

1. The U.S.-Canadian Agreement required immediate, complete elimination of duties on certain automotive products shipped between the two countries.

2. The transitional adjustment assistance procedures in the Act which will be extended by the bill take into account the fact that dislocation may result not only from an increase in imports from Canada, but from a loss of the exports of a specific product.

3. Dislocations and temporary injury may occur under the Agreement as parts and component supply sources are shifted either within each country or between countries to take advantage of the lower costs and potential improvements in efficiency made possible by the Agreement and to carry out the temporary undertakings made by the Canadian producers.

Many of the auto cases handled to date would not be covered by the proposed assistance provisions of the Trade Expansion Act of 1968, which are geared solely to injuries arising from increased imports.

The U.S.-Canadian Agreement was an innovative action in the field of international economic relations when it was signed in January 1965. It continues to demonstrate the mutually beneficial results which two countries can achieve in improving their trade relations.

The maximum benefits of this program have not yet been realized. The Agreement has not been in effect long enough for the rationalization program of shifts of production to be fully completed. In addition, the slow-down in United States vehicle sales in model year 1967 inhibited transfers of production among plants as well as between the U.S. and Canada. Manufacturers may be expected to continue to rearrange their production and purchasing patterns to participate more efficiently in the expanded U.S.-Canadian market.

This promising outlook for the future carries with it the need to assure that dislocated firms or workers are not ignored while the industry as a whole continues to develop and prosper. The adjustment assistance provisions terminate July 1, 1968. We should be able to continue to offer assistance if even a few cases of dislocation should occur. I therefore urge that these special provisions be extended for three years—to July 1, 1971.

In order to stimulate the healthy economic growth of the U.S. and maintain and enlarge foreign markets for the products of our businesses, mines, and farms, we must strengthen our economic relations with foreign countries through the development of open and non-discriminatory trading in a free world. This kind of trade policy holds the best promise for expanding employment opportunities in the wide range of industries involved in international trade.

The CHAIRMAN. Thank you, Mr. Secretary, and our next witness is the special representative for trade negotiations, Ambassador William M. Roth.

We appreciate having you back with us, Ambassador. You are recognized.

STATEMENT OF HON. WILLIAM M. ROTH, SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

Ambassador ROTH. Thank you, Mr. Chairman and members of the committee, for giving me this opportunity to present some general views to this committee at this time.

Tomorrow I hope to have the opportunity to go into further and, of necessity, rather exhaustive detail.

These hearings are taking place 1 year after what was probably the most critical period in the negotiation of the Kennedy round. Just a year ago, no one could be certain that the negotiators would reach agreement. But a few weeks later we had the satisfaction of concluding it. I was convinced then and am today that what we obtained was a valuable bargain for the United States—not only in terms of the long-run promotion of American interests but in terms of our trade prospects in the immediate future.