

cent when compared with conventional appraisement of these dyes. On the other hand, in a few instances the application of ASP results in a lower duty, because foreign prices are higher than U.S. prices.⁵⁹ But neither of these examples is typical. On the average, ASP about doubles the duties that would normally be collected.⁶⁰

Under Section 336 of the U.S. Tariff Act of 1930, the President is authorized after an investigation by the Tariff Commission to raise or lower a statutory rate of duty by up to 50 per cent in order to equalize foreign and domestic production costs.⁶¹ If a 50 per cent increase is not sufficient to equalize such costs, then imports may be valued on the basis of ASP.

The trade-agreements legislation exempts articles upon which tariff concessions have been negotiated from the applicability of Section 336. Beginning in 1934, the United States

⁵⁹ See U.S. Tariff Commission, *Products Subject to Duty on the American Selling Price Basis of Valuation; Conversion of Rates of Duty on Such Products to Rates Based on Values Determined by Conventional Valuation Methods* (Including corrections to August 15, 1966), TC Publication 181 (Washington, D.C.: July, 1966). Most of the conversions made in this report lump competitive and noncompetitive items, i.e., items that are, and are not, subject to ASP valuation. Consequently, this report does not usually indicate the *ad valorem* equivalent, based on conventional valuation, of rates that are actually applied to ASP. However, some of these *ad valorem* equivalents can be calculated on the basis of information relating to the competitive status of items that is contained in the Commission's report on *Imports of Benzenoid Chemicals*.

⁶⁰ According to official U.S. trade statistics, dutiable values (both conventional and ASP) of imports of benzenoid chemicals in 1964 totaled \$79 million. The U.S. Tariff Commission has calculated that conventional valuation of these imports would have been \$53 million, of which \$28 million was noncompetitive and \$25 million was competitive. Consequently, the ASP value of the \$25 million of competitive imports was \$51 million (\$79 million minus \$28 million) or approximately double conventional valuation. See U.S. Bureau of the Census, *U.S. Imports, Tariff Schedules Annotated by Country, 1964 Annual* (Washington, D.C.: July, 1965); and U.S. Tariff Commission, *Products Subject to ASP; Conversion of Rates, ibid.*

⁶¹ The principle of equalizing production costs as a basis for tariff making and the practical difficulties of ascertaining "foreign" and "domestic" costs of production are beyond the scope of this study. However, because trade is based in great part on cost differences, the effect of equalizing costs would be to end much trade. Also, even if the terms "foreign" and "domestic" production costs are satisfactorily defined, obtaining such cost information is extremely difficult, if not impossible.