taking work of eliminating or reducing those nontariff trade restrictions and advantages which are rooted in national and regional economic policy.

The series of post-war multilateral tariff negotiations confirmed the trading nations' general commitment to expanded trade and rejection of out-and-out protectionism. But, precisely as these obvious evidences of pre-war protectionism have been stripped away, so the underlying imbalances and restrictions have emerged. These are the real inhibitors of expanded trade on a fair and competitive basis. The GATT is 20 years old; trade patterns and monetary flows reflect the deep changes that have occurred during this period; and protectionism has new faces. U.S. trade policy must adjust to the realities of commercial competition in the world today.

The General Electric Company is particularly concerned with two of these underlying imbalances and restrictions:

1. Nationalistic procurement policies and practices of foreign government-owned or controlled electric utilities which (a) exclude U.S. electric utility equipment from competing in their markets; (b) allow and encourage high non-competitive prices from their domestic suppliers in these insulated markets; and thus (c) permit and encourage those same domestic suppliers to export to the United States and third countries at prices which, in a true commercial sense, are at less than fair value. The competitive disadvantage to the U.S. industry, thus, is two-fold: exclusion from potentially profitable European markets; unfair pricing in the U.S. market.

2. The tax structures of most of the European trading nations, which impose equalization charges on imports (border taxes) and provide for remission of internal taxes on exports, confer a major trade advantage on those nations. Their indirect border tax system is not trade-neutral in its effect on the U.S. competitor who is operating under a direct tax structure.

General Electric views the foregoing two imbalances and restrictions in the following context of international competition:

First, General Electric has long been heavily engaged in international trade. It has manufacturing and distribution facilities in many parts of the world. It exports annually some $500 million from the U.S. and imports some $100 million. Accordingly, General Electric's overall objective in international markets is fair, freetrade with the fewest possible restrictions against the movement of goods across national borders so that customers everywhere have freedom of choice in making purchases anywhere in the world on a fair and equitable basis. General Electric does not believe in closed markets, whether they be achieved by high costs of entry or exclusionary public procurement policies.

Second, a substantial portion of General Electric's business is in high-technology products. The Company contributes significantly to this nation's technological world leadership. But with respect to electric utility equipment a disturbing situation is developing. A significant amount of competence in certain high-technology equipment is gained through sales in this country to the Federal power agencies. Sales to these Federal agencies are enormously important to the development of technology because they operate large systems that require high engineering sophistication. These agencies rank among the leaders in moving up to the larger sizes and voltage levels which require new advances in technology. Their influence on U.S. and world electric utility technology cannot be underestimated. Thus, to the extent that U.S. public procurement policy permits foreign manufacturers virtually full access to the Federal market—at prices substantially below their home market prices—while U.S. technology is denied access to foreign markets, there is technological unilateralism. The question must be asked, how much does this unilateralism impede or discourage U.S. manufacturers from developing new technology? One possibly relevant answer may lie in the declining number of U.S. bidders to the Federal power agencies on high-technology equipment in recent years and the increasing number of foreign bidders.

Third, the statistics of trade in heavy electrical equipment among the producer nations indicate a rapidly worsening competitive position for the U.S. industry:

(a) In high-voltage power circuit breakers and transformers, where manufacturing capability exists in seven European nations, for the period 1963–1967 orders placed by U.S. utilities in these seven countries totaled $97,185,000. Orders of U.S. equipment by the seven countries totaled $59,000.

(b) In large steam turbine generators, 10,000 KW and above, where manufacturing capability exists in seven European nations, orders placed by U.S. utilities in those seven countries totaled $146,000,000. Orders of U.S. equipment by the seven countries totaled $0.