

We can only make some general observations here. First, in my post as President of the International Chamber of Commerce, I talk regularly with businessmen abroad. I have been deeply impressed by the extent to which foreign businessmen see the American Selling Price system as a major impediment to trade relations, as a symbol of the difficulty of competing in the American market. I am convinced that the American Selling Price, unless modified to conform to the standard methods of valuing imports, will impede further meaningful progress in removing foreign non-tariff barriers, and creating conditions of fair competition in world trade by eliminating restrictive business practices.

It is very difficult for one group of businessmen to suggest remedies for another. We do not wish to be in that position, and would merely rest our comments about ASP on these thoughts: uniformity of commercial practice is a particularly desirable objective in international business; the ASP system itself has outlived the conditions that made it desirable in 1922 as a measure to encourage development of the then "infant" benzenoid chemical industry; ASP stands in the way of really meaningful future liberalization of world trade through removal of the other-than-tariff restrictive trade practices of other countries.

The proposed trade bill would also authorize annual appropriations to finance the U.S. contribution to the budget of the General Agreement on Tariffs and Trade. We support this proposal, because we believe that in any meaningful effort to establish uniform world competition rules the General Agreement on Tariffs and Trade would likely be the principal instrument through which to achieve this objective.

CONCLUSION

We have tried to demonstrate the nature of our economic stake in a freer trade policy. We believe that restrictions such as quotas and orderly marketing ceilings are unwarranted and inconsistent with a free enterprise economic system. We believe that the balance of trade problem must be met by fundamental U.S. economic policy measures, rather than by measures of external control. We are convinced that any advantage the United States attempts to gain through restrictionist schemes will be more than wiped out by retaliation from our trading partners.

For the future, we recommend that a policy of fair competition in world trade be formulated and implemented appropriately, and that primarily in this way problems of unfair foreign trade practices be corrected. The President's trade proposals would be a first step forward.

The CHAIRMAN. Mr. Watson, does that conclude your testimony?

Mr. WATSON. Yes, Mr. Chairman, that does conclude our testimony and we thank you, sir, for your attention.

The CHAIRMAN. We thank all of you for taking time from your busy schedules to come and advise with us on this matter. Are there any questions of the group?

Mr. BUSH. Mr. Chairman.

The CHAIRMAN. Mr. Bush.

Mr. BUSH. Mr. Watson, in the testimony given, you talk about fear of retaliation. Many feel that there has already been retaliation. I know Mr. Blackie's company well. I used to be in the offshore drilling business and I bought many of those big expensive cats, the two-thirds that come from the people that are buying your products at home, and my company would go overseas to try to do business. We did a lot of business overseas. We are competing because of the uniqueness of our know-how and suddenly we find great barriers overseas to our participation.

I have to sell a half interest to someone who wants to do business.

By the way, I am no longer in the offshore drilling business.

My question is aren't we correct in assuming that, if you can sell a Ford Falcon in Japan for \$5,700 and a Toyota sells in Japan for \$1,700 there already is retaliation and aren't we trying to adjust?

Isn't the problem now to adjust for the retaliation that has already taken place?