

deductible expense up to 1.5 percent of foreign trade income if matching funds are contributed to the association's foreign market development. Special depreciation rates for plant and equipment are granted by MITI to enterprises concerned with export promotion.

In West Europe, the chief nontariff trade barrier facing American textile exports is the border tax. The range of rates from country to country and among textile products is wide—2.4 percent to 20 percent—however, in each case the tax is levied on the c.i.f. duty-paid value—thereby greatly increasing the effective tax barrier.

The use of textile import quotas is widespread among our trading partners—and they are not limited to cotton textiles as are ours. As a byproduct of their realistic policy, a disproportionate share of wool and manmade fiber textile exports from the low-wage countries is being directed to the U.S. market. In summarizing these quotas I can do no better than to quote Deputy Assistant Secretary of Commerce Nehmer, who said in a recent speech:

The United Kingdom sets quotas on various wool and manmade fiber products from Japan. Italy restricts imports of various wool and man-made fiber products from Japan. France has similar restrictions on Japanese imports, but restricts imports from Hong Kong as well. West Germany has restrictions against Japan, Hong Kong, India and Pakistan. Austria has restrictions on Japanese textiles but also has an "anti-dumping and market disruption law" which permits automatic action when prices of specified textiles are considered too low. The Benelux countries have a bilateral agreement setting quotas on Japanese textiles and apparel, while the Japanese-Canadian agreement imposes quotas on some synthetics. Canada has similar agreements with Korea and Hong Kong. Denmark uses licenses to regulate textile imports from Japan, Korea and Taiwan. Switzerland employs a "price certificate system" for textile imports under which textile imports are kept out if prices are too low. This is administered through a system of import licenses for all textiles at the fabric stage and beyond, regardless of origin. However, the licenses have been granted automatically to high-cost countries. Norway and Sweden have restrictions on imports from several Asian countries. Even Japan has a global quota on imports of woven woolen fabrics under which Japan sets quotas for France, Italy and the U.K.

The plight of the less developed countries is real, and textile trade is important to them. The United States has taken much more than its fair share of their exports.

The facts and figures demonstrate the generosity of U.S. textile trade policy; the cries of "restrictionism" heard from Europe and the Orient are simply designed to hide overt action and to appeal to the self-consciousness of the unknowledgable. The U.N. in its latest available data, for 1966, has reported the trade in textiles as follows and I also call your attention to chart III:

LDC TEXTILE TRADE, 1966

[Dollar amounts in thousands]

Area	Imports from LDC's		Exports to LDC's		Balance for LDC's
	Amount	Percent	Amount	Percent	
European Economic Community.....	\$92,093	17.1	\$132,986	30.2	—\$40,893
Japan.....	6,158	1.2	202,293	45.9	—196,135
United States.....	439,747	81.7	104,972	23.9	+334,775
Total.....	537,998	100	440,251	100	+97,747

Note: SITC codes 65 and 84 for Mexico, El Salvador, Jamaica, Dominican Republic, Columbia, Brazil, Spain, Portugal, Greece, Israel, India, Pakistan, Malaysia, Singapore, Philippines, South Korea, Taiwan, Ryukyu, Egypt.

Source: United Nations.