

industry, virtually grants a large degree of immunity to foreign producers and importers against punitive action. We are aware that the Administration claims to have reached an agreement with members of GATT that these countries will also require that findings of injury to domestic industry will be made as a condition to imposing penalties on dumping. We are doubtful that this agreement will have much effect on the administration of the antidumping laws in those countries. Our position is that selling imported goods in the U.S. market below the fair market price in the country of origin is an unfair trade practice. When found to exist, punitive action should be taken against responsible parties. We recommend that the existing law be modified to this end.

We are not in favor of legislation establishing across-the-board quotas on imports to provide a specified percentage of the total domestic market to domestic producers. If a quota system of this type were to be imposed on our imports, undoubtedly other countries would react with similar restrictions which would adversely affect all U.S. exports. It is obvious that some domestic industries are severely harmed by excessive imports. Our principal customers are the manufacturers of shoes. Large imports of shoes have adversely affected the output of shoes in this country, which has affected our sales to the shoe industry. The provisions of the Trade Expansion Act were designed to provide relief to domestic manufacturers suffering from excessive imports. We understand that all appeals for relief under the present law have been refused. We urge that the present law be amended to provide positive relief to industries which suffer serious dislocation from excessive imports. We believe this to be preferable to quotas imposed by legislative specifications.

While our industry has competitive problems with respect to prices in foreign markets, we do not favor direct government subsidies for exports. It seems to us that this is the kind of foreign trade policy that should be eliminated in international trade. A subsidy on the export of shoeboard might enable some of our producers to be more competitive in price in foreign markets, but we might be subject to antidumping laws in other countries. It appears to be an established fact that many, if not most, of the important exporting countries provide a subsidy to exports by remission of internal taxes and other devices. Such indirect financial aid to exports might be achieved in this country, but our impression is that such procedures are complicated and may be of doubtful value.

PROPOSALS ON TARIFF MATTERS GENERALLY

There have been a number of proposals, from both industry and government sources, for a border tax on imports. It is our feeling that a border tax on imports, designed to reduce the total imports to improve our balance of payments situation, will not achieve this purpose. If our government is unable, in due course, to persuade those countries with which we have substantial trade in exports, to eliminate their non-tariff charges on imports from the United States, we believe that a border tax, comparable to the foreign non-tariff charges, would be a justifiable action. A border tax for this purpose could be reduced, or eliminated, in accordance with the action of other countries in reducing, or eliminating, their non-tariff taxes.

RESULTS OF THE "KENNEDY ROUND" AGREEMENT

Our industry is pleased with one aspect and disappointed with all other aspects of the recent trade agreements, with respect to the involvement of our products. In these agreements, the United States is committed to reduce the tariffs (6.75% on cellulose types and 7.5% ad valorem on the leather fibre type) by fifty percent during the period 1968 through 1972. Canada is the only country to make a commitment which, after a serial reduction over a period of five years, will bring our respective duties to near parity. All other countries that are parties to the agreement made concessions ranging from token amounts to reductions of 50% in their formal tariff rates on both types of shoeboard, as a result a wide disparity will still exist when the final agreement rates go into effect in 1972. The addition of non-tariff charges, in those countries which maintain such border taxes, widens the disparities.

So far as the involvement of our products is concerned, members of our association are of the opinion that the trade agreements of 1967 have serious defects. First, the fifty percent reduction in U.S. tariffs is of very much more value to foreign producers than the tariff concessions granted on shoeboard by other