vigorously. We suggest some conference be held to try to develop guidelines to govern Fair Standards.

For without these labor is too often forced to accept unfair competition heaped upon employer complaints that American wages are "just too high."

A current case in point is the Mexican border situation. As you know, a program called PRONAF was established in 1961 by the Mexicans as a means of attracting capital to the Mexican side of the U.S. border.

Under Section 807 of our Tariff Act such programs are helped by our permitting goods produced across the border to be shipped back to the United States with the shipper paying a tariff only on "value added." In this case, "value added" consists largely of low wages paid to the Mexican workers, so the tariff paid is small in relation to the value of the goods.

U.S. firms have been moving across the border at a tremendous rate during the past year. We have received reports of many electronics plants which have followed this course. Some of our organized plants have reported movement of complete production lines to plants at the Mexican border with resulting displacement of American workers in our plants.

According to our information this expanding program is based on wage rates which hover about 40¢ an hour for unskilled workers. These products made at this rate are then sold in the United States in competition with goods made under U.S. labor standards. Such operations result in runaway shops and lead to a loss of jobs for American workers.

We believe that this PRONAF program, as it is now operating, is the wrong way to promote trade. It will bring no permanent good to Mexicans who are exploited by American industry and certainly none to American workers who are deprived of jobs going across the border.

At the recent AFL–CIO Convention, I was appointed as a member of an Executive Council Subcommittee which was given the responsibility to look into the border problem. We have met with representatives of organized labor in Mexico and conveyed our concern. We recommended, in part, the creation by the Mexican trade union movement of a counterpart subcommittee to meet with the AFL–CIO Subcommittee on Border Problems.

In the Subcommittee's report, which the AFL–CIO Executive Council has adopted, we urged that the State Department negotiate a comprehensive trade agreement with Mexico to eliminate existing unfair competition.

Our report also urged that Congress and the Executive Branch give consideration to both administrative and legislative changes in the section of the Tariff Law which encourages this program and further, should tighten existing laws regarding the operation of U.S. companies abroad. Tackling another aspect of the ill effects caused by exploitation of Mexican workers, our report called on the Justice Department to restrain the commuting daily to jobs in the U.S. by low-paid, wage-depressing workers from Mexico—commuters who hold "green cards" as alien residents but who live in Mexico and work in the U.S.

This Mexican border problem represents a prime example of where international fair labor standards are required.

Non-tariff barriers

The existence of non-tariff barriers should be of major concern in developing U.S. trade policy. Even where tariff barriers are lowered between nations, if non-tariff barriers remain, the trade between the countries involved is not improved.

The IUE expressed concern back in 1964 at the time of the active start of the "Kennedy Round". We called attention then to these barriers as they affected heavy electrical equipment and suggested at that time action should be taken to eliminate these. According to the electrical industry these barriers take the following forms:

(a) In the EEC and in most of the EFTA countries of Europe, and to some extent in Japan, the protection of domestic electrical equipment industries to the point of a practical refusal to permit foreign producers (in this case American producers) to bid or receive orders.

Our producers claim that in many cases they had no knowledge of the bids that were requested and received no opportunity to bid.

For example, in the field of steam and turbine generator units—over 10,000 kilowatts—in the period 1964 to 1967, we had no exports at all in the EEC and EFTA countries. Our sales to Japan dropped from $14 million in 1964 to $1,400,000 in the first three months of 1967.