

1. 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. The existence of trade barriers is an important consideration in investment decisions because of their bearing on market access. Investment that has taken place in the less developed countries because of the availability of bauxite and low-cost power can only be viable as access to markets in the developed countries is assured. Thus, market access is vital both to the North American aluminum industry and to operations located in less developed countries.

2. Marketing and sales activities are becoming increasingly international. Approximately 30% of free-world aluminum production enters into international trade. United States exports of aluminum have risen rapidly over the past decade and considerable new market potential abroad exists, although it continues to be restrained by various types of trade barriers.

3. A major restraint on the healthy expansion of the aluminum industry worldwide is insufficient market development 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 importance of market development is underlined by the fact that the major free-world primary aluminum producers do not enjoy significant competitive advantages, one over the other aside from those created by variations in governmental policies. Further, technology is widespread and generally available. It follows that aggressive market development cannot fail to benefit all producers; therefore, it is shortsighted to maintain or adopt trade restrictions that inhibit this development.

The United States 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:

(a) restrain the development of markets and the expansion of demand which are essential to growth; and

(b) distort the rational and economic pattern of investment and production with the resultant misallocation of economic resources.

#### HARMONIZATION OF TRADE BARRIERS TO ACHIEVE EQUAL ACCESS

The existence of different levels of tariffs and unequal trade barriers among major aluminum producing countries is dangerous and unwarranted. Differences in tariff and trade restrictions result in the husbanding of uneconomic production facilities. With capital costs in the aluminum industry high, there is considerable incentive to produce at maximum productive capacity. As a result, the disposal of excess production in periods of oversupply can cause considerable disruption in the markets of low-tariff countries while high-tariff countries remain protected. The United States is especially vulnerable to such tactics because it maintains exceedingly low tariffs and has virtually no other restrictions on imports of aluminum. Because of the size of the United States market, which is in major part a result of the market development efforts of the domestic aluminum industry, the United States is a natural dumping ground for foreign aluminum without having the same ease of entry into major foreign markets, notably the EEC.

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 United States 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.