

Mr. REHM. What objective evidence is there that it has been applied restrictively?

Our exports, as I recall, have been increasing, increasing very sharply to Japan. Is that not right?

Mr. BYRNES. They have increased, but we are also to the point where some of our computer manufacturers feel that the only way they are going to get into the Japanese market at all is by putting up a plant in Japan, and they are restricted from doing that.

Mr. REHM. The only point I was trying to make—I certainly could be wrong on the facts in this case—is that normally, and I think this is the way governments behave, and private individuals—you don't get to the question of legality until you feel there is a serious trade problem.

Mr. BYRNES. Even though they establish a restriction, you have to wait and see how restrictive it is before determining its legality. If your exports are going up by 10 percent, even though they might have gone up a hundred percent without the restriction, then you should not complain, or you should not take any action?

Mr. REHM. All I was trying to suggest is that I think you have to wait until there is a substantial and significant restrictive effect, before you do take action in terms of exercising your legal rights under the GATT.

Mr. BYRNES. I thought the Secretary was just saying that one of the reasons we were not taking remedial action is because it would not be too effective. Yet, at the same time we were hearing about restrictive imports, spokesmen from this Government were saying this kind of action on our part would lead to retaliation.

How is this consistent?

Ambassador ROTH. That was not the point.

Leaving the specific problem you mentioned, and going back to this question of illegal restrictions, and we will have a piece of paper for you, I would also like to put in a fuller paper for this committee on nontariff barriers, illegal or not.

Mr. BYRNES. I was coming to that.

Ambassador ROTH. If I could just finish.

In the case of Japan and some other countries, during the Kennedy round we pressed on the illegal restrictions, but not as strongly as legal restrictions, because by the terms of the Trade Expansion Act we could not offer tariff reductions to obtain their elimination.

Since the end of the Kennedy round, however, and particularly since this country is in a changed position, there is no excuse for us not pressing as hard as possible.

One example that is giving us great concern relates to one of our biggest export industries, and that is the automobile industry. Here the Japanese have clearly illegal restrictions.

Mr. BYRNES. Legal, or illegal?

Ambassador ROTH. Illegal.

This has been under bilateral discussion since the beginning of the year. We have finally told them that unless they come up with a satisfactory solution, in a very short period of time, we will invoke article 23 of the GATT to take them to court, which in turn will most likely give us the ability to retaliate against them.