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Storage

THE FOREIGN POLICY ASPECTS OF THE
KENNEDY ROUND

REPORT

OF THE

SUBCOMMITTEE ON FOREIGN ECONOMIC POLICY

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ON THE

HEARINGS HELD BY SUBCOMMITTEE ON
FOREIGN ECONOMIC POLICY

FEBRUARY 15, 16; MARCH 7, 8; APRIL 4, 5, 1967

PURSUANT TO

H. Res. 179

A RESOLUTION AUTHORIZING THE COMMITTEE ON
FOREIGN AFFAIRS TO CONDUCT THOROUGH STUDIES
AND INVESTIGATIONS OF ALL MATTERS COMING WITHIN
THE JURISDICTION OF THE COMMITTEE



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FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., May 1, 1967.

The report submitted to the Committee on Foreign Affairs by the Honorable Leonard Farbstein, chairman of the Subcommittee on Foreign Economic Policy, deals with the foreign policy aspects of the Kennedy Round.

The findings and recommendations in this report do not necessarily reflect the views of the membership of the Committee on Foreign Affairs. This report is filed in the hope that it will prove useful to the Congress in its important function of legislative oversight.

THOMAS E. MORGAN, *Chairman.*

FOREWORD

HOUSE OF REPRESENTATIVES
COMMITTEE ON FOREIGN AFFAIRS
WASHINGTON, D. C., JUNE 1, 1907.

The report submitted to the Committee on Foreign Affairs by the Honorable Leonard T. Webster, Chairman of the Subcommittee on Foreign Economic Policy, deals with economic policy aspects of the Kennedy Report.

The findings and recommendations in this report do not necessarily reflect the views of the members of the Committee on Foreign Affairs. This report is filed in the hope that it will be read in the context of its important function of legislative oversight.

THOMAS E. MORGAN, Chairman.

LETTER OF TRANSMITTAL

MAY 1, 1967.

HON. THOMAS E. MORGAN,
Chairman, Committee on Foreign Affairs,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to transmit the attached report on *The Foreign Policy Aspects of the Kennedy Round*, prepared as a result of a series of hearings held during August 1966 and February, March, and April of this year by the Subcommittee on Foreign Economic Policy.

It is hoped that the views contained in the report, along with the printed hearings, will be useful to the members of the committee and to the Congress in achieving a better understanding of U.S. foreign economic policy relating to international trade and trade policies.

LEONARD FARBSTAIN,
Chairman, Subcommittee on Foreign Economic Policy.

LETTER OF TRANSMITTAL

May 1, 1907.

Hon. Thomas W. Moore,
American Commission on Foreign Affairs,
Washington, D. C.

Sir: The Commission on the Foreign Policy of the United States, created by the Act of March 3, 1906, has the honor to acknowledge the receipt of your letter of April 25, 1907, and to inform you that the same has been forwarded to the proper authorities for their consideration. The Commission is also pleased to inform you that the report of the Commission on the Foreign Policy of the United States, which was submitted to the President on April 25, 1907, has been published in the form of a book, and is now on sale at the Government Printing Office, Washington, D. C., at the price of \$1.00 per copy.

Very respectfully,
J. Morgan Kousser,
Chairman, Commission on the Foreign Policy of the United States.

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THE FOREIGN POLICY ASPECTS OF THE KENNEDY ROUND

FINDINGS AND RECOMMENDATIONS

Traditionally, foreign trade has been an important aspect of United States foreign policy. For the past several decades we have consistently attempted to reduce international trade barriers, and thus, to increase the international flow of goods and services. There is general consensus among major interests in this country that such an increase benefits not only our own consumers and producers but those of other developed as well as developing nations. It is also clear that reducing trade barriers contributes significantly to reducing other kinds of international tensions which could otherwise lead to conflict.

The aim of the United States, since the passage of the Trade Expansion Act of 1962, has been to gain a balanced package of trade agreements with all nations but particularly with the European Common Market, which is now among the world's titans in economic production.

This Nation's objective has thus been to achieve agreements favorable to both American industry and American agriculture. Some members of this subcommittee have been concerned about the possible sacrifice of a specific interest in an effort to make arrangements in the general interest. Others believe that American negotiators, in their effort to be fair to all categories of producers, have tended to overlook the broad national interest, more specifically the interests of the consumer and of our foreign policy. It is agreed that, on the whole, there has been a tendency to neglect the consumer as a factor in the trade talks. The subcommittee regards this interest as paramount.

Within the context of the original aspirations, the subcommittee recognizes that the Kennedy Round is not likely to be considered fully successful. We believe, however, that the Kennedy Round must be judged in less grandiose terms and that a substantial success can be counted if tariff reductions are judged in terms of previous bargaining results. The figure often mentioned is 25 percent, about half the original hope.

Of even greater importance, the subcommittee feels that the momentum of reducing trade barriers must not be interrupted. Although the members would not necessarily agree on how individual items should be treated, the subcommittee as a whole takes the position that a reciprocal agreement is in the interest of the United States.

Absence of an agreement, it is felt, would tend to solidify nations and multinational blocs into protectionist areas. Such an eventuality would be disastrous for solving the world's complex economic problems. It could even threaten peace. Therefore, the subcommittee favors every effort to reach an agreement which will represent progress in lowering existing barriers and contributing to expanding world trade.

The Trade Expansion Act expires on June 30. Although the elapsed negotiating time sounds ample, in view of the act having been in effect

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since 1962, in reality it sets a very tight deadline. Only in the past year did the European Common Market countries, beset by their own internal problems, submit real bargaining proposals. Thus the negotiations are now racing to a conclusion.

The subcommittee feels that the American position on this negotiating deadline has not been fully understood by some negotiating parties. We view this date as a serious deadline which should be met. We agree with the Administration that this country cannot convey the impression that it will bargain fruitlessly forever. Now is the time for hard bargaining and the making of those difficult decisions necessary to obtain a multilateral agreement.

It is strongly recommended that the Administration make clear its plans for legislation beyond the Kennedy Round as soon as possible, and that a broad initiative be taken to develop a cohesive American policy in behalf of expanding trade. In other words, the Kennedy Round ought to be considered as nothing more or less than an important step toward an objective. That objective should be the gradual lowering of barriers to permit a steady increase of international commerce, within a framework of prompt adjustment assistance to injured domestic firms and workers. It is our opinion that present adjustment assistance provisions are not adequate and should be liberalized.

The subcommittee concludes that at stake in the Kennedy Round is the continued prosperity of the United States and the well-being of both the developed and the developing sectors of the world.

THE ECONOMIC ASPECTS OF THE KENNEDY ROUND

The Subcommittee on Foreign Economic Policy of the Committee on Foreign Affairs held a series of hearings, beginning in August 1966,¹ to assess the consequences on U.S. foreign policy of the tariff negotiations currently being conducted at Geneva under the authority of the Trade Expansion Act of 1962. The purposes of these hearings have been (1) to determine whether the act had succeeded or failed in its foreign policy objectives, and (2) to examine the foreign policy problems which provoked consideration of this legislative measure.

President Kennedy in his message on trade in 1962 said:

The success of our foreign policy depends in large measure upon the degree of Western economic unity. In the next few years the nations of Western Europe will be fixing basic economic and trading patterns virtually affecting the future of our economy and the hopes of our less developed friends. Basic political and military decisions of vital interest to our security will be made. Unless we have this authority to negotiate and have it this year—if we are separated from the Common Market by high tariff barriers on either side of the Atlantic—then we cannot hope to play an effective part in those basic questions.

Among the witnesses to appear before the subcommittee last summer were high-level Government officials who participated in the framing of the legislation or who have served as U.S. negotiators in the Geneva talks. They appeared before the subcommittee at a time when less than 1 year remained before the authority for the negotiations was to expire. Their opinions as to the outcome of the Kennedy Round ranged from expressions of "mild" to "cautious" optimism. These reactions were based on 4 years of what appeared to

¹ Hearings before the Subcommittee on Foreign Economic Policy of the Committee on Foreign Affairs, House of Representatives, 89th Cong., 2d sess., Aug. 9, 10, and 17, 1966. Witnesses included the Honorable Christian Herter, the Honorable George Ball, and other top Government officials.

be at the time fruitless negotiations. Nevertheless they saw on the horizon a hopeful sign that there would be an improvement in the bargaining process in the agreement by the member nations of the European Common Market on a common agricultural policy. The differences in the industrial sector were not as difficult to solve.

The bargaining phase of the Kennedy Round is now entering the critical period in which decisions must be made. Negotiations have been going on now for more than 4 years but broad offers by the major parties have only been submitted during the past year. Today serious bargaining on these offers is being conducted. This situation makes it difficult for anyone to predict with certainty the outcome of this round, but certain observations are in order.

The Kennedy Round is the greatest multilateral attempt to reduce trade barriers ever undertaken by the nations of the world. The beneficiary of expanded trade between nations should ultimately be the individual consumer who will be able to buy products at lower prices. All the negotiating parties are aware of this potential benefit. There is also an awareness of the consequences of failure. Many multilateral agreements between nations would be replaced by regionalism, with an emphasis upon protectionist policies. A policy of protectionism would be harmful to the world economy.

Specifically, a drift toward protectionist policies would not serve the best interest of the United States, either domestically or in its overall foreign policy commitments. Such policies would create misunderstanding among the nations of the world. It would act to divide rather than unite the Western community. Economic growth among the developing nations would be put under a severe handicap. The negotiations have now reached the stage in which success depends largely on the decisions made by the European Common Market and the U.S. negotiators. The remaining time for concluding discussions constitutes a real challenge to trade policies as failure in the Kennedy Round would make any future movement in the direction of trade liberalization very difficult. Nevertheless, there are hopeful signs in Geneva of a successful conclusion to the Kennedy Round before the June 30 deadline.

THE TRADE EXPANSION ACT OF 1962

The key provisions of this act were formulated to take account of the problems and capitalize on the opportunities offered by the emergence of the new European trading blocs.

The Congress delegated to the President overall authority to negotiate a 50-percent tariff cut. This power was intended to enable the United States to negotiate reductions in the European Economic Community and the European Free Trade Association tariffs, so as to reduce the disadvantages which U.S. and other exports would otherwise face in these markets. In addition, the President was given authority to negotiate tariffs down to zero on items for which the EEC (Common Market) and the United States together accounted for 80 percent or more of the free world's exports. This proposal was based on the premise that Great Britain, then applying for EEC membership, would receive French approval. Exclusion of Great Britain has negated the value of this provision.

With respect to the developing countries, another key provision of the act authorized the President to eliminate duties on certain tropical products in return for comparable action by the EEC. These countries should also benefit from deep Kennedy Round cuts in the tariffs on other products, particularly if those which they produce or can hope to produce, are kept off the "exceptions lists" of the industrial countries.

The primary challenge to the American economy was the growth of international regionalism, of which the chief examples were the European Common Market (EEC) and the European Free Trade Area (EFTA). The United States welcomed the trend toward European unity both on economic and political grounds. At the same time, it was apparent that discrimination in the form of trade barriers constituted a serious competitive threat to the United States and the other countries on the outside. It was, therefore, essential that the United States join with its trading partners in the world in a serious attack on trade barriers across the board. There are 53 nations involved, but the Common Market bloc of six nations, the United Kingdom, and the United States are the principal negotiators.

The new economic integration in Europe also pointed to the obligation of the industrialized nations to assist the less developed countries to find new outlets for their exports of raw materials and manufactures. Discrimination against imports only for the reason of competition was to be discouraged. Newly developing nations were to be encouraged to find and promote new products for export value.

It was clear, furthermore, that trade negotiations among nations on an item-by-item basis were no longer adequate and a much bolder approach to these problems was needed. Accordingly, an across-the-board formula for tariff reductions was devised in order to make substantial reductions in world trade barriers. At Geneva, 16 nations, including the United States, Japan, Finland, Common Market countries, and the European Free Trade Association, have been negotiating across the board.

As a result of the integration of nations, the United States was faced with economic and political isolation, particularly from Western Europe. It was imperative that the United States, in order to maintain a viable position in the free world, initiate and encourage sweeping changes in free world economic patterns. The United States accepted these challenges by the passage of the Trade Expansion Act of 1962.

THE U.S. ROLE IN WORLD TRADE

One of the most encouraging aspects of the world economy over the last decade has been the strong and continuing growth of world trade and production. World exports by value increased 10 percent from 1965 to a total of \$204 billion in 1966, the highest total ever achieved.

Annual value of exports, imports and balance of merchandise trade

[In millions of dollars]

Year	U.S. exports					U.S. imports		
	Domestic and foreign			Domes- tic mer- chandise	Foreign mer- chandise	General	For con- sump- tion	Balance of mer- chandise trade ¹
	Total	Military grant aid	Exclud- ing mili- tary grant aid					
1966-----	30,336	940	29,396	29,899	437	25,550	25,367	3,846
1965-----	27,478	778	26,700	27,135	343	21,366	21,283	5,334
1964-----	26,489	818	25,671	26,136	352	18,684	18,600	6,987
1963-----	23,347	920	22,427	23,062	285	17,140	17,002	5,287
1962-----	21,700	727	20,973	21,431	269	16,382	16,244	4,591

¹ Exports, excluding military grant aid, less general imports.

Source: OBR 66-49, FT 900I, FT 900E, U.S. Department of Commerce.

For the first extended period in our history we are earning significant balance-of-payment surpluses from our agricultural products. Agricultural commodities are the United States largest single dollar earner. Therefore, the overseas use of our food resources is a constant, positive, and important part of U.S. foreign policy.

AGRICULTURE AND FOOD AID TO THE POORER NATIONS

The United States and other nations have for the first time attempted to deal with the full scope of world agricultural trade problems. International trade has been impeded by national economic policies which have created highly artificial conditions and prices in domestic farm sectors in the EEC. An effort must be begun in the Kennedy Round to bring about significant changes in the domestic pricing and support systems plus the border protective devices now being established by the Community.

Failure to obtain significant agricultural concessions by the end of June will leave us facing new and formidable barriers against our exports. The markets which we gain or lose at Geneva will have a tremendous effect on our economy. One must realize that 30 percent of our total agricultural exports have been going to the Common Market countries. For this reason it is of the utmost importance that agricultural producers in the United States of America be guaranteed access to EEC markets. This is why our official position has been that successful negotiations would have to include "meaningful concessions" by the EEC nations, with respect to our agricultural exports. Without such concessions, there can be no successful "balancing of interests" of agricultural and industrial producers located in this country.

U.S. agricultural imports 1964, 1965, and 1966 from the European Economic Community

[In millions]

1964-----	\$258
1965-----	270
1966-----	306

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U.S. agricultural exports 1964, 1965, and 1966 to the European Economic Community

[In millions]

1964	-----	\$6,347
1965	-----	6,229
1966	-----	6,885

For the past six years world grain consumption has outrun production. The United States and Canada have become residual suppliers to meet the world deficit. Last year alone, to cite one salient example, the United States furnished over 80 percent of the 10 million tons of foodstuffs supplied to India from outside nations.

Our record of providing food to meet world shortages is one of which every American may well be proud. Over the past 12 years, we have supplied some \$14 billion worth of agricultural commodities, under the provisions of Public Law 480. But now the seemingly limitless surpluses of foodstuffs stockpiled in U.S. warehouses are gone. Our standby reserve is our unused capacity. We face a very real threat in maintaining an adequate supply of feed grains.

In the discussion now taking place in Geneva, the United States wants to make a multilateral food aid agreement a vital part of any international grain accord. The U.S. proposal seeks a guarantee of a certain share for grain imports in the Common Market and a sharing of the food aid to the poor countries. The EEC has estimated its degree of grain self-sufficiency at 90 percent.

It appears that the success or failure of the Kennedy Round may hinge on whether or not a grains agreement is concluded. However, the negotiation of an international grains agreement will not satisfy the requirement of "meaningful concessions" unless accompanied by a provision permitting competitive access of U.S. agricultural products to the Common Market.

DISCUSSIONS IN THE INDUSTRIAL SECTOR

The decisions which are crucial to a successful Kennedy Round concern major industrial sectors and include chemicals, iron and steel, aluminum, pulp and paper, textiles, and automobiles and automotive parts.

One important issue in the industrial discussions centers around the American selling price (ASP) system of valuation on certain benzenoid chemicals. A related issue of importance in the discussions involves ASP and rubber footwear. ASP assesses tariffs on certain foreign products on the basis of the U.S. wholesale price. The Europeans insist upon a change and the United States has offered to consider a change, subject to congressional approval, but only in return for the lowering or eliminating of nontariff trade barriers in the EEC countries and a significant reduction in the European chemical tariff. As to negotiating the American selling price, which has been statutory since 1922, the only agreement the President could sign concerning this subject is on an ad referendum basis to the Congress. Actually the Customs Bureau has reduced the ASP standard on rubber footwear by interpretation without reference to Congress, by using the lowest ASP rather than the highest. One solution to the ASP problem would be a two package approach. This proposal would set aside from the Kennedy Round a certain segment of the chemical sector for negotiation along with the ASP as a separate and balanced package. This package would be for the approval or disapproval of the Congress.

To be sure, nothing is settled and every offer in this intricate bargaining is conditional on everything else. Everything that the market negotiators have been saying they might do must, of course, be approved by their own governments.

CONTINUATION OF HEARINGS IN THE 90TH CONGRESS

In the 90th Congress, the subcommittee has heard from witnesses representing the administration, including Hon. William Roth, Special Representative for Trade Negotiations, and Hon. John A. Schnittker, Under Secretary of Agriculture.

Several private witnesses have also been heard, representing the views of organizations vitally concerned with the outcome of the Kennedy Round. It was generally reaffirmed that successful agreements would have to include concessions for U.S. agricultural products and the negotiation of a grains agreement.

As to the issue of the American selling price, it was acknowledged that no change could be made unless Congress approved. Therefore, it may be necessary for Congress to reappraise this specific legislation to determine present-day advantages and disadvantages in world trade.

SUPPLEMENTAL VIEWS OF REPRESENTATIVE EDWARD J. DERWINSKI

Unfortunately, the Foreign Affairs Committee does not exercise jurisdiction over tariff legislation. Since tariffs are no longer levied primarily for revenue but are used throughout the world as an instrument of foreign and/or domestic policy their practical consideration should be handled by our committee rather than the tax-raising Ways and Means group.

TRADE NOT AID

"Trade Not Aid" was the slogan under which the 1962 Trade Expansion Act was passed. In the past 5 years we have witnessed further complications to free trade without any major tariff reductions that have contributed to a termination of our foreign aid program. It would be more practical to discuss the Kennedy Round and future trade complications on the basis of the facts of life rather than melodious but unrealistic slogans.

It is very ironic that the Johnson administration while professing allegiance to the "Trade Not Aid" slogan of 1962 has moved away from the concept of reducing tariff barriers and stimulating a freer flow of materials which would increase consumer opportunities and thus improve their standard of living. The international coffee and sugar price fixing arrangements which the administration has religiously supported are aimed against the U.S. consumer and are contradictory to the principles of the Trade Expansion Act of 1962.

U.S. CONSUMERS HAVE BEEN SHORTCHANGED

Any objective analysis of the conduct and recommendations of U.S. negotiators during the last 5 years discloses their lack of interest in the U.S. consumer. I believe that Congress must write protective provisions into any new tariff law which would necessitate our negotiators to protect the interest of the American consumer. It is short sighted of our negotiators to be making concessions that have very little tangible advantage to our producers while at the same time working against our consumers.

It is unfortunate that our negotiators under this administration have dealt from weakness rather than strength in having made dubious concessions to many nations without even taking into account the anti-American foreign policy of some. Trade negotiations can be a very effective weapon to enhancing free enterprise and thus providing the increased standard of living that has escaped many people.

I also regret that Congress, and especially the Ways and Means Committee, failed to thoroughly explore the inherent dangers in the administration's plans to subsidize the Soviet Union and Eastern European Communist dictatorships through trade subsidies.

SUPPLEMENTAL VIEWS OF REPRESENTATIVE E. Y. BERRY

The purpose of this brief supplement to the subcommittee's findings is primarily to emphasize some neglected aspects of our trade posture. Unfortunately, in my judgment, much has been approved under the all-encompassing label of "free trade" which is not, in reality, beneficial to the United States.

1. A WORD ABOUT STATISTICS

Trade statistics issued by the U.S. Department of Commerce would reflect a supposed favorable balance of trade between the United States and foreign countries. Officially, so the Department says, we exported \$28.9 billion worth of goods in 1966 and imported \$25.5 billion in foreign-produced merchandise. At first glance, this appears to mean a favorable surplus of \$3.4 billion.

A substantial part of the exports, however, were noncommercial, being financed by the U.S. Government. The Department continues to include goods moved under Public Law 480 and other so-called "giveaway" programs as actual commercial exports. Obviously, when we trim this "fat" from our export figures, we can arrive at the actual export value. Subtracting the U.S. Government-financed exports, worth \$2.9 billion in 1966, we find only \$26 billion actually moving competitively in the world market.

In addition to bloated export figures, the Department tends to minimize the import statistics. We are the only country in the world that figures the value of our imports, f.o.b. their point of foreign origin. If we consider the freight and shipping costs and insurance costs, the true value of imported goods is \$28.1 billion, not the \$25.5 billion figure which the Department uses.

What this all means is quite obvious. Instead of a nice little trade surplus of \$3.4 billion, we have, in real terms, a trade deficit of slightly over \$2 billion. America is not benefiting from trade with foreign countries. Dollarwise, we are on the short end of the deal.

2. WHERE IS THE RECIPROCITY?

A second neglected fact in our trade policy is the fact that the United States has been the only negotiator in world trade talks to relax its trade barriers. While other countries have not reduced their tariff and nontariff barriers (or have actually increased them as the Common Market did before the start of the Kennedy Round to provide them with more bargaining power) the United States has made dangerous concessions. The result has been twofold: (1) Products have been flowing into the U.S. markets while our goods are kept from entering foreign markets, and (2) the trend in world trade has been one of larger imports from other countries into the United States and smaller exports from the United States to foreign countries. A

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close look at a trade index for the past decade will clearly reveal our slipping position.

Add to this fact the intended policy of the European Economic Community to actually up their tariff barriers on July 1 of this year. In short, there has been no reciprocity either explicit or promised by the other partners in world trade talks.

Another factor is that the United States has been talking mainly with EEC countries about lowering tariff barriers, but has not insisted upon getting assurances from the EEC that they will reduce their variable levies which are far more hindering to trade than ad valorem tariffs. The Secretary of Agriculture stated in 1963 that these levies are a threat to as much as \$600 million of our agricultural exports.

3. AGRICULTURE: FORGOTTEN IN GENEVA AND UNPROTECTED AT HOME

The American agricultural producer has been the real sacrificial lamb upon the "free trade" altar. Most importantly, of course, is the fact that the farmer has not been protected from skyrocketing foreign imports, particularly of red meats, which have glutted the market and actually broken the domestic market price on several occasions. Secondly, agriculture stands to gain very little in the talks which are under the pressure of their last days in Geneva. In testimony before the subcommittee, one witness was frank enough to admit that there would be "precious little" in the way of guarantees that the United States would be permitted to export agricultural products to foreign markets.

We from agricultural States have had the great fear of a "sell-out" in Geneva for agriculture. Unfortunately, it seems all too apparent that our negotiators will rush for an agreement before the Trade Expansion Act expires on June 30, grab at anything in sight just for the sake of an agreement, and in their haste for industrial concessions will completely forget the American farmer.

SUPPLEMENTAL VIEWS OF ROBERT TAFT, JR.

I do not subscribe to a number of the views expressed in the subcommittee report. I support the principles of the Trade Expansion Act of 1962 and still favor efforts to increase our foreign trade through reduction of tariff barriers.

However, there is presently little in the picture to warrant the committee's mildly optimistic view of the likely results of the Kennedy Round. To take such a view at this particular point seems unrealistic and unwise. Hopefully it will not affect the culminating negotiations, nor play down the very serious effects that could result if these negotiations fail. While these results would be damaging to U.S. trade, the harsh reality is that the damage to other peoples and nations, particularly the less developed ones, would be far greater.

Yet the future of such policies as were adopted in the Trade Expansion Act will be far more promising if U.S. policy is firmer and clearer than has been the case thus far.

Nor should we be negotiating on matters such as a change in the ASP system, which have not yet been authorized by the Congress. Such a change would be extremely costly in jobs in an important industry in this country. In addition, it is very doubtful that Congress would or should approve the change if it were promised. Yet a failure to do so by Congress, after it had been promised, would surely jeopardize any meager results that might have been achieved.

STATEMENTAL VIEWS OF ROBERT TAYLOR

I do not subscribe to a number of the views expressed in the sub-committee report. I support the principles of the Trade Expansion Act of 1962 and still favor efforts to increase our foreign trade through reduction of tariff barriers. However, there is presently little in the picture to warrant the committee's mildly optimistic view of the likely results of the Kennedy Round. To take such a view at this point seems premature. Hopefully it will not affect the continuing negotiations and make the very serious efforts that are being made in these negotiations. While these results would be damaging to the people and nations particularly of the less developed areas, would be far greater. For the future of our policy as we are entering the Trade Expansion Act will be far more prominent. I believe that the policy is being followed than has been the case thus far. Nor should we be negotiating on matters such as a change in the ASP statute which have not been authorized by the Congress. Such a change would be extremely costly to us in an important industry in this country. In addition, it is very doubtful that Congress would or should approve the change if it were proposed. Yet a failure to do so for Congress after it had been promised, would surely jeopardize any measure results that might have been achieved.