(The editorial referred to follows:)

[Editorial from the New York Times, June 14, 1968]

TRADE WINDS IN CONGRESS

The month-long hearings on trade legislation now under way before the House Ways and Means Committee involve a struggle between the national interest and the vested interests.

The Johnson administration, in the national interest, is seeking modest legislative authority to tie up the loose ends of the Kennedy Round of world tariff-cutting. It has debated for months and rejected as dangerous backsliding proposals to reduce the deficit in the Nation's payments abroad through a border tax on imports.

As the biggest of world traders, the United States would have more to lose than gain from an import surcharge because other countries would be certain to retaliate. But this certainly does not trouble the industry and farm lobbyists seeking to use the pending trade legislation as a vehicle for quota bills that would limit imports of dozens of products ranging from chocalate to steel.

A related threat to the nation's liberal trade policy is the effort by benzenoid chemical producers to block repeal of the highly protectionist "American Selling Price" system of customs valuation. Important European traiff concessions hinge on A.S.P. repeal, which the Administration pledged itself to seek during the Kennedy Round negotiations. But that is not all. The whole future of trade liberalization is at stake.

At GATT headquarters in Geneva each of the trading nations now is submittting lists of the non-tariff barriers abroad that hamper its trade. This is a first step toward an American-proposed negotiation to reduce such barriers, which now represent a bigger impediment to trade than the world's remaining tariffs.

The proper answer to dislocations in American business or labor is the kind of adjustment assistance authorized in the 1962 Trade Act. Rigid conditions in the 1962 law have prevented anyone from qualifying, but more flexible procedures in the Canadian-American automotive agreement have since demonstrated the value of loans and grants to help industry and labor improve output or shift to new lines of work. The pending Administration trade bill would liberalize the 1962 provisions for all industries.

Favorable House action on the new trade bill appears likely. But a stiffer fight looms in the Senate, where protectionist interests are more influential. It is a fight the Administration must accept and win. The nation's stake in freer trade is too great to permit defeat.

Mr. SCHNEEBELI. You quote the balance of trade with Italy being in our favor. If a U.S. petroleum company sells to Italy, products which they produce in the Mideast or Africa, is this considered a U.S. export to Italy?

Mr. DE SANTIS. I do not know, but I can supply the information.

Mr. ULLMAN. That will be supplied for the record.

(The following letter was received by the committee:)

ITALY-AMERICA CHAMBER OF COMMERCE, INC.,
New York, N.Y., June 20, 1968.

Hon. WILBUR H. MILLS,
Chairman, Ways and Means Committee,
House of Representatives of the United States,
Washington, D.C.

DEAR CONGRESSMAN MILLS: During my appearance before the Committee on Ways and Means on June 17, 1968, afternoon session, a member of the Committee requested additional information which I am submitting in the enclosed letter.

We have been informed that petroleum products extracted by U.S. companies in any part of the world and any off-shore areas, exported to Italy, are considered as part of trade originating from those countries who have jurisdiction over the areas in which petroleum products are extracted.

We hope that the enclosed information answers the inquiry. However, please consider us at your disposal for any further information the Committee may require.

Respectfully yours,

ARTHUR A. DE SANTIS, *Executive Secretary.*