve an important purpose.

League of Women Voters of the United States of America

Tariff preferences are needed by Less Developed Countries (LDC's) to give them a rightful chance for economic growth and balanced development within the evolving system.

United States-Japan Trade Council

It is well known that Japan had a \$1.4 billion trade surplus with the United States and \$3.8 billion surplus with the world in 1969, but not generally realized that Japan had a record deficit in invisible trade which amounted to \$1.3 billion in the same year. Japan's dependence on raw materials imports is so great that the government must maintain substantial foreign exchange reserves for protection against market fluctuations abroad.

U.S. Council, International Chamber of Commerce

With the repeal last year of the investment-tax incentive, the United States does now provide comparable opportunities for its industry to invest in new competitive plants and facilities which are needed to compete with imports and for trade expansion throughout the world.

The Council supports a generalized system for temporary tariff preferences for the manufactured and semimanufactured products, including processed foodstuffs, and for agricultural products in favor of all LDCs.

Liberty Lobby

Trade and tariff policy, gold reserves, and foreign aid are bound together. As the United States lowers tariffs and gives away foreign aid, the national debt increases and the gold reserves dwindle.

This country can conquer its present economic dilemma by returning to a free enterprise system; free of Government controls and free of competition from low-cost imports. A free world market will not help the United States. Past tariff reductions have resulted in exports of U.S. jobs and have resulted in other countries building up trade surpluses at U.S. expense.

The Lobby proposes a new simplified tariff system which would give U.S. industry a slight advantage in U.S. markets. Foreign goods of superior quality would have access to U.S. markets; U.S. goods of superior quality would have access to foreign markets. The new tariff schedule would adjust upward or downward as a whole according to a formula, perhaps based on changes in the U.S. gold supply or

in unemployment. The system should be automatic and free of political feathering. If a tariff must be provided to an individual depressed industry before the overall tariff plan is structured, then specialized legislation should be enacted—but on a temporary basis only.

Richard L. Rowan and Herbert R. Northrup, University of Pennsylvania

The analysis presented by Dr. Rowan and Dr. Northrup on the Negro in the Southern textile industry is based on studies sponsored by the Ford Foundation and is not subsidized by the textile industry. Some material was obtained on a confidential basis from the Equal Employment Opportunity Commission and the Office of Federal Contract Compliance.

Dr. Rowan has obtained facts about the number of jobs held by Negroes in the textile industry which until recent years employed only a few blacks. He concludes that if jobs (i.e., in the textile industry) are lost, the only recourse left for the displaced will be migration to the cities and further aggravation of our welfare problems.

The facts are (1) In regard to total employment, the number of employees in the textile industry increased by 6,430 (2.4 percent) from 1966 to 1968, but Negro employment increased by 11,348 (45.3 percent), and (2) on the basis of sex, total males in the textile industry increased by 185 (0.1 percent) from 1966 to 1968, while Negro males increased by 5,910 (28.3 percent), total females increased by 6,245 (6.0 percent) while Negro females increased by 5,438 (129.9 percent).

The data indicate that textile employment has shown the Negro a new way of life. For example, the Negro female, heretofore only a domestic, is able to find a productive employment experience.

The social, political, and economic environment in which people live in the South can benefit from the positive racial employment changes that are now occurring in the textile industry.

Because this is the first industry (other than agricultural and domestic) that Negroes have been able to work, the experience gained from this industry will be helpful for them in other industries.

In conclusion, the relative, overall position of Negroes in textiles has improved considerably more than whites during the two-year period from 1966 to 1968, and this trend appears to have continued into the 1970's. The prospects for the future are encouraging but the final outcome will depend on the quality of the employer's effort and the continued availability of jobs. Black people without jobs in the Southern textile areas are likely to become part of welfare rolls in the big cities or they may return to some unproductive agricultural pursuit.

National Farmers Union

Opposes the so-called "free" market system. Throwing domestic or foreign producers on an uncontrolled market is not advisable. No U.S. raw material producer whom we expect to remain in production should be expected to compete with foreign producers, either against imports or for exports. Since the benefits of better international economic cooperation accrue to all people, the temporary costs should be spread among consumers or taxpayers instead of putting it directly on the small number of producers that may be involved.

Supports international commodity agreements that provide for trade expansion in an orderly manner. Any international agricultural agreement should be negotiated on a commodity by commodity basis, and countries must be prepared to make their fair contribution to a sound balance of the world market.

Hon. Richard B. Ogilvie, Governor of Illinois

We support the Trade Simplification Bill (S. 3142) which has been submitted to Congress by the President. This bill endorses the use of a through Bill of Lading which is vital to Illinois where truck and train supply ship and airplane with cargo destined for every country in the world. The consolidation of many forms through one comprehensive document will permit rapid through shipments of goods.

W. E. Higman

Supports passage of H.R. 13713, particularly substitute provisions, section 313(a) (2), Tariff Act of 1930, as amended (Drawbacks). Recommends that this legislation be accompanied by a committee report which will point out the inadequacies in the present drawback law, and how the new law is designed to correct those inadequacies. Suggests some assurance be given present users of drawback that present rights and privileges they enjoy will be continued.

The bill does not contain a provision of the current law that has been interpreted to mean that you do not get a greater amount of drawback by way of substitution than would have been obtained if the exported article had been made out of the duty paid merchandise. Suggests that language in T.C. 55038 be used if the intent of the Congress is to continue the current provision.

New York Chamber of Commerce

The United States should participate with other industrial countries in a temporary program of preferential tariff treatment for LDC's, provided such program takes into account the extent to which modern industrial facilities have been established in these countries which enable them to compete in international markets without preferences. If agreement cannot be reached among the industrial countries the United States should consider extending preferences to all LDC's except those which chose to remain in existing preferential arrangements. The Chamber is sympathetic to the desires of the LDC's, particularly those in Latin America which do not now belong to any preferential system, in spite of its traditional policy in favor of non-discriminatory trade based on the MFN principle. This is because of the deteriorating economic plight of the LDC's in relation to the developed countries.

The LDC's, in response to a preference program, should make commitments regarding the liberalized flow of goods and capital into their own countries. An international advisory board should be established to concern itself with issues such as the definition of an LDC and an appropriate organizational structure to provide termination of that status. It would also review the eligibility for preferences of specific LDC industries.

The Chamber endorses the President's establishment of a Committee on World Trade to examine the entire range of trade and investment policies for the 70's and to recommend what to do about them.

National Grange

Believes that the Kennedy Round was a major breakthrough in that agriculture received equal consideration by the U.S. delegation. The job is not finished, however, nor can it be finished within the time limitation of the Kennedy Round.

Italy-America Chamber of Commerce, Inc.

Imports of shoes and sandals from Italy increased from about 23 million pairs in 1965 to about 57 million pairs in 1969. The rate of increase has been leveling off substantially since 1968 and is expected to stabilize, because Italy's exports to countries other than the United States are expanding, requiring a greater portion of Italian production.

Italy is the world leader in footwear styles—Italian fashions and designs stimulate domestic footwear production.

A table was included in the brief which indicated that total U.S. imports of footwear of leather, of rubber and plastics, and of other nonrubber footwear increased from 133 million pairs, valued at \$219 million, in 1967, to 202 million pairs, valued at \$436 million, in 1969 (imports of zoris were not included therein).

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