policies we should adopt in the United States we have to bear in mind that for a number of European countries, including the United Kingdom, trade is not a luxury, but a matter of vital national importance. The United Kingdom has a very limited raw material base and until the advent of nuclear power and the recent discovery of gas under the North Sea had no major domestic source of power other than coal. A market of 50 million people is by itself insufficient to support the large-scale modern technology which is the basis of much recent industrial development. We believe that countries in the position of the United Kingdom must be able to export in order to pay for the raw materials for their industry, for part of their sources of fuel and for a large part of their food supplies, much of them imported from the U.S. For them, prospects for future development and prosperity are inextricably linked with the development and expansion of foreign trade. It is for this reason that threats to existing and future levels of trade arouse such grave concern within the United Kingdom. Conversely, action which tends to open up markets on a reciprocal basis and which in general promotes the growth of world trade are very warmly welcomed and supported. The continuous growth of the U.S. market in the last ten years has been of great importance to British exporters, many of whom are represented in our Chamber of Commerce.

In addition to trade the two countries have an important stake in each other's prosperity in the form of large and profitable investments. American investment in Britain exceeds $5 billion and yields annual earnings of $500 million. This is a useful contribution to our balance of payments. British direct investment in the U.S. is worth about $3 billion, with annual earnings in the region of $250 million.[4]

There are, we believe, two main reasons why we in the United States should, in our own interest, look for ways to expand the flow of trade with the United Kingdom and should try to avoid action which might unnecessarily prevent its growth.

First, as I indicated earlier the United Kingdom is for us a major export market, of particular importance for a number of United States industries and branches of agriculture, which have a direct stake in the growth of British prosperity. Second, trade with the United Kingdom has consistently yielded a balance in favor of the United States, making a valuable contribution to easing our balance of payments problems. In the last ten years there have been only two years in which we had an adverse balance; and the total surplus of exports over imports exceeds $1.8 billion over the ten years.

A number of those who advocate the imposition of new restrictions on trade claim that this would be no more than reciprocity for the barriers maintained by other countries to the sale of American goods. We urge, on the contrary, that the United States must continue to strive for reciprocity in terms of reducing restrictions, rather than expanding them, if the longterm interests of all nations, including our own, are to be served. The creation of new trade barriers, unless they are justified by the most exceptional circumstances, will inevitably work against our own economic welfare, in restricting consumer choice, in compelling consumers to pay higher prices, and in fostering inefficient and unprogressive industries both here and abroad.

I have no wish to present an extensive justification for the British record on trade matters, and I would certainly not wish to claim that there are no points on which it can be criticized. Suffice it to say, however, that in the view of our members, who are engaged in trade in both directions between the U.S. and United Kingdom, there exist no obstacles to our exports to the United Kingdom which would justify the creation of new barriers against the import of British goods. British policies in this respect, it would appear, are not based on purely altruistic motives: as a nation heavily dependent on trade it is in the interests of Britain to bring about the removal of barriers to trade; and that, of course, requires the elimination of its own as far as possible.

As the Committee is no doubt aware, the whole problem of nontariff barriers is to be reviewed in a working party established by the GATT and we are confident that the United Kingdom will be found to be among those nations who have the fewest such obstacles to trade. It is also relevant in this context to refer to the initiative which the British Government took earlier this year when the U.S. balance of payments situation prompted consideration of the imposi-

[4] Source: U.S. Department of Commerce, *Survey of Current Business*, September 1965, 66, 67.