both by going into competitive production with imports and thus making ASP applicable and by adjusting their prices and thus changing the amount of duty collected. On the other hand, changes in export prices by foreign suppliers have no effect on the duty.

Related to the application of ASP to benzenoid chemicals is the standard-of-strength provision applied to imports of certain colors, dyes, and stains. Under this provision[65] specific duties are based on the actual strength of these products as compared with an established standard of strength. For example, the standard concentration or standard of strength of the dye vat blue 1 is 20 per cent. A shipment of this dye that had a concentration greater than 20 per cent would be dutiable on the computed weight of a 20 per cent concentration rather than on its actual weight. In practice, this provision applies to only three tariff items, two of which have negligible imports.[66]

Of greater importance is the application of the standard-of-strength principle to the valuation of all benzenoid chemicals. Under U.S. customs regulations ASP is adjusted in proportion to the comparative strengths of the imported and competitive domestic article.[67] Although it would seem reasonable that duties should vary according to the potency of an imported item, such an adjustment is inequitable if, as is sometimes the case, the prices of benzenoid chemicals increase less than proportionately with their strength.

Canadian valuation practices are almost as complex as those of the United States. The usual basis of valuation is "fair market value," which is the price in the country of export of like goods sold for home consumption, and is similar to "foreign value" under U.S. practices.[68] If the quality, quantity, or

[65] See *Tariff Schedules of the United States Annotated* (1965), Schedule 4, P. 1, Subpart C, headnote 6.

[66] In 1964, imports of vat blue 1 (*TSUS* 406.04) totaled $798 thousand. Imports of sulfur black (*TSUS* 406.02) and of natural alizarin and indigo colors, dyes, and stains (*TSUS* 406.60) were negligible.

[67] See *Code of Federal Regulations*, Title 19, 14.5 (f). For an example of such an adjustment, see R. Elberton Smith, *Customs Valuation in the United States* (Chicago, Ill.: University of Chicago Press, 1948), pp. 229–30.

[68] However, "fair market value" excludes internal taxes that are not borne by exported merchandise while, as indicated above, "foreign value" includes such internal taxes.