Mr. BARNARD. They appear in our statement following page 57 of the prepared text, Mr. Chairman. The effect of this on our balance of trade has really been pretty startling. I am sure the committee is aware that in the first quarter of 1968 the German exports to the United States rose a phenomenal 50 percent over their exports in the first quarter of 1967 and I have just seen figures which indicate that the chemical exports to the United States from Germany rose almost three times as fast as the chemical exports from Germany to other countries of the world.

I have stressed Germany, but this is not just a German problem. Within a couple of years all of the Common Market countries will have a value-added turnover tax and it will be harmonized at roughly 15 percent. In the meantime Belgium, Netherlands, Italy, and Austria because of the impact of the Germany turnover tax have adopted raises of their own border tax and export rebates because of the effect on their trade.

But this is not just a Common Market matter. Denmark, has adopted a value added tax and the United Kingdom, and Sweden are contemplating adopting a similar turnover tax. We have been negotiating on these turnover taxes since 1963. I guess the only mystery is how we felt we could have a reciprocal agreement without dealing with a disadvantage to our trade caused by these turnover taxes.

We do have a law on our books which would enable us to at least offset part of the effect of these turnover taxes. That's the countervailing duty statute. Section 303 of the act requires countervailing duties to offset export bounties granted by our foreign trading partners.

We have a memorandum on this. We believe that this is applicable to the value added taxes.

The Treasury Department has administratively decided that it is not applicable and has advised this committee there were decisions in support of its position. We know of no such decisions. It was suggested at one time that a memorandum be submited.

We would urge that such memorandum would be helpful to seek. In our view this statute is applicable to these turnover taxes and should be applied. I ask that that memorandum be included in the committee files.

The CHAIRMAN. Without objection it will be included in the committee files.

Mr. BARNARD. As Mr. Turchan said, we support this committee in its concern over our balance of payments and balance of trade and we were pleased to see the President on January 1 say that our trade is at such a disadvantage as a result of these border tax-export rebate methods that he was calling for immediate high consultations and was preparing proposed legislation.

But this is on the proviso that the Congress impose no border taxes, in 1963. Five years went by and nothing happened. On January 1 the President called for urgent action. Five months have gone by and nothing has happened.