

compete abroad on fair terms, and what appropriate steps our Government should take to bring this about.

To understand this problem it is necessary to know some of the facts about electric utilities in the principal countries of the free world which have industry capable of manufacturing large generating and transmission equipment used in electric utility systems. These nations, other than the United States and Canada, are principally the countries which are members of the European Common Market, the European Free Trade Association, and Japan.

In varying extent the electric utility systems in most of these countries are owned, operated, or controlled by government agencies. Their purchases of large electrical equipment are either controlled by, or are fully responsive to the policies of their governments. None of them will buy large electrical equipment from American manufacturers, with the limited exception of equipment of advanced design which their home manufacturers cannot yet make. In the unusual case where a utility in one of these countries buys an advanced, larger and more efficient steam turbine generator or a nuclear plant from a U.S. manufacturer, they are usually buying a prototype with a tie-in licensing arrangement making the designs and detailed manufacturing instructions available to one of their home manufacturers.

Many of these countries have plants and personnel capable of manufacturing large electric generating and transmission equipment. Usually they have the capacity to make more equipment than their home country utilities need year after year. For example, while all, or most, of the capacity of British manufacturers of large power transformers is used for supplying the British home market in some years, in other years they have excess capacity available for export sales. This is true with respect to manufacturers of a whole range of other electrical equipment in Britain and also in other industrialized countries. They often seek export sales in the United States at prices lower than they obtain in their home country markets. Realizing high profits in their protected home markets, they thus obtain the wherewithal to capture sales in the United States at greatly reduced prices.

During the past 10 or 15 years, the principal U.S. purchasers of large electrical equipment from foreign suppliers have been agencies of the U.S. Government—TVA, Bonneville Power Administration, Bureau of Reclamation, and the Corps of Engineers. Many of these purchasers were at prices considerably below those then being received by the foreign manufacturers for similar equipment in their home markets.

U.S. Government policies of long standing have encouraged this one-way trade in electrical equipment despite recommendations for reciprocity in Government purchasing.

In 1954, the report of the Randall Commission on Foreign Economic Policy stated as follows (p. 45) :

The Buy American Act and legislative provisions of other acts containing the Buy American principle should be amended to give authority to the President to exempt from the provisions of such legislation the bidders from other nations that treat our bidders on an equal basis with their own nationals. Pending such amendment, the President by Executive Order should direct procurement agencies in the public interest to consider foreign bids which satisfy all other considerations on substantially the same price basis as domestic bids.