1962, we hope you will emphasize the essentiality of obtaining mutual trade benefits for the products of this industry which are sold to utilities, as well as for industrial products in general. Such a congressional mandate should apply to any future round of negotiations to reduce trade barriers, and also to any less significant negotiations prior to a new large-scale effort.

We appreciate the opportunity of presenting these views to you.

The CHAIRMAN. We thank you, Mr. Hobbs, for bringing to us your views.

Are there any questions? Mr. Curtis.

Mr. CURTIS. Mr. Chairman, I think in this paper, which I think is excellent, we have what I would say is a classic example of the dismantling of tariffs and then the emergence of the importance of these nontariff trade barriers.

It also points up this very difficult problem of state ownership and as you point out, the difficulty of American enterprise which is not state-owned in competing with it. The state-owned enterprises frequently don't even have good cost accounting so they don't even know themselves what it costs to produce a unit. You have built in therefore just by its very nature tremendous government subsidies.

I am leading up to this following question. Do you think that the countervailing duty laws that we presently have might be utilized to dig into this subsidy aspect, which I think you implied is part of the difficulty you have?

Mr. HOBBS. I think so, Mr. Curtis, although this has to be a matter of judgment because you have to fit the facts to the statute. The statute says whenever any foreign country or business organization, "shall pay or bestow directly or indirectly any bounty or grant" on the export of any article produced within the foreign country then the Secretary of the Treasury can assess countervailing duties.

Well, in the British case, for example, the principal buyer of electrical equipment in Great Britain is the entirely government-owned Central Electricity Generating Board which is like our TVA, except it is much larger and covers a much greater proportion of the United Kingdom. It covers most of it. The CEGB has written agreements with British manufacturers of electrical equipment whereby they guarantee the manufacturers a profit rate of approximately 15 percent or greater on their domestic business, and the agreements permit loading into the prices of domestic business the research and development expenses for all business, including exports, and for overseas selling expenses.

That is a subsidy. Whether you want to call it government directly or indirectly, or a bounty, it is certainly calculated to help and does help British manufacturers of electrical equipment to sell it abroad, into the United States specifically, at prices which are much lower than those at which they sell in their home country. It seems to me that this ought to be a classic case for the imposition of countervailing duties.

Another section would be, section 252 of the Trade Expansion Act of 1962. I think it clearly ought to fit this situation.

Mr. CURTIS. I agree with you and I think it is most important that we start moving in this area. There is an argument beyond the very valid argument you are making. If we want reciprocity, then if we