

The major aluminum companies of the free world have substantial and growing foreign investments that are greatly affected by such factors as market access, power costs and availability of resources.

Marketing and sales activities are becoming increasingly international. Approximately 30 percent of the free-world aluminum production enters into international trade.

A major restraint on the healthy expansion of the aluminum industry worldwide is insufficient market development here and abroad where there is considerable opportunity for it. The United States leads the world in per capita consumption of aluminum, while aluminum usage abroad, and especially in the EEC, is comparatively low.

The U.S. aluminum industry is convinced that the future has an abundant potential for market expansion both at home and abroad, with corresponding potential for expansion of international trade and investment. The existence of various types of trade barriers is inimical to the interest of the aluminum industry worldwide in that such trade barriers restrain the development of markets and the expansion of demand which are essential to growth; and distort the rational and economic pattern of investment and production with the resultant misallocation of economic resources.

The basic recommendation of the Aluminum Association with respect to trade policy is that the United States should seek to establish conditions of equal access to markets for aluminum. There is no justification for differences in tariff rates and other trade restrictions among the major industrial countries of the free world. The U.S. aluminum industry recommends that equal access to markets should be at the lowest level of tariffs possible. However, we would also point out that an inherent aspect of the equal access principle is that if other major aluminum trading countries or trading blocs, particularly the EEC, are not prepared to reduce their aluminum tariffs, then we should be prepared to adjust ours upward in order to achieve equal access. The trade agreements program, including the Trade Expansion Act of 1962, has since its conception contained authority for the President to negotiate upward adjustments in tariffs. Such authority should not only be continued but also exercised when necessary to accomplish the objective of equal access.

The Kennedy round negotiations produced mixed results with respect to aluminum foreign trade. Most aluminum tariffs of the major industrial nations were lowered. In some cases, the gap between the generally lower U.S. tariffs and usually higher foreign tariffs was narrowed. However, there were important instances in which the gap was widened. This was especially true with respect to the EEC which, after the United States, is the largest market for aluminum in the world.

It is particularly significant that the most important U.S. objective with respect to aluminum tariffs—a reduction in the EEC ingot tariff—was not realized in the Kennedy round. Ingot is the largest product group involved on either the import or the export side of aluminum foreign trade. The EEC aluminum ingot tariff remains today, as before the Kennedy round, at 9 percent. The only change was the replacement of previous year-to-year 5 percent tariff quotas for individual member countries of the EEC with a “bound” EEC