

zenoid intermediates. Imports of all intermediates, by the way, were less than 2 percent of sales in 1964, and exports were well in excess of \$100 million.

Much has been and undoubtedly will also be heard about our dye industry, which is also protected by ASP. We found that four firms make more than half of all sales in our domestic market and 10 have three-quarters of the total, that sales have experienced an average growth of 8 percent per year, and that imports of competitive dyes were again less than 2 percent in 1964.

Another area of which much has been said is the pigment sector of this industry. Here we found that a single large firm has 25 percent of all sales; another four bring the share up to 60 percent of the market. Again, the growth rate has been well above the national average. Imports were almost all deemed not competitive with U.S. pigments and barely accounted for 1 percent of total consumption.

These are but a few of our specific findings. In reaching our conclusions both on conversion of the ASP system and on the rate reductions that we negotiated in the Kennedy Round or those we shall be submitting to the Congress, we applied the same standards as we observed in determining the reductions we could offer on all other products of American agriculture and industry. We examined carefully all available evidence on the individual companies and their workers, the prospects for future growth, the ability to adjust to increased competition, and the potential for benefiting from new opportunities to expand exports. We reached a judgment on whether tariff reduction would cause serious injury and whether the industry has the competitive strength to adjust to such concessions, taking into account the adjustment provisions of the Trade Expansion Act. In the end we found that most parts of the benzenoid industry would not be seriously injured by elimination of ASP and reduction by 50 percent in the equivalent duties computed on the normal basis of valuation. For others, we found that elimination of ASP would have no adverse effect, but that reduction of duties by 50 percent would. In such cases, we have proposed lesser tariff reductions.

I cannot leave this subject without taking note of the criticism which has been made of the manner in which we achieved a satisfactory negotiation of the ASP issue. We insisted, you may recall, that any negotiation would have to be separate and distinct from the chemical negotiations in the Kennedy Round, so that the Congress would have a full and free opportunity to judge the issue on its merits and to determine, as well, whether reciprocity would be obtained in return for abolishing the system. We also insisted that a satisfactory balance of concessions in chemicals be achieved within the Kennedy Round in keeping with the purposes of the Trade Expansion Act, as well as to prevent "overloading" the separate ASP package and thereby impair the free deliberation of its merits by the Congress.

These results were not easily achieved. Until virtually the last week our negotiating partners refused to spin off, so to speak, what they considered to be a major negotiating objective or to pay additional coin in return for its elimination. In the end, however, we were able to achieve a separate ASP package, as well as a balanced deal within the chemical sector in the Kennedy Round.