tained from the EEC, the United Kingdom, Japan, and Switzerland a combined average tariff reduction of 26 percent on their $900 million of imports from us. We, in turn, beginning from much higher rates, cut our duties by an average of 43 percent, but on only $325 million of imports from them, while still retaining the ASP method of valuation for benzenoid chemicals.

In the ASP package, our major trading partners will make such larger additional tariff cuts than will the United States. For its part, the United States would eliminate ASP and grant an additional 5-percent average tariff reduction, thereby raising the average U.S. chemical cuts to about 48 percent, or approximately the same as that of the other countries, for the two packages combined. Let me emphasize again that the total reductions by others apply to a much larger volume of our exports to them than do those of the United States to their exports to us. There is a good deal more to be said about these chemical results, but I will postpone further detail until my testimony tomorrow.

The United States will receive further benefits from the ASP package. The EEC countries now impose automobile road taxes that bear much more heavily on American types of autos than on the smaller European types. These discriminatory features will be eliminated. And U.S. agriculture stands to gain—principally from a 25-percent reduction in the tariff preference that tobacco from Commonwealth sources now enjoys in the United Kingdom.

Finally, as Secretary Wirtz has indicated, the administration bill will liberalize the criteria and procedures for extending adjustment assistance to firms or groups of workers, in order to enable them to adjust to increased import competition.

We are also asking that the special adjustments assistance provisions of the Automotive Products Trade Act of 1965 be extended to July 1, 1971. We believe that both the groups needing assistance and the country as a whole will be best served by action designed either to make marginal firms more competitive or to help them and their workers to shift to more profitable lines of production.

As the President made clear in his New Year's Day message, the administration is determined to find ways of improving the trade account as one of the means of restoring equilibrium to our international balance-of-payments. Secretary Smith has commented on some of these measures. But I want to stress two aspects of the trade problem that seem to me to be paramount.

First, we have recently suffered a deterioration in the U.S. trade balance, caused primarily by high domestic demand and price inflation, but aggravated of course by special but temporary factors, such as the copper strike. We should not let that fact lead us to the conclusion that a basic structural change has robbed U.S. business of its traditional ability to compete with the rest of the world. Whatever else we may do to improve the trade balance, the lasting solution is to stop the inflation. To do so is essential to the basic health of our economy. But it is also essential if we are not to lose the healthy competitive position we have long held in world markets.

Secondly, any direct action such as trade restrictions could at best result in a temporary improvement in the balance-of-payments. Nevertheless, we have given careful consideration to the possibility