

It is perfectly obvious that there is no reciprocity here. As far as our industry is concerned, the Kennedy Round was a one-way street.

We contend that disparities in duty rates of this magnitude are patently unfair, and that they do not comport with the intent of Congress in authorizing the Kennedy Round. That authorization did not envision the kind of surrender that deprives our industry of tariff protection at home and leaves it faced with intolerable tariff barriers abroad. The Canadian "concessions" are particularly indefensible in return for 100% reduction by the United States, Canada reduced its duties by only 25% leaving in effect an eventual rate of 15% which will continue to inhibit fair competition between U.S. and Canadian producers in Canadian markets.

In light of these tariff disparities, therefore, we ask that Congress enact legislation suspending the staged rate reductions in duty rates negotiated in the Kennedy Round until truly reciprocal reductions are made by our trading partners—particularly Canada. Alternatively, we support the principle of import quotas proposed in over 700 bills introduced in the current session of Congress. As a further alternative, we support the proposal to impose a border tax on imports.

NEED FOR REVERSAL OF U.S. TRADE POLICY

While increased protection is of vital importance to our industry, we also suggest that such action has become necessary as a matter of over-all U.S. trade policy. For years, the United States has realized a substantial surplus in merchandise trade with the rest of the world. This surplus has been a key factor in offsetting chronic deficits in other sectors of U.S. trade—such as foreign aid, overseas military expenditures and tourist trade—with its associated gold drain, within tolerable limits.

But that surplus has now just about melted away. From a \$4.1 billion surplus rate last year, the trade surplus for the first four months of this year—worked out to an annual rate—totals only about \$1.3 billion. Moreover, a sizeable share of the export side of this balance (about \$3.2 billion annually) is financed by the U.S. government under foreign aid and various other public programs. Taking this sum out of the balance, U.S. foreign trade accounts show a current deficit of about \$2 billion annually.

Even when it enjoyed a comfortable trade surplus, the United States ran a deficit balance of trade and suffered a serious and continuing gold drain. The dramatic reduction in the U.S. trade balance surplus is certain to aggravate these problems and is likely to trigger further attacks on the dollar.

We recognize, of course, that the insulation board industry represents only a miniscule part of this over-all picture. But what is true of our industry is true of others as well: high tariffs in foreign countries greatly impede our ability to export, and the absence of protection at home invites the entry of imports. The aggregate effect of this kind of tariff structure in many industries (including insulation board) is to increase the adverse trend in U.S. trade balance and, ultimately, to weaken the American economy.

We suggest to the Committee that U.S. tariff and trade policies over the last decade must bear major responsibility for our shaky competitive posture in the world economy today. These policies have invited massive penetration of U.S. markets by foreign goods without securing reciprocal advantages for U.S. goods abroad. They have been all give and no take, and the process has undermined the strength of our economy. We call, therefore, for a complete overhaul of our tariff and trade policies to bring a halt to this potentially disastrous trend in our trade balance.

Specifically, we urge the Committee to propose legislation restoring reasonable tariff protection for U.S. industry and conditioning negotiation of duty concessions upon truly reciprocal concessions by foreign countries. As an alternative to tariff hikes, we endorse, as mentioned earlier, the establishment of import quotas or border taxes. Such policies would restore strength to the U.S. bargaining position in any future trade negotiations, and would require foreign governments to make realistic concessions as a quid pro quo for favorable tariff treatment in the U.S. They would reverse the trend toward surrender of our favorable trade posture and vastly strengthen the domestic economy.