

tion. I may note in passing that I had the privilege of serving under Presidential appointment as a member of the Public Advisory Committee for Trade Negotiations during the Kennedy Round.

The Aluminum Association* is grateful to the Committee on Ways and Means for this opportunity to present its views on aspects of U.S. foreign trade policy. The Committee's announcement of these hearings invited comment on a comprehensive list of issues which include the proposals of the Administration embodied in H.R. 17551. Our presentation will not deal specifically with provisions of this legislation, however, except to note that the Association favors continued liberalization of world trade on a truly reciprocal basis. Instead, we should like to discuss those items on the agenda that relate to the techniques of trade negotiations and problems of trade barriers, and we shall deal with them principally from the vantage point of aluminum industry conditions and developments.

A fundamental consideration in what will follow is that the problems of foreign trade policy have become incomparably more complex and subtle than they were when the Reciprocal Trade Agreements program was first initiated in 1934, or indeed than they were just two decades ago. The basic objectives of United States foreign trade policy remain valid: to seek the continued liberalization of world trade policies and the development of consistent programs to advance the expansion of world trade. At this juncture, however, it is important to use deal with the real problems of trade expansion and which exploit its real opportunities.

BASIC RECOMMENDATIONS

The principal points that we recommend, based on the past experience and anticipated future requirements of the aluminum industry, can be summarized as follows:

1. The general objective of United States trade policy should be the creation and maintenance of world market conditions that permit true international competition on a business basis. This means competition based on differences in business skills and judgments, and on more efficient use of resources, rather than on differences resulting from national economic or political policies. Non-tariff barriers and other practices or devices which distort or prevent such international business competition should be minimized, eliminated, or offset.
2. Tariffs on aluminum products should be harmonized at the lowest level possible. In this regard, an unresolved problem is the increased disparity between United States and European Economic Community tariffs on aluminum ingot which resulted from the Kennedy Round. There is also significant disparity between the United States and the EEC with respect to semi-fabricated aluminum products. The harmonization of these tariffs is essential as one step towards more equitable aluminum foreign trade conditions.
3. Industry sector negotiations—an approach which was undertaken in a tentative way in the Kennedy Round—are recommended as more suitable to the complex and diverse character of aluminum foreign trade than are conventional negotiations which deal simultaneously with many industries.
4. Effective and uniform international antidumping standards and procedures are prerequisites to healthy international business competition. A realistic definition of dumping is needed—a definition that weeds out anticompetitive practices and does not exclude competition by suppliers whose home market prices are higher than those prevailing in other markets.
5. The key to aluminum market development is the industry's continued research and promotional efforts at home and abroad. More equitable foreign trade conditions are needed to permit this developmental work to continue.
6. Recognition must be given to the fact that when governmental restraints are placed on capital outlays for foreign investments essential to competitive foreign operations, they are also likely to inhibit United States aluminum exports. The adverse effects of these restraints are certain to be felt if the mandatory controls on foreign investment are not relaxed at an early date.

CHARACTERISTICS OF THE ALUMINUM INDUSTRY

The above recommendations are based on characteristics common to the aluminum industry both in the United States and abroad:

*See Appendix A for description and list of members.