Pioneer Electronics USA Corp., 140 Smith Street, Farmingdale, Long Island, New York 11735.
Sharp Electronics Corp., 178 Commerce Road, Carlstadt, New Jersey 07072.
Sony Corp. of America, 47–47 Ban Dan Street, Long Island City, N.Y. 11101.
TDK Electronics Corp., 82 Wall Street, New York, N.Y. 10005.
Topp Import and Export, Inc., 4201 Northwest 77th Avenue, Miami, Fla. 33166.
Toshiba America, Inc., 477 Madison Avenue, New York, N.Y. 10022.

STATEMENT OF GENERAL ELECTRIC COMPANY

General Electric Company, 570 Lexington Avenue, New York, New York 10022, submits this statement to the Committee on Ways and Means in support of certain provisions of H.R. 17551, the Trade Expansion Act of 1968.

Specifically, General Electric supports the following two provisions of the pending legislation:

1. Extension through June 30, 1970 of the President's authority to negotiate tariff reductions;
2. Authorization of funds for the expenses of U.S. participation in the General Agreement on Tariffs and Trade (GATT).

And, in overall terms, General Electric supports the principles and objectives set forth in the President's May 28 message to the Congress on U.S. trade policy, which the pending legislation seeks to implement. We agree with the President that "when trade barriers fall, the American people and the American economy benefit" and that "even as we consolidate our past gains, we must look to the future."

Above all, General Electric endorses, and in this statement seeks to bring into particular commercial focus, two key sentences in the President's message:

"Other nations must join with us to put an end to non-tariff barriers. *Trade is a two-way street. A successful trade policy must be built on reciprocity.* Our own trade initiatives will founder unless our trading partners join with us to put an end to non-tariff barrier." (Emphasis added.)

There still exist today, 20 years after GATT was established and one year after the Kennedy Round was concluded, two major European non-tariff barriers which create one-way streets in international trade among the industrial nations of the free world: (1) nationalistic procurement policies and practices; and (2) the border tax system which permits remission of taxes for export and imposition of equalization charges on imports.

Both these barriers are ingrained into the economic structure and commercial self-interest of the European trading nations, and both have a significant effect on U.S. ability to compete in world markets. They are, therefore, of great concern to General Electric as a multi-national company which already exports $500 million annually but must continue to seek widening markets for the export of its high-technology products.

First, the nationalistic public procurement policies of foreign governments. The electric utility systems of Europe are substantially owned or controlled by their national governments. As a matter of national economic policy these utilities buy electrical equipment only from their domestic manufacturers. Where domestic capability exists, no outside competition is permitted on these procurements, regardless of whether it offers a lower price or superior quality. Yet these same manufacturers, while enjoying the insulation of their protected home markets, can export to the United States and are doing so increasingly in substantial volumes.

What we are talking about here are hundreds of millions of dollars of trade in high-technology equipment among the industrial nations—the big turbine generators and power transformers and power circuit breakers that are the backbone of modern electric power systems. This is an industry in which the U.S. has always excelled—in innovation and technological advance, in engineering excellence and in manufacturing productivity. It is an industry whose major markets are the U.S. and industrialized Europe. Yet, U.S. manufacturers are foreclosed from the European markets, and their satellite markets as well, by procurement policies that give total preference to domestic manufacturers. Here is protectionism of the most radical sort, for it denies entirely the concept of reciprocity and a two-way street which the President laid down as a cornerstone of U.S. trade policy.