

long-term growth; but, it can be developed only if volume sales are a reasonable prospect.

Despite the problems, U.S. automobile manufacturers have demonstrated that they are willing to accept the commercial risks inherent in liberal trade, both in the United States and overseas. They have always preferred to meet competitors in a market uninhibited by artificial restraints such as import quotas, border taxes or similar protectionist devices. This attitude has been maintained despite the rapid development of automotive industries in Europe and most recently in Japan (see Table B). In keeping with this attitude, the automobile industry believes that ascendancy of protectionist forces within the United States could result in a serious crippling of the future expansion of business for all American industry. The imposition of any restrictions on imports into the United States would substantially undo the hard-won agreements of the recent GATT (General Agreement on Tariffs and Trade) negotiations, and vitiate the tremendous benefits to the U.S. economy gained from its long-standing policy of trade liberalization. Our trading partners have warned of retaliatory action, should the United States take steps to restrict imports. Should a "quid pro quo" atmosphere of this type be allowed to direct the commercial policies of trading nations, a devastating blow will have been dealt the expansion of world trade and the pace of economic development.

New import laws, most assuredly, would result in higher domestic prices for raw materials through a reduction in supply and competition; thus adding fuel to already strong inflationary pressures.

The U.S. automobile industry urges Congress to carefully weight protectionist legislation in terms of its impact on the U.S. economy as a whole, international trade and investment, and its effects on the U.S. balance of payments if retaliatory measures are taken by other countries.

RECENT TRADE NEGOTIATIONS

Basically, the AMA seeks to obtain for its members, treatment in foreign markets comparable to that accorded foreign companies in the United States market. The achievement of full reciprocity in international trade relations, remains a primary objective of AMA trade policy. Consistent with that objective, we believe that trade negotiations should be directed toward the reduction and ultimate removal of nontariff barriers.

The Trade Expansion Act of 1962 provided the basis for the GATT negotiations, held from 1964 to 1967. These negotiations mark an accomplishment of considerable magnitude and benefit in the history of international trade. On balance, all the participants to the agreement should reap greater gains from freer exchange of goods and increased competition in the international marketplace. Tariff reduction were achieved in both agricultural and industrial products. Among the latter, automotive products received significant cuts in tariff rates in most of the major automobile markets.

The United States concession on automobiles exceeded that of any other country, dropping from 6.5% to 3% ad valorem, a reduction of almost 54%. Three of the participants, the European Economic Community, Japan and the United Kingdom agreed to 50% reductions, while four others granted reductions ranging from 13.5% to 40.5%. Most of the participants which granted tariff concessions on automobiles extended some, but overall smaller, reductions to trucks and to automobile parts and accessories. However, the GATT Round did not include negotiations on larger trucks.

In addition to the above tariff concessions, the United States obtained agreement from Austria to revise the Austrian road tax base on passenger vehicles with an engine cylinder displacement greater than 2500 ccm (152.6 cubic inches); thereby reducing, but not eliminating, the discrimination in the tax rate applied largely against American type vehicles. Belgium, France and Italy have made a somewhat similar agreement, subject to repeal by the United States of the American Selling Price (ASP) system of customs valuation.

The achievements resulting from United States trade policy since 1934 clearly demonstrate that substantial tariff reduction can benefit the national economy without serious injury to domestic interests. The experience of the European Common Market (E.E.C.) and of the European Free Trade Association bears out this same conclusion.

A major accomplishment was the negotiation of the anti-dumping code which will provide greater uniformity in anti-dumping procedures by all countries. The industry commends this achievement and recommends that the U.S. Government implement the necessary regulations to conform with the code.