the same time we shall have to ascertain what present U.S. protection we might have to give up to buy such liberalization. In trade, as you know, nothing is free. A major effort may be needed to limit the use of export subsidies, especially in countries where high price supports are in operation.

One of the most difficult, complex, and far-reaching areas with which our future trade policy must deal is that of nontariff trade barriers. The obstacles to the unimpeded, nondiscriminatory flow of goods other than tariffs take many forms. Moreover, they have very deep roots in the fiscal, social, and economic policies of each nation and by that token can be only slowly and painfully removed through international negotiations. Their impact on trade and their distorting effects on international competition are often not readily apparent, which makes them all the more arduous to negotiate and eradicate.

A difficult question, therefore, that we will face is what of our own NTB's we shall be prepared to give up in exchange for the dropping of other nations' barriers.

As part of our study, we will attempt to compile a complete index and analysis of all nontariff barriers, both foreign and domestic. In this effort, we will be seeking the cooperation of business and of agriculture. We are pleased to find that the national chamber of commerce has recognized the inadequacy of data in this field and is working on its own compilation.

It may well prove useful to us in this project, as well as in other aspects of our study, to hold public hearings.

There is need again for careful thought about what can and should be done toward improving American export performance. In particular, we must see whether American exporters are disadvantaged in any way in comparison with foreign exporters working under the benefit of their government's export programs or tax systems. We need to consider whether new U.S. export incentives are feasible and consistent with orderly development of world trade. At the same time we should consider what actions may be necessary to control the unjustified use of export incentives by other countries.

Export incentives are only one aspect of export performance. A good deal more thought is needed concerning the relationship between exports and foreign investment by American firms. We shall also need to know more about the extent to which tariffs will act as an incentive to invest abroad to get behind tariff walls despite the Kennedy Round reductions. The trade flows within major international firms, many of which have lost their national identities, is another area about which we need to know much more. The worldwide flow of technology, investment, and trade within some industries may very well provide appropriate conditions for free trade in the products of those industries.

The many interrelationships between trade and investment in economic growth and development today have another crucial bearing upon our trade policies. As the importance of the truly international corporation grows and the two-way flow of trade, capital, and technology accelerates, what is done in one field or in one geographic area inevitably affects our policies and our performances in others. If, for example, we would have other countries welcome our subsidiaries and our steadily growing direct investments, and if our investors abroad