puting systems world-wide, valued at approximately $19.0 billion. Approximately 28% of these computers, valued at $5.7 billion, are of U.S. manufacture, but installed outside the United States, although some of these had been manufactured outside of the United States by subsidiaries of U.S. firms.

The total cumulative computer installations made by other free world manufacturers (primarily in France, United Kingdom, West Germany, Italy, Denmark, Sweden, Holland, and Japan), by the end of 1967, was valued at approximately $2. billion.

The value of equipment installed is growing at a compound annual rate estimated conservatively at 19%, world-wide. Purchases of computers by foreign nations exhibit a growth rate of between 20% and 22% per year. It is generally expected that these growth trends will continue into the foreseeable future.

During 1967 alone, nearly $6 billion worth of general purpose computers were delivered by American manufacturers to U.S. and foreign customers.

At the end of 1967, U.S. companies continue to supply over 90% of the computers made in the Western World and probably over 90% of computers made in the entire world (East and West).

The U.S. computer industry is seen to be subject to foreign competitive pressures which take into account restrictive trade policies of the United States.

A large share of the world computer market, and many billions of dollars of business annually, and the related employment of hundreds of thousands of personnel by U.S. computer manufacturers is currently at stake. World-wide direct employment by U.S. manufacturers and their subsidiaries re computer sales and services stood at more than 300,000 at the end of 1967, of which approximately 200,000 were employed in the United States and 100,000 abroad. These figures do not include the services of hundreds of large and small subcontractors and suppliers who indirectly provide labor, components, subassemblies, etc., utilized in and required in conjunction with computer manufacture and services.

In addition, most foreign companies manufacture exclusively or almost exclusively, under patents and/or designs licensed by United States firms. The amounts of licensing income from these ventures is not known; but these ventures are known to involve, concomitantly, the export of considerable U.S. manufactured components, parts and subsystems to the foreign licensee/manufacturers for inclusion in their systems.

CDC and its subsidiaries operate principally in the United States, but also in over 25 other countries, with about 30 percent of Control Data's business currently being outside the United States.

CDC currently employs about 20,000 people, worldwide, about 17,000 of whom are in the United States. Almost all Control Data computers installed abroad are manufactured in the United States (exception: about $1 million tape transports manufactured by Electrofact, Control Data subsidiary in Holland). Thus, proportionally, of Control Data's 17,000 U.S. employees, approximately 30%, or 5,000 employees, are directly engaged re CDC's export business. In addition, CDC employs the services of hundreds of large and small U.S. subcontractors and suppliers who indirectly provide labor, components, subassemblies, etc., for incorporation into computers that CDC ships abroad.

CDC'S COMMENTS AND RECOMMENDATIONS

1. (a) *The Extension of the President's Trade Agreement Authority under the Trade Expansion Act*

Control Data Corporation endorses and supports the underlying principles of GATT, i.e., the lowering of tariff barriers and the removal of quantitative restrictions among all countries.

CDC endorses and supports the extension of the President's trade agreement authority under the Trade Expansion Act.

CDC believes and recommends that there is no need for protective tariff barriers and/or restrictive quotas against the import of computers and/or related components into the United States.

However, CDC notes that the European Economic Committee (EEC) granted no tariff reductions for five categories of electronic products including computers. CDC recommends that in future GATT negotiations, the United States should seek to obtain tariff reductions by EEC members in order to enhance the competitive position of U.S. computer manufacturers vis-a-vis foreign manufacturers.

CDC recommends, however, against the imposition of import tariffs by the United States.