

concerned, it is a matter of law. We are, however, hopeful that we can get such releases.

I would like to say that the Tariff Commission report is only one element that went into our analysis of the problem. We went back to many chemical companies and got as much new information, much of it, confidential, as we could, in order to make as objective appraisal as possible. So we are, sir, working on this.

Representative WIDNALL. In New Jersey they are particularly concerned because of the amount of unemployment within the chemical industry. And I think these figures are significant. Fifty-two percent of the dye workers are Negroes and Puerto Ricans. So the layoff of these workers would have a significant effect, because these are the workers who have the maximum difficulty in transferring to other jobs. The retraining and reemployment of the majority of these people will be difficult, because they earn about \$7,500 a year in the industry at the present time. So it will be very disturbing if it isn't worked out to the satisfaction of the other chemical industry.

Are there other systems such as the ASP which you feel are major barriers to trade which should be abandoned in the near future?

Mr. ROTH. On our part, Mr. Congressman, or on the part of other countries?

Representative WIDNALL. On our part and on the part of other countries.

Mr. ROTH. The area of nontariff barriers is so complex—often you get into relatively small problems, but they have a large effect, whether it is labeling, or whether it is a policy of Government procurement.

Let me say that in the nontariff barrier area we are all sinners. In terms of the American Selling Price, which in a way is a variable levy. I pointed out to the European Economic Community that I considered the variable levy that they have around their agricultural products as not unsimilar. But more and more as we work with business, have worked with business, and will be working with business, we have to get into specific instances where nontariff barriers impede trade and gradually try to work these out. Many of them—we mentioned a few—have to do with special products. There are a few very substantial ones. One of these is dumping, and here we have achieved an agreement in the Kennedy Round. Looking to the future, a most difficult one is the question of border taxes.

Representative WIDNALL. Would border tax nullify any efforts made through the Kennedy Round?

Mr. ROTH. No, sir.

Let me state a little about this border tax issue. Under international law as expressed in the GATT it is legal to offset the domestic sales tax or an added value tax at the border by a tax on the import that equalizes the tax payment made by the domestic producer and the importer. And there is not supposed to be, although it may creep in, any protective incidence in this tax. It is based on the economic theory that an added value tax is passed on in the price, whereas a corporate tax is not.

Now, the economic theory, I gather, not being an economist, has changed in the 20 years since GATT was founded. And there is more question now whether the corporate tax is passed on more than, or less than, the added value tax. So this is something that we have to, and are beginning to, talk about, both in GATT and in the OECD.