

and imaginative character of U.S. businessmen, that it will open up great new opportunities for them in the international markets.

However, I do not plan to make any further remarks about the Kennedy Round other than to note at this time that there is still some unfinished business. The administration will be submitting to the Congress proposals for implementing the second part of the agreement on chemicals dealing with elimination of the American selling price system of valuation. The Department of Commerce supports elimination of the American selling price system of valuation. The Department of Commerce supports the chemical agreement and we will be testifying before the appropriate committees urging enactment of the implementing legislation. Action by the legislatures of other countries is required for fulfilling some of the obligations they have assumed. In brief, the Kennedy Round will be occupying part of our time for some months to come.

Other issues of trade policy which lie before us can be divided into two categories—those of immediate importance calling for action in the next few months and those of a longer term nature. I will discuss them in that order.

Perhaps the most immediate problem before us, other than the legislation dealing with chemicals, is additional tariff cutting authority for the President to replace that which expired on June 30. Basically our need is for a relatively small reduction authority which will provide us with tools for handling day-to-day housekeeping problems of compensating other countries for increases in U.S. tariff rates. Such increases, as you know, may be brought about by legislation enacted by the Congress, by escape clause actions which might be approved by the President increasing rates on items now subject to tariff concessions, and by decisions of customs courts. We might also need such authority to modify existing tariff concessions in order to take care of technical problems or close loopholes which may arise. We anticipate that proposals on this subject will be presented to the Congress in the near future.

Probably the second matter of immediate importance arises from the fact that the concessions granted by the United States will go into effect on the first of next year. This will necessitate, in our judgment, amendment of title III of the Trade Expansion Act to improve the provisions relating to applications for adjustment assistance. Failure of any firm or groups of workers to meet the act's tests for injury or the threat of injury from imports over the last 5 years indicates that the provisions may be too rigid. This matter is being discussed within the administration with a new view to submitting appropriate legislation to the Congress.

These are the problems in the immediate future which require action. Now I would like to concentrate on some of the longer range issues. While I cannot do so here today, I think it is proper to note that the problems have to be related to the economy of our country and to the impact on our balance-of-payments position when we try to define our national interest.

One of the problems which will be given considerable study is the effect of removing trade barriers on the flow of investment both into and out of the United States. While our knowledge in this area is