to 22% on this item to bring it in line with the E.E.C. level. The virtual exclusion of these vehicles from the negotiations leaves intact high tariff levels and deprives buyers of potentially significant benefits that would accrue to them from a lowering of the duty and attendant competitive pressures on national producers.

The United States maintained unchanged its tariff rate for automobile trucks valued at $1,000 or more. The applicable rate remained at 25%, which reflects the retaliatory increase (from 8.5%) imposed on January 1, 1964, following international determination of the damage sustained by this country through the E.E.C. duty increase on imports of American poultry. The United States truck tariff rate is designated as temporary and would revert to its former level, provided appropriate concessions were offered by the European Economic Community.

Trucks with a dutiable value of less than $1,000 are treated in the same way as cars, i.e., the rates are scheduled to decline to 3.0% by January 1, 1972.

B. NON-TARIFF BARRIERS (NTB)

As the GATT Round's tariff reductions go into effect, other barriers become more important as governments are tempted to make greater use of non-tariff devices in order to offset the impact of tariff cuts. The most common of those devices affecting trade in automobile products are discriminatory taxes, freight rates, basis of duty calculation, import license procedures, import quotas, local content requirements, and investment restrictions.

In a number of important markets abroad, as well as in many lesser ones, United States vehicles for many years have been subject to highly discriminatory car purchase and ownership costs. These disproportionate charges are particularly inequitable in countries that are large-scale automobile exporters to the United States. These charges greatly increase the cost to the retail buyer. They severely impair the competitive position of American passenger cars and commercial vehicles in many markets and effectively bar United States vehicles in others.

The widespread practice of basing ownership or use taxes on vehicle size or horsepower creates highly discriminatory or even prohibitive levies (see Table D), by the assessment of each additional power or weight increment at a sharply increased rate of tax. Since these imposts are almost universally annual levies, their cumulative burden in many cases can exceed even relatively heavy import duties. The imposition of severely discriminatory registration fees by such countries as France and Italy, for example, is in especially marked contrast to the practices of the United States; where most French and Italian automobiles are taxed at the lowest existing rates.

Different types of sales taxes, levied at particularly high rates, such as those imposed by the United Kingdom and France, also add a considerable cost burden to American cars competing for sales in those markets. These taxes are particularly burdensome, as they are computed either on the duty paid value of the vehicle or in some instances on this value augmented by a fixed percentage markup.

It should be noted also that the duties abroad are imposed on the value of the vehicles including insurance and freight (c.i.f.). Insurance and freight charges are higher on automobile exports from the United States than on imports of comparable products to the American market. To illustrate, on an assembled United States vehicle the freight factor alone adds $350 and more per vehicle to its landed cost at major European ports, while European producers pay less than one-half of this amount on shipments to the United States. The calculation of import duties by foreign countries on the c.i.f. basis is in direct contrast to the practice of the United States of applying the duty on approximately the wholesale value of the vehicle in the source country.

While not necessarily selective in nature, import license deposits can also be used in a highly discriminatory manner. Although ultimately refunded, deposits of many times the value of the imported goods can operate to reduce the importer's cash position by tying up large amounts of capital. As a consequence, the importer is put at a competitive disadvantage.

Import quotas, which are either arbitrary or discriminatory by definition, set specific limits on the producing countries' ability to compete for the market to which the quotas apply. Japan is a case in point. Quotas are adopted most frequently for reasons of national economic policy largely unconnected with the automotive market as such. The United States should pursue further negotiations with other countries toward the reduction or elimination of instances of