

Pittsburgh, Pa.

October 26, 1982

(Speech at
Jelting event)

LAST WEEK, IN RESPONSE TO THE PRESIDENT'S ECONOMIC PROGRESS REPORT A SPOKESMAN FOR THE DEMOCRATIC PARTY SUGGESTED THAT THEY WERE ADVOCATING "FAIR TRADE" AS ONE ALTERNATIVE TO THE PRESIDENT'S PROGRAM. RECENTLY OTHER WOULD-BE PRESIDENTIAL HOPEFULS HAVE GONE EVEN FURTHER SINGING SONGS OF ALMOST MINDLESS PROTECTIONISM. AFTER LISTENING TO THESE STATEMENTS I FOUND THEM TO BE BOTH AMAZING IN THEIR NAIVETE AND AMUSING IN THAT KEY REPUBLICAN TRADE POLICY INITIATIVES ARE NOW BEING CLAIMED AS DEMOCRAT IDEAS.

CONTINUED INTERNATIONAL TRADE IS VITAL
TO THE U.S. BECAUSE WE MAKE MONEY AND IT CREATES JOBS

CONTINUED EXPANSION OF OUR INTERNATIONAL TRADE IS VITAL TO THE UNITED STATES. WE ARE THE WORLD'S BIGGEST TRADING NATION. LAST YEAR OUR TOTAL TRADE REACHED \$500 BILLION. IF WE SUBTRACT THE \$80 BILLION WE PAID FOR IMPORTED OIL, LAST YEAR WE HAD A TRADE SURPLUS OF \$40 BILLION. EVEN COUNTING IMPORTED OIL WE HAD A TOTAL TRADE SURPLUS (OUR SO-CALLED BALANCE ON CURRENT ACCOUNT) OF \$5 BILLION.

IN ADDITION TO THE FACT THAT WE MAKE MONEY WE MUST CONTINUE TO TRADE FOR AN EVEN MORE IMPORTANT REASON - JOBS. A RECENT STUDY BY THE CONFERENCE BOARD CONCLUDED THAT 80 PERCENT OF ALL NEW MANUFACTURING JOBS CREATED IN THE LATE 1970'S WERE LINKED TO EXPORT. IN AGRICULTURE ONE OUT OF EVERY THREE ACRES PLANTED BY AMERICAN FARMERS IS PRODUCING CROPS FOR EXPORT. SINCE WE KNOW THAT EXPORT AND IMPORT GROWTH ARE CLOSELY LINKED WE WILL SURELY STOP OUR ECONOMIC EXPANSION DEAD IN ITS TRACKS IF WE SIMPLY CLOSE OUR MARKET TO THE PRODUCTS OF THE COUNTRIES TO WHOM WE ARE SELLING OUR PRODUCTS. IT IS NAIVE TO THINK OTHERWISE.

OUR TRADE POLICY IS TO BOTH EXPAND EXPORTS AND
PROTECT OUR INDUSTRIES AGAINST UNFAIR COMPETITION

WHILE WE ARE BENEFITTING FROM TRADE, WE ARE NOT DOING AS GOOD A JOB AS WE COULD. WE MUST PURSUE TWO GOALS WITH EQUAL DETERMINATION. WE MUST EXPAND OUR EXPORTS AND AT THE SAME TIME USE EVERY LEGITIMATE MEANS OF PROTECTING OUR INDUSTRIES FROM UNFAIR FOREIGN COMPETITION. THE SENATE FINANCE COMMITTEE HAS MADE THESE TWIN POLICIES A TOP PRIORITY AND WE WILL CONTINUE THIS EFFORT IN THE REMAINDER OF THIS CONGRESS AND NEXT YEAR.

EXPORT EXPANSION POLICIES

EXPORT TRADING COMPANY BILL

JUST A FEW WEEKS AGO THE PRESIDENT SIGNED THE EXPORT TRADING COMPANY BILL OF WHICH SENATOR HEINZ WAS THE CHIEF SENATE SPONSOR. THIS BILL WILL FACILITATE THE FORMATION OF SPECIALIZED TRADING COMPANIES TO INCREASE THE EXPORT U.S. PRODUCTS. UNDER THE PROVISIONS OF THE BILL OUR INTERNATIONAL BANKS CAN BE PARTICIPANTS IN THESE VENTURES AND WILL NOW FOR THE FIRST TIME BE ABLE TO BRING THEIR INTERNATIONAL EXPERTISE TO BEAR IN TRADE MATTERS. AS SENATOR HEINZ CAN TELL YOU THE BILL WAS SEVERAL YEARS IN THE MAKING AND IT TOOK LEADERSHIP AND DETERMINATION TO FINALLY GET IT PASSED.

FOREIGN EARNED INCOME TAX

WE KNOW THAT IF U.S. COMPANIES HAVE U.S. PERSONNEL ABROAD, EXPORTS FROM HOME INCREASE. WHEN WE FOUND OUR TAX LAWS ON INCOME EARNED ABROAD BY THESE AMERICANS WAS TOO BURDENSOME WE MADE CHANGES IN THE ECONOMIC RECOVERY TAX ACT TO HELP OUR COMPANIES

KEEP U.S. EMPLOYEES ABROAD IN CRITICAL JOBS. THE INCREASE IN EXPORTS THEY GENERATE WILL CREATE JOBS AT HOME.

EXPORT FINANCING

WE ALSO KNOW THAT OUR PRODUCERS FACE COMPETITION FROM FOREIGN GOVERNMENT-FINANCED EXPORTS IN THIRD MARKETS. TO COUNTER THIS, SENATOR HEINZ AND OTHERS HAVE SUPPORTED ADEQUATE FUNDING FOR AND AGGRESSIVE LENDING POLICIES BY THE EX-IM BANK. THE PRESIDENT RECOGNIZED THAT THIS PROBLEM WAS PARTICULARLY SEVERE FOR OUR FARMERS. LAST WEEK, HE ANNOUNCED A \$1.5 BILLION PROGRAM TO HELP OUR FARMERS EXPORT AT COMPETITIVE PRICES THROUGH SUBSIDIZED INTEREST RATES ON LOANS USED TO PURCHASE OUR CROPS.

RECIPROCITY BILL AND OTHER PENDING MEASURES

WHILE WE HAVE ALREADY TAKEN MAJOR STEPS TO STRENGTHEN OUR EXPORT POSITION MUCH MORE REMAINS TO BE DONE. IN THE FINANCE COMMITTEE UNDER THE LEADERSHIP OF SENATOR DANFORTH, SENATOR HEINZ, AND OTHERS WE DEVELOPED A TRADE "RECIPROCITY" BILL. THIS BILL WOULD ALLOW THE PRESIDENT TO RETALIATE AGAINST OUR TRADING PARTNERS WHO DO NOT OFFER THE SAME MARKET ACCESS OPPORTUNITIES AS WE DO. THIS BILL AND OTHER EXPORT EXPANSION MEASURES LIKE CHANGES IN THE FOREIGN CORRUPT PRACTICES ACT REMAIN A TOP PRIORITY. WE HAVE ALSO GIVEN THE ADMINISTRATION CAREFUL INSTRUCTIONS AS TO THE MATTERS WE BELIEVE MUST BE DEALT WITH AT THE MINISTERIAL LEVEL TRADE MEETING NEXT MONTH IF THE UNITED STATES IS TO INCREASE ITS EXPORT COMPETITIVENESS.

PROTECTING U.S. JOBS FROM UNFAIR COMPETITION.

WHEN I HEAR THE DEMOCRATS TALK ABOUT "FAIR" TRADE I AM AMUSED THAT THEY HAVE JUST GOTTEN AROUND TO THE IDEA BUT SENATOR HEINZ

MUST FEEL HE HAS BEEN PREACHING IN A FOREIGN LANGUAGE. SURELY THE SENATE HAS HAD NO STRONGER ADVOCATE ON THIS ISSUE.

FAIR TRADE MEANS PROTECTING AMERICAN JOBS FROM UNFAIR COMPETITION, NOT ALL COMPETITION. IT IS A POLICY WHICH IS COMPLETELY CONSISTENT WITH OUR INTERNATIONAL OBLIGATIONS AND A POLICY WE HAVE CONSISTENTLY FOLLOWED.

THE EC STEEL AGREEMENT

AS YOU ALL KNOW THE PRESIDENT ANNOUNCED AT THE END OF LAST WEEK THAT THE EUROPEAN COMMUNITY HAS AGREED TO LIMIT STEEL EXPORTS TO THIS MARKET. THEIR CHOICE WAS SIMPLE - EITHER MAKE SUCH AN AGREEMENT OR FACE SHARPLY HIGHER DUTIES WHICH WOULD HAVE BEEN CHARGED TO OFFSET THE UNFAIR SUBSIDIES THEY WERE FOUND TO HAVE BEEN PAYING. THE ADMINISTRATION DESERVES GREAT CREDIT FOR CONCLUDING THE AGREEMENT BUT SENATOR HEINZ DESERVES A GREAT DEAL OF THE CREDIT ALSO. HE PUSHED THE COMMERCE DEPARTMENT TO SELF-INITIATE THE STEEL CASES AND WAS ONE OF THE PRINCIPAL ARCHITECTS OF THE 1979 STATUTE UNDER WHICH THE CASES WERE BROUGHT. UNLIKE THE TRIGGER PRICE MECHANISM THIS AGREEMENT WILL BE ENFORCEABLE BY U.S. CUSTOMS BECAUSE OF AN AMENDMENT TO OUR TRADE LAW WHICH SENATOR HEINZ SPONSORED AND WHICH WAS ENACTED IN THE CONTINUING RESOLUTION JUST PASSED.

INTERNATIONAL UNFAIR TRADE PRACTICE CASES

NOT ONLY HAS THE ADMINISTRATION PURSUED UNFAIR TRADE PRACTICE CASES UNDER DOMESTIC LAW, THEY HAVE ALSO BEEN ACTIVE UNDER INTERNATIONAL AGREEMENTS. THE PRESIDENT HAS INITIATED MORE CASES (THE MOST RECENT OF WHICH INVOLVES SPECIALTY STEEL PRODUCTS) UNDER THESE AGREEMENTS IN THE TIME HE HAS BEEN IN OFFICE THAN ANY OF HIS PREDECESSORS. WE MUST BE DOING A GOOD JOB

BECAUSE OUR PARTNERS ARE ACCUSING US OF OVERLOADING THE
INTERNATIONAL SYSTEM.

REFORM OF THE UNFAIR TRADE PRACTICE LAWS AND INTERNATIONAL
AGREEMENTS.

NEXT YEAR THE FINANCE COMMITTEE WILL MAKE A THOROUGH REVIEW
OF ALL OUR UNFAIR TRADE PRACTICE LAWS. I KNOW MANY OF YOU WHO
WERE INVOLVED WITH THE STEEL CASES BELIEVE THAT CHANGES ARE
NEEDED IN THE DUMPING AND COUNTERVAILING DUTY LAWS. SENATOR
HEINZ AND OTHERS HAVE SUGGESTED THAT OUR ESCAPE CLAUSE LAW MAY
ALSO NEED REVISION.

WE WILL ALSO BE PUSHING THE ADMINISTRATION TO SEEK
MODIFICATIONS IN INTERNATIONAL AGREEMENTS DESIGNED TO PROVIDE
PROTECTION AGAINST UNFAIR FOREIGN COMPETITION. IN THE FINANCE
COMMITTEE WE WILL BE PUSHING FOR AGREEMENTS TO LIMIT THE SALE OF
COUNTERFEIT U.S. MERCHANDISE. WE WILL ALSO SEEK TO STRENGTHEN
THE AGREEMENTS RELATING TO THE PROTECTION OF OUR PATENT RIGHTS.
WE HAVE FOUND THAT ALL TOO FREQUENTLY AMERICAN INGENUITY DEVELOPS
AND PATENTS A NEW PRODUCT ONLY TO HAVE IT PRODUCED WITHOUT
LICENSE ABROAD.

I KNOW SENATOR HEINZ WILL BE SUPPORTING US NEXT YEAR AS WE
CONTINUE OUR EFFORTS TO TACKLE THESE AND OTHER PROBLEMS TO MAKE
TRADE MORE BENEFICIAL TO THE UNITED STATES. HOPEFULLY OUR
DEMOCRATIC COLLEAGUES WHO HAVE JUST FOUND "FAIR TRADE" WE WILL BE
EQUALLY AS HELPFUL.