

Last year we took countervailing duties against Italy in the area of electrical transmission towers. This is an instrument that is difficult for us to use in international relations, because it is not entirely consistent with the GATT. Nevertheless, we feel it is an important one for us to use, because in agriculture, in particular, when you look at third markets, we are disadvantaged by subsidies.

Senator MILLER. May I interrupt you at that point?

Under the GATT rules, would that subsidy have been legal, too?

Mr. ROTH. Under the GATT rules, and Mr. Rehm, you can correct me, if it was shown that the subsidy caused injury to a competing industry, in that case the country would be responsible. If there were no injury, then it would not be illegal.

Senator MILLER. Then here is the problem. What happens during the period of time that all of this is going on? You see, we received requests, urgent requests, that countervailing duties be put on immediately, and then let the investigation proceed, and if it was determined that there was indeed no harm, then, of course, the countervailing duties would go off. But, if it was determined that there was indeed harm, the countervailing duties would stay on, and the idea behind this request was that we ought to take the protective measures before it was too late and the damage was done.

Do I understand from what you say that that is impossible?

Mr. ROTH. Under the law the investigation must take place first, because the case must be proven. On the other hand, once you announce an investigation, often that in itself has an impact. I think this is an important point you raise. This is the reason why we have requested in the GATT a discussion not only of the countervailing duty laws, but also of subsidies, because they are closely related.

Basically we would be willing to do away with subsidies, because we think we are competitive. Poultry is a good example.

Senator MILLER. As I understand it though, the answer to my question is that what you have worked out is now being analyzed by your people—by Agriculture.

Mr. ROTH. Treasury.

Senator MILLER. And Treasury, to determine whether or not it will be necessary to have a countervailing duty.

Mr. ROTH. That is correct. Meanwhile, there has been this decrease of a substantial sort.

Senator MILLER. Thank you, Mr. Roth.

Thank you, Mr. Chairman.

Representative CURTIS. Senator Percy?

Senator PERCY. Ambassador Roth, Republicans have not only seized control of this committee this afternoon but by our presence have indicated our deep interest in your work.

Mr. ROTH. Thank you, sir. We have no fear from Republicans.

Senator PERCY. I personally would like to express great admiration for the work that you have done with the Kennedy Round. I know how tough this job has been, but I think the reaction of the business community has been unusually understanding and moderate and appreciative of the tough jobs you have had. I think, also, your educational efforts to prevent us from going into a disastrous round of quotas and restrictions that would set back our policy 35 years, has been very, very good.