

applied by the Government in the context of quotas would be Government interference.

I submit they can't endorse the one and oppose the other on principle.

Mr. ULLMAN. What machinery in the legislation that you are recommending would be set up? Who would make the decision as to what the nature of the quota would be in each instance?

Mr. STEWART. Initially the global quota would be imposed by the terms of the statute and the Secretary of Commerce or Agriculture would divide that up among countries by commodity category, but thereafter without limit as to time or amount the President would be authorized to negotiate with the affected countries to achieve an equitable state of affairs in regard to the regulation of U.S. imports, so that the President has the final decision but Congress provides the platform, the backlog, in relation to which those negotiations would be carried out.

In other words, the legislation creates a negotiating position. If you are going to negotiate each side must have a negotiating position. Without such legislation we cannot create a negotiating position.

The Canadian-American Committee of the National Planning Association published a study entitled, "Constructive Alternatives to Proposals for U.S. Import Quotas."

On page 26 in the third paragraph, after discussing the different types of quota bills, this report states:

Of the three types of quotas illustrated here, this alone would bring no immediate cut in imports and cause the least impairment thereafter. The quota proposals for flat glass and consumer electronic products would appear to have this affect owing to their particular reference levels.

Here is a free trade evaluation of a number of quota proposals saying that the principles of the flat glass bill would cause the least harm and be the fairest, and I submit that apart from my testimony you should consider what this particular group has to say about the flat glass bill.

Mr. ULLMAN. On another point, to what extent are imports in the industry that you represent coming from American subsidiaries abroad?

Mr. STEWART. Very little. There are plants in Canada and in connection with the automobile agreement there is some two-way movement there, but that is minor. One of the companies has an ownership interest in an Italian company which is quite new.

It is a new company and a new plant. That plant is coming on stream with production. It is my understanding that what might be regarded as token amounts of the output of that plant have come into the United States and that the American company concerned has gone to the Commerce Department and said, "If we do not get some relief from this import problem we will have to transfer our future output capacity to Europe and begin bringing in imports from these plants. This plant