with the necessary degree of power and flexibility; approval of the supplementary agreement concerning chemicals, arrived at during the Kennedy round; and, finally, the liberalization of the adjustment assistance provisions of the Trade Expansion Act. I should like to introduce each of these subjects briefly at this point, though I am looking forward to testifying later in greater detail.

For nearly a year, the administration has had no authority to negotiate even minor adjustments in tariffs. Although this has not proven a serious handicap so far, it is a potentially dangerous position. Restoration of the unused tariff-cutting authority, which expired last June 30, would provide the administration with the flexibility needed to protect its interests in the GATT. If the President should take action under section 351 of the act to increase a tariff bound in the GATT—or if a tariff rate should be increased because of a customs reclassification, it is important that he have the power to offer compensation. If he has no negotiating authority, we can only submit to retaliatory action by the countries adversely affected—action that could be much more damaging in economic terms to the United States than compensation.

There remains sufficient unused authority to meet this need if the expiration date in section 201(a) is extended. We are asking that it be extended until July 1, 1970. Although it is not our intention to engage in any major negotiations under such an extension, all the requirements relating to use of the authority would continue to apply.

Also related to our participation in the GATT is the proposed new section 244 of the TEA, which would provide continuing authority for the annual U.S. contribution to the GATT budget. Such a continuing authority would place our participation in the GATT on a businesslike basis. After 20 years of experience with this organization, I think we can now afford to take this step. In terms of the size of the economic stakes involved, our contribution to the GATT budget is certainly a modest one.

So that we can obtain the full benefits of the Kennedy round, the President has asked the Congress to approve the supplementary agreement concerning chemicals—general known as the ASP package. There will be more detailed testimony on this subject later. As you know, one of its principal features is the elimination of the American selling price system of tariff valuation on imports of those benzenoid chemicals, and a few other items, that are also produced in the United States. That system applies to a very small part of our total chemical imports, but it is arbitrary and unfair and has become a symbol to other countries of the worst kind of nontariff barrier.

It cannot be in the interest of our economy to grant this unique privilege to one small and healthy segment of our chemical industry—and a few other producers—at the expense of consumers, farmers, and other industries. While ASP stands on our statute books, our ability to negotiate the removal of nontariff barriers by other countries will be seriously impaired.

But we did obtain some very valuable concessions in return for its removal. The largest beneficiary would be the American chemical industry itself, taken as a whole. In the chemical sector, both in the Kennedy round and in the supplementary agreement, it is clear that the United States obtained at least as much as it gave. In the nonconditional Kennedy round settlement on chemicals, the United States ob-