Balance of Benefits

This brings me to my third point. A proper appraisal of the benefits gained and given in a trade negotiation necessarily involves a composite judgment based on the nature and volume of the trade subject to concessions, an evaluation of the potentials thereby created for future trade expansion, and on the depth of the concessions made. Combining all these factors, the United States negotiated a balanced exchange with each major participant within the Kennedy Round while retaining ASP and, should the Congress approve legislation eliminating ASP, we shall obtain further valuable concessions both to the chemical and other industries. Together, the two packages commit the major nations to make the same average overall percentage reductions in chemical tariffs and to eliminate significant nontariff barriers against the trade of their partners.

In each of the two packages, the concessions received by the United States cover a substantially larger volume of our exports than the volume of imports on which concessions were granted. Taking into account both trade covered by concessions and the depth of the concessions, the United States thus stands to benefit on balance in each package. This positive balance also holds in our bilateral trade with each major participant. Our chemical industry, in short, stands to derive substantial benefits.

We should derive substantial benefits not only on balance but, critically, in the areas where it most counts. Foreign tariffs on our most rapidly growing export products will be drastically reduced, while the exceptions to a 50-percent concessions by others should not adversely affect our future trade to any significant degree.

If ASP is eliminated, our negotiations will result in tariffs abroad being uniformly reduced to extremely low levels, thereby providing very considerable opportunities for our chemical industry. With very few exceptions, there will be no rate in the United Kingdom or in the EEC above 12.5 percent. Tariffs on plastics, for example, will almost all be 10 percent or less in the rapidly growing EEC and United Kingdom markets if ASP is eliminated. In 1964 we exported nearly $150 million of plastics to these two markets alone. Another of our burgeoning overseas markets is in organic chemicals, other than plastics. The United Kingdom here will bring its many 33⅓-percent rates down to 12.5 percent. Some $50 million of U.S. exports of organics go to the United Kingdom alone. The EEC, in turn, will be cutting by nearly 50 percent on an even larger volume of our exports.

Most Japanese duties will be below 15 percent, as will Canadian rates. By comparison, U.S. tariffs in certain key benzenoid sectors will still be 20 percent, while sulfa drugs will be 25 percent and dyes and pigments will be dutiable at 30 percent, substantially above comparable rates in other countries.

We are confident that rates such as these will provide a sufficient level of tariff protection for the U.S. benzenoid industry, a strong and efficient industry with a demonstrated record of international competitive ability. On the other hand, the concessions we have gained should permit it, in turn, and the rest of the chemical industry as well to continue to expand significantly their already substantial export surpluses.