effectively penalizes automobiles imported from the United States which have a cylinder displacement generally larger than that of automobiles produced in Europe. The disadvantage to American cars is compounded by the fact that the high tax continues undiminished for the life of the car while its resale value diminishes sharply.

[From the Foreign Commerce Weekly, Nov. 9, 1959]

TRADE LIBERALIZATION PATTERN MAINTAINED

The pattern of dollar liberalization established in the first 6 months of the year was maintained in the third quarter as countries of the British Commonwealth and Western Europe continued to reduce discrimination against dollar imports.

The move to convertibility of major European currencies in December 1958 dramatically emphasized the improved foreign exchange position of European nations, and with the rationale for dollar discrimination eliminated, liberalization has proceeded at a rapid rate. Today many U.S. products can be sold in markets which had been restricted or closed since World War II. Further improvement is anticipated.

In countries of Latin America, Asia, and Africa, foreign Government actions have tended to be a mixture of liberalizing and restrictive moves, though without discrimination against the dollar. No clear trend or pattern is apparent except that members of the sterling area are following the examples of the United Kingdom in eliminating discriminatory restrictions.

OEEC DOLLAR MARKET EXPANDS

Western Europe in the third quarter improved as a market for American goods as France, Turkey, Spain and the United Kingdom removed discriminatory restrictions and France, Norway, and the Netherlands simplified import procedures.

France, on September 26 continued liberalization of dollar imports by freeing from quantity limitations a wide variety of products. These include certain plunes, dried apricots, passenger automobiles of a cylinder capacity of 3,000 cubic centimeters or over (the $3 million 1959 quota remains in effect for smaller U.S. automobiles), outboard motors, carbon black (tunnel process), monosodium glutamate, terramycin, sensitized plates and film, rolling mills, electric junction boxes, some cinematographic films, products of polymerization of styrene without added material and polymerized chloroacete. In addition, the Government has announced that quantitative restrictions will be removed on January 1, on edible offals, medicines and vaccines for human and veterinary use, and synthetic rubber.

This latest move brings the French level of dollar trade liberalization up to about 80 percent, based on 1953 private trade, and follows the liberalization of certain industrial products at the end of July. France also introduced a simplified procedure for importation of liberalized products.

One of the most important developments in the quarter was the inclusion of Spain in the Organization for Economic Cooperation. In joining OEEC, Spain accepted a stabilization program agreed to by other OEEC members and the International Monetary Fund. Although special charges and duties on imports were generally increased, the 25-percent ad valorem exchange tax was abolished and the Spanish Government liberalized about 50 percent of 1950 private imports both from OEEC and the dollar area. Spain on August 7, announced its first nondiscriminatory global quotas to a total of $75 million.

The United Kingdom in August freed import or butter from the dollar area. The freeing of butter was hastened by a decline in U.K. production as a result of dry weather and poor pasture conditions. Import of other dollar dairy products were freed in June.

Turkey on August 3, removed from quota control an additional 110 groups of items, mostly raw materials for the chemical and drug industry. Demand for these goods was officially estimated at US$25 million. The newly freed items, together with items freed from quota controls in the second global list issued in mid-May—raw materials, machinery, spare parts—make a total of 270 groups of items now liberalized for import into Turkey from the dollar area.