Coming back to the nontariff barriers listed in the Federal Register announcement, we do not have a simple or surefire technique to suggest for eliminating them. They require individual assessment and negotiation, in our judgment. As far as the Aluminum Association is concerned, to the extent that these practices and extra costs of entry significantly distort the conditions of trade, or favor one competitor over another, the effort should be made to eliminate them.

We feel, as others do, that in the interest of equity and international competition, the GATT ground rules need review and revision. The bias in the present rules, in favor of nations which rely on indirect taxes as their major source of revenue, should be eliminated.

At the heart of the nontariff barrier problem are the commitments of foreign governments to full employment, to the support of their own farmers, and to the establishment or maintenance of certain basic or "status" industries. These national policies and philosophies unavoidably result in some kinds of barriers to international trade.

In those countries, where the Kennedy Round reductions were not matched by correspondingly liberal national economic policies, it was to be expected that the nontariff barriers would remain undiminished or even strengthened and increased. While every effort should be made to minimize and eliminate foreign trade barriers as a step towards more equitable conditions of international competition, ultimate effectiveness depends on more fundamental economic policy changes.

E. Import Quotas

As explained at the very outset of this statement, it is primarily concerned with "aluminum industry conditions and developments". However, since aluminum foreign trade takes place in the same economic and political climate as does other United States foreign trade, major developments in other industries also affect aluminium foreign trade conditions. Thus, the United States–E.E.C. Kennedy Round controversies over agriculture, for example, undoubtedly added to the United States negotiators' difficulties in dealing with the E.E.C. on aluminum. Similarly, the current efforts of some domestic industries to obtain import quotas are bound to influence the policies and practices of those nations which feel that such quotas would restrict their sales in the quota-covered markets.

Many of the quota-sensitive countries also export aluminum products to the United States and, to some degree are markets for United States aluminum exports. Quota action for other United States industries could thus have a two-way effect on United States aluminum foreign trade: (a) heavier imports here than the domestic market could absorb in healthy fashion, and (b) more difficulty in maintaining or expanding United States exports of aluminum products or of aluminum containing products.

Should import quotas be established for other major industries, fairness would require safeguards for the aluminum industry from the possible repercussions of such quota action. Aluminum tariffs are low here and there are virtually no nontariff barriers to keep imports out. Without appropriate safeguards, foreign nations seeking dollar exchange, but kept out of other United States markets by quotas, might concentrate disproportionately on selling in the readily accessible aluminum markets here. This type of import, stimulated by frustration elsewhere rather than by regular business competition, would not make for healthy foreign trade in aluminum.

We can no longer take for granted that the international market place, under the pressure of current or foreseeable governmental commitments, can make adjustments rapidly enough or sufficient to assure healthy competition or the most efficient utilization of natural and human resources. Nevertheless, trade policy should favor, as much as possible, reliance on competition, rather than on governmental regulation.

When national interest or the basic health of an essential industry does require the intervention of governmental regulation, it should be as temporary and flexible as possible. Accordingly, limitations on imports should not take the form of fixed "ceilings" over extended periods.

It may prove necessary, in specific instances, to place temporary and reasonable limits on market participation by imports when disparate national policies undermine the conditions of international business competition. However, competing domestic and foreign suppliers should have the incentive and opportunity to increase their shipments to a market, and even to increase their share of that market. The emphasis should be on flexibility and on providing the opportunity to stimulate, and participate in, market growth.