far broader, long-range view. They recognize that American smokers are entitled to buy whatever type cigarettes they prefer and it so happens that they prefer those having this foreign content. They recognize and accept the fact that it is a basic component of the American cigarette. They recognize also that the oriental content contributed in large measure to demand abroad for the 24 billion cigarettes that we exported last year. More fundamentally, growers have always been stanch supporters of freest possible international commerce for the simple and sound reason that despite the enormous production increases abroad, we still export 30 to 40 percent of annual Flue-cured production. As our largest buyer is the United Kingdom to whom the American selling price system is particularly repugnant, I address myself now to this section of the Trade Expansion Act of 1968.

I would like to comment here, Mr. Chairman, that Mr. Watson and a good many others who have appeared before you have made reference to tobacco and the ASP during the Kennedy round, the British Government offered to reduce by 25 percent the preferential duty rate accorded to tobacco grown in the Commonwealth if we in turn would eliminate the ASP duty system which, I believe, is applicable to only four categories of imports, the principal one being benzenoid chemicals.

It is this preferential duty that has accounted in large measure for the enormous production increases that occurred in Commonwealth countries, particularly Rhodesia, India, and Canada, and who, in that order, rank next after the United States as Britain's principal supply sources. Imports from Rhodesia have, of course, been cut off since her declaration of independence. That has no bearing on the past, and if she composes her differences with the London Government, the preferred duty position of her tobacco would revert to its status prior to the separation. The preference is 1 shilling 6 pence per pound weight, or prior to devaluation, 21 cents in U.S. currency. It had a two-pronged effect. First, British manufacturers could pay up to 21 cents a pound more for Commonwealth tobacco and still have it as cheaply as our own. Second, they could pay, let us say 15 cents a pound more, and still come out 6 cents ahead. In either case, the preference militated against us. It encouraged the British manufacturer to use Commonwealth growths and in doing so and in paying higher prices, it enabled Commonwealth tobacco, because of the United Kingdom premium, to become even more competitive in our other major markets, notably West Germany, Japan, and the Benelux countries.

The elimination of ASP would do away with 25 percent of the umbrella over that competition. It would reduce the spread between our respective tobaccos from 21 cents a pound prior to devaluation to 13.5 cents as of today. However valuable such a step would be in absolute terms to our tobacco in Britain, the parallel benefits elsewhere could vastly overshadow that of tobacco. It would provide the world with a clear indication of our determination to move ahead in the difficult task of removing barriers to trade. This demonstration could pay off many times over to this Nation as a whole in the years ahead without damage of consequence, so I am informed, to the benzenoid industry. The record would indicate that this industry has used ASP as a wet nurse for nearly half a century when it should have been weaned on reaching full muturity long years ago.