

CABLE TARIFF

[In percent]

	Before Kennedy round	After Kennedy round
United States.....	15	7½
West Germany.....	19	12

The United States tariff disadvantage will thus be increased from a 4% gap to a 4½% gap. In the case of cable imports from Yugoslavia, there is the intricate problem of competing with state-owned industry. As these imports grow in volume the earlier question of groundrules for international competition becomes all the more relevant. Yugoslavia, for example, was the largest supplier of our rod, bar and wire imports as well as a close second in cable; it ranked third among the sources of all semi-fabricated aluminum products.

Canada supplied almost half of the 1967 pipe and tube imports (1.43 of the 2.94 million pound total). Over 90% (\$985,241 of the \$1,080,582 total) of these imports come in duty-free, presenting the same general question as was raised earlier in discussing Angles, Shapes and Sections imports. The next largest source of these imports was West Germany with 0.73 million pounds. Prior to Kennedy Round negotiations, the United States tariff and the E.E.C. Common External Tariff on pipe and tube were identical: 19%. As a result of the Kennedy Round, the United States tariff will be 9½% but the E.E.C. (including West Germany) tariff will be 12%, putting the United States at a tariff disadvantage.

4. *Electrical Capacitor Foil*.—Of particular concern in this group is the 50% cut in the United States tariff on light gauge foil for manufacture into paper condensers and high purity unetched, etched and formed foil for manufacture into electrolytic capacitors. While the import tonnage statistics on these technical foil imports are not impressive, they have risen sharply. Etched capacitor foil imports, for example, have almost doubled since 1964, totaling 329,000 pounds last year.

Tonnage statistics, however, are not the only criteria for measuring the significance of an import. For example, electrolytic capacitor foil is a highly strategic material and absolutely essential to various sophisticated technological and military applications. The 1967 imports had a total dutiable value of \$1,238,210, an average of \$3.77 per pound. Before the Kennedy Round, the United States duty of 17% amounted to 63.9¢ per pound. The 50% Kennedy Round cut (from 17 to 8½% of dutiable value) means a tariff saving to foreign competitors in United States markets of 31.9¢ per pound.

Here is how this change affects the United States market and foreign trade picture. Less than half a dozen United States foil mills make, or are capable of rolling or etching, high purity foil for the manufacture of electrolytic capacitors. The etched product, which accounts for the bulk of these imports, is made in this country largely by technically oriented firms of limited size. Import competition necessarily falls especially hard on companies of this size and type.

France is the largest source of these imports, 147,967 pounds in 1967 with a dutiable value of \$757,735 or \$5.12 per pound. French exporters will, therefore, realize a tariff saving of 43.5¢ per pound on their sales in the United States market as a result of the Kennedy Round cuts. The next largest exporter to the United States is West Germany, with 115,273 pounds in 1967, valued at \$301,838 or \$2.62 per pound. Italy is the third largest with 42,450 pounds, valued at \$126,949. The E.E.C. thus accounts for over 90% of the volume and over 95% of the dollar value of our etched capacitor foil imports.

The contrast between the effect of the United States tariff cut and that by France, the principal beneficiary of the United States cut, is startling and disturbing. France, as a member of the E.E.C. tariff bloc, will cut its capacitor foil tariff only 20%. The tariff rates thus show this difference:

[In percent]

	United States	France
Before Kennedy round.....	17.0	115
After Kennedy round.....	8.5	12

¹ EEC common external tariff, effective July 1, 1968.