

MR. ROTH. These problems are essentially three:

1. The negotiating authority of the Trade Expansion Act of 1962 has expired, leaving the United States without an important means of conducting its normal international trade relations.

2. The criteria for making available the adjustment assistance provided for the Trade Expansion Act appear to be so stated as to make such assistance more difficult to obtain than we had originally expected.

3. In order to bring into effect a valuable package of concessions worked out during the Kennedy Round, Congress is to be asked to agree to the abandonment of the American selling price system of customs evaluation.

NEED FOR NEGOTIATING AUTHORITY

In regard to negotiating authority, we do not contemplate any further major initiative in trade liberalization in the immediate future. With the Kennedy Round just over, we believe that the present need is for review and reflection in preparation for any renewed effort to stimulate and expand international commerce. A major review of trade policy will be undertaken for the President.

Nevertheless, some minimal negotiating authority is needed during this period.

May I take an example. Under section 351 of the Trade Expansion Act—the so-called escape-clause provision—the President has authority to increase a duty or to impose a quota if he determines that such action is necessary to prevent or to remedy serious injury to a domestic industry that is caused by increased imports that in turn have resulted from tariff concession.

Under the established international rule, we would be obliged to see that some further adjustment was made to compensate the supplying countries for their loss through this emergency action of the tariff concession. The preferred method would be to lower one or more tariffs on other goods imported into the United States. If we were not able to make such compensatory tariff concessions, we would have to face the retaliatory withdrawal by the supplying countries of tariff concessions which they have granted on goods which we export to them.

In order to be in a position to make compensatory tariff concessions in connection with the escape-clause actions which we may have to take, we should have authority under the TEA to negotiate compensatory tariff settlements.

Let me take one more example. There may be times in the future when we may wish to revise upward one or more tariff concessions. This has been necessary in the past when legislation has been enacted to change tariff classifications, with the effect of increasing duties. Although these cases may be rare, they do pose the problem of negotiating a settlement with the other countries. Just as in the example I cited above, there are two basic alternative adjustments that may be made: to lower one or more of our duties on other products in compensation to the other countries, or to face retaliatory tariff increases against our exports. Our preference is obviously to negotiate for compensatory tariff reductions. This again makes desirable the existence of some negotiating authority.