factor that is not needed as a protective device for American industry and acts to inhibit our competitive position. Moreover, the procedures necessary to assure precise compliance with the tariff requirements present a formidable administrative problem.

The 4,100 employees in our Malton plant represent a necessary supplement to our U.S. operation. We feel that our industry is a continental industry and with skilled labor in short supply, its efficient development should not be impaired by tariff barriers that are no longer needed.

Now, I would like to talk about nontariff trade barriers for a moment. Our association has given extensive testimony on this subject, but I would like to point out that the largest single nontariff barrier is sales resistance. If the potential customers says "no," the other barriers do not make any difference. There is a growing tendency in international markets for the foreign purchaser to buy only if a plant is set up in his country to manufacture some component of the airplane, thereby allowing that country a direct participation in the international aircraft industry. At the same time, this encourages development of skilled manufacturing jobs for the customer country's labor force, which is much preferred to a situation where jobs are restricted to primary industry alone. We believe that establishment of these satellite plants has helped export sales and will continue to do so.

Our wing and tail assemblies made in Canada are manufactured primarily from aluminum made in Davenport, Iowa, and shipped to Malton. The assemblies enter the United States where a duty (currently 8 percent under TSUS item 694.60) is paid on the value added in Canada. This rate is scheduled to be reduced in annual stages, as a result of the Kennedy round, until it reaches 5 percent in 1972.

Section 253 of the Trade Expansion Act of 1962, which provides that Kennedy round cuts be applied in five annual stages, undoubtedly serves a very useful purpose in minimizing competitive impact in many instances. But, in our industry, we feel this protection is not needed and merely adds an unnecessary cost factor. We hope some way can be found to accelerate this staging schedule.

At the same time, we hope that a way can be found to authorize immediate negotiations, under the safeguards of the Trade Expansion Act, to bring this duty even lower and to eliminate it if at all possible. We believe this is vital to our competitive position in world markets and the sooner we can move in this direction, the better.

It is for the above reasons that McDonnell-Douglas strongly supports H.R. 17768, introduced by Congressman King on June 11. This bill authorizes negotiations with Canada that could result in eliminating duties where Canada supplies 75 percent of the U.S. imports of a given article and has also reduced her duties in fair payment for the concession. We urge enactment of this legislation.

Thank you.

Mr. BURKE. Since you have referred to Mr. King's bill and since he was unable to be here today, I suggest, if there is no objection, that the record be kept open at this for any statement or material our colleague, Mr. King, may care to submit with respect to his bill.

(Mr. King subsequently requested that his letter of February 13, 1968, to Mr. John M. Martin, Jr., chief counsel, Committee on Ways