

trial goods, farm products must be part and parcel of the trade package for which we, in turn, must secure concessions. Any concessions granted by us on industrial and other goods should be accompanied by corresponding reduction of market barriers on commodities for which the U.S. has important historical markets, or by other arrangements which would give satisfactory conditions of access for U.S. farm products.

Undue protectionism on the part of the EEC will reduce opportunities for world wide relaxing of trade barriers, rational growth of world markets and the consequent economic benefits of specialized production. It will increase the incentives for uneconomic production of many commodities within the Common Market area and will simultaneously exclude competing commodities from the U.S. and other countries.

We urge that all possible advantage be taken of legislative provisions which may be useful in reducing or withdrawing concessions in order to implement the purpose of expanded trade, where such purpose is being impeded by action not in conformity with the rules of GATT or where there has been arbitrary refusal to fully implement concessions which have been granted to us.

Before concluding specific trade agreements, full consideration should be given to the possible effects of the extension of the agreement to other countries under the Most Favored Nation Policy.

The National Council favors the passage of H.R. 17551, the proposed "Trade Expansion Act of 1968," to expand trade and strengthen adjustment assistance provisions for firms and industries which are unfairly damaged by foreign competition. We believe that procedures for relief of U.S. groups damaged by trade agreements or by abrupt or arbitrary trade actions by trading nations are now inadequate. Substitution of the concept of a "substantial cause of injury" criterion for assistance is a distinct improvement over the current requirement that increased imports, "as a result in major part of concessions granted under trade agreements," have been "the major factor" in causing injury.

We also support other amendments or administrative actions designed to streamline procedures for petitioning for relief, hearings, and application of findings.

Removal of the American Selling Price system for applying certain chemical and other tariffs would offer special benefits to U.S. farmers as well as possible speed-up in the schedule for lowering European and Japanese tariff cuts agreed on in the Kennedy Round. Since ASP is seen by many of our trading partners as the epitome of American non-tariff protectionism, its removal would help our negotiators to move more aggressively toward reduction of non-tariff barriers on a wide front.

The provisional "ASP package" offers gains for U.S. agriculture through reduced barriers to some U.S. tobacco and fruit exports. Perhaps of greater significance, though, is the opportunity for lowered costs for pesticides, drugs and feed supplements having benzenoid chemical components. A billion dollar farm supply market is involved and substantial reductions in farm costs could be possible if tariff reductions were even partially passed on to farmers.

The National Council is also urgently concerned about extensive use of non-tariff barriers which threaten many of our export markets for American poultry, grains, fruits, and other farm products. Regrettably, these trade barriers seem to be proliferating since the conclusion of the Kennedy Round, particularly those occasioned by or at least concurrent with further harmonization of the trade and tax policies of the EEC. Major international efforts are needed to measure and agree upon the impact of these barriers on world trade. Before effective progress can be made in reducing these trade impediments, there must be better agreement on the degree of trade restraint imposed by such complex barriers as indirect subsidies, food additive controls, import licensing requirements, and many other damaging or cumbersome procedures, taxes or other trade regulations.

One of the most notorious and damaging barriers to expanded world trade is the variable levy system of the European Economic Community, which we have vigorously opposed as a violation in spirit, if not in substance, of the basic objectives of the General Agreement on Tariffs and Trade.

We continue our strong opposition to the EEC variable levy. Its damage and its threats are not limited to the harm it does to worldwide efforts toward liberalizing trade. It threatens many U.S. farm export markets and establishes a dangerous precedent in the international trade policy arena. It has already