

Mr. BYRNES. There is also a bigger impact on the imports than the impact on the domestic producer producing for that market, isn't there?

Ambassador ROTH. On the part of exports, the same theory would hold; namely, that you want to take out the price effect of that tax, which has been paid and passed forward.

We ourselves, by the way, do this with a much more limited group of products.

Mr. SMITH. I want to add to what Mr. Roth said.

We have two types of tax remission of our own. We have the drawback and customs duties, where a portion of the product has been imported, or raw material has been imported. That tax is rebated on export.

Mr. BYRNES. Are you comparing that? Do you think this is an offsetting factor to the value-added tax?

Mr. SMITH. I am just saying to this degree we are doing the same thing that they do, in a more limited way.

We also rebate manufacturer's excise taxes upon export of automobiles and tobacco. There are five products where we have tax rebates.

Mr. BYRNES. You are not suggesting are you, that the situations are at all comparable? Are you comparing the basic German taxes to the limited situation where we do have a drawback and we do have a refund of the automobile manufacturer's excise tax?

Ambassador ROTH. There is no comparability.

Mr. BYRNES. As far as I am concerned, it confuses the record to make it look like we are doing the same thing.

Frankly, I am tired of people who expect Uncle Sam to go around saying "Mea culpa, mea culpa, mea maxima culpa," we are the only bad guys around.

Ambassador ROTH. This is not the intent. My intent was to show that we have to attack the problem in a knowledgeable way.

In the discussions going on in GATT, one of the problems is to get real hard evidence as to what the effect of a border tax in Europe has been on American products.

At the beginning of the Kennedy round, we asked industries—in one case I asked four large industries—if they would finance such a study, because they would have to use confidential material that they might not want the Government to have.

You would have to do it by taking a product and costing it right through into the German market.

The material developed to date, including some of the work done by the chemical industry, has been inadequate.

Just recently one chemical company, and I can perhaps discuss this when we are in executive session, has been able, by sending people abroad, to put together some meaningful data. I hope as these negotiations in Geneva go on, we can begin to get at the guts of this issue. It is not simple.

Mr. BYRNES. They do not apply that, though, interestingly enough, to all items that come in. They don't apply the border tax on everything, do they?

Ambassador ROTH. No.