ernment import controls which deny access to foreign-source raw materials that are available to overseas competitors at prices lower than domestic U.S. prices. Finally, Du Pont and other domestic chemical manufacturer-exporters are forced to compete with foreign companies which operate under tax systems which advantage them, while our domestic tax systems fail to provide comparable incentives to stimulate export growth.

These seemingly paradoxical Government policies severely impair Du Pont's, as well as other domestic chemical manufacturers', competitive capability in domestic and export markets.

This Committee has a singular opportunity to formulate a sound long-range foreign trade policy by reconciling these important and complicated subjects.

Exhibit 1

DECEMBER 27, 1967.

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

QUANTITATIVE IMPORT RESTRICTIONS ON WOOL AND MANMADE TEXTILES

This paper identifies quantitative import restrictions that have been applied in the calendar year 1967 against wool and man-made textiles by 12 foreign countries—Austria, Belgium-Netherlands-Luxembourg (Benelux), Canada, Denmark, France, Italy, Japan, Norway, Sweden, Switzerland, United Kingdom and West Germany.

For purposes of this paper, the term "quantitative import restrictions" means restrictions which have the effect of controlling the quantity of imports through such means as quotas, licenses, "voluntary" export controls, and minimum import prices. The term does not include licensing systems under which licenses are automatically granted nor general provisions of law, like "escape clause" provisions, which could potentially be invoked to impose quantitative import restrictions.

Various countries have bilateral trade agreements which specify products but do not establish quotas. These agreements were included in this paper when specific information on them was readily available or when there is evidence that licensing is being limited.

Following World War II, many countries, in seeking to rebuild their war-shattered economies, imposed quantitative import restrictions to conserve scarce foreign exchange. These restrictions did not prevent the countries concerned from maintaining their overall level of imports at close to the highest level permitted by their foreign exchange reserves, but did affect the import "mix". As the industrialized countries recovered in the late fifties and began to build their foreign exchange reserves, quantitative import restrictions on thousands of products were removed, particularly with respect to imports from the OEEC countries. Agricultural products, textiles, and coal are several examples of hard-core items which remain restricted.

Some countries continue legally to justify quantitative import restrictions directed at specific important textile exporting countries under GATT Article XXXV, which permits a GATT member to withhold the application of its tariff concessions or the provisions of the entire Agreement from another GATT member with whom it has not negotiated tariff concessions. This article was invoked by many European countries when Japan joined the GATT. Many of these countries have now disinvoked Article XXXV but rely on bilateral agreements or special valuation or other devices to protect domestic producers.

The overall significance of restrictive measures is indicated in a general way by the actual levels of imports. The following table shows the value of textile and apparel imports in 1966 for the countries listed in the study and, in comparison, for the United States. Imports are shown on a per capita basis in order to adjust for differences in population.