

reached the point some time ago where the generation of capital and savings was sufficient to satisfy their domestic needs. The improved economic and financial position of the industrialized countries has enabled them to assume, for the most part, their responsibilities to end currency restrictions as provided under Article VIII of the International Monetary Fund Agreement. Since post-war economic reconstruction has long since been completed, the United States can no longer look aside when any of these industrialized countries takes action which prejudices our own trading and payments position. The United States can no longer be as tolerant, as it was in the early post-World War II period, of harmful trade measures employed or continued too long by other countries. President Johnson took note of this point in his New Year's Day Message:

"We must now look beyond the great success of the Kennedy Round to the problems of nontariff barriers that pose a continued threat to the growth of world trade and to our competitive position. American commerce is at a disadvantage because of the tax systems of some of our trading partners"

Steps Underway To Reduce Non-Tariff Barriers

Efforts to achieve and maintain a healthy United States trade surplus must be directed not only toward obtaining price stability at home but toward expanding liberal trading practices which provide equal access to the markets of the world. This past year has seen a pronounced increase in our efforts to make world markets more open and fair.

Most of these efforts have been pursued multilaterally, through the General Agreement on Tariffs and Trade, where international trading rules and practices have been codified and established. Basically, the rules limit the extent to which countries can raise new nontariff barriers and they provide a framework for the reduction of such barriers. Countries in balance of payments difficulties are permitted to maintain or establish quantitative import restrictions and are required to consult with other countries in the General Agreement on Tariffs and Trade under a waiver procedure. The United States has increased the emphasis it places upon the GATT by furthering multilateral discussions on compliance with its provisions. To this end, we have participated in complaints regarding specific practices of others. In addition, we have initiated new efforts to examine old or unclear rules of GATT, with the intention of relating them more closely to the experiences of recent years and the requirements of the future.

Compliance with the GATT

Review is presently underway in the GATT of several specific actions or failures to act by other countries. The United States is