wasn't after the other section and we didn't need this industry for our own national security?

Mr. KINDLEBERGER. I didn't mention the defense exception. I would go further and say that Japan, with 44 million tons of capacity projected, will never take over the U.S. market with 110 million tons of capacity. It strikes me as being absurd. They have steel requirements which are very substantial.

No, the United States is going out of certain lines of steelmaking, I think—wire and a few things like that. We can't compete in it anymore. And I don't see, apart from the defense argument, which seems to me that standby capacity would be adequate for—I can't see that that is a terrible thing.

Mr. CONABLE. Did I understand you to say that the GATT countries were coming down?

Mr. KINDLEBERGER. As I understand it, the United States is making a drive to reduce on a reciprocal basis the nontariff barriers to trade.

Mr. CONABLE. Does that include border taxes?

Mr. KINDLEBERGER. I don't regard that as a nontariff barrier. I regard that as a complication——

Mr. CONABLE. Aren't most nontariff barriers complications of one sort or another?

Mr. KINDLEBERGER. Some of them are the kind of thing that they won't take any American chickens in France because they have hormones. There are taxes which are—a domestic excise tax on engine capacity which is very strongly against U.S.-type automobiles. I would refer to those rather than—put it another way.

There was a study some years ago by a committee which suggested that we very quickly get adjusted to the notion of evaluating taxes which are applied to imports and removed for exports, because all that really is an adjustment of exchange rate.

Mr. CONABLE. I think if you gave the American industries a choice between the tariff barriers and the nontariff barriers, they would choose the tariff barriers, because they know what they are up against there. I have a feeling the nontariff barriers are very considerable in Europe.

Mr. KINDLEBERGER. This suggests our exports to Europe are very small, and they are very substantial. If you are speaking of the increase in them, you are probably right. We have to face administrative complications.

Mr. CONABLE. Do you have any suggestion as to how we can take leadership in reducing nontariff barriers other than taking off ASP?

Mr. KINDLEBERGER. There is a great difficulty in the nontariff barrier field. It is very hard to get a list, put it that way, of the ones who are really hurt and which would be—well, as far as ASP is concerned, I have very little sympathy with industries who opposed changing any tariff protection, that is, to alter the rates so as to compensate for the changing in valuation.

The industry lobbied very strongly against it then on the ground it didn't want to reveal its rates of protection.

Mr. CONABLE. The only reason I mentioned ASP is that you mentioned we should take leadership in reducing nontariff barriers, and I don't know anything else we can do with respect to nontariff barriers.