

right to raise barriers to the flow of goods from other countries simply on this basis.

The level of wages is only one among many factors in production which together determine the price levels at which a country can afford to export. The apparent advantage of low-wage rates—or the apparent disadvantage of high-wage rates—is often offset by compensating factors such as the availability of raw materials and capital investment, the quality of training of labor and managerial personnel, the degree of modernization and the utilization of advanced technological practices, and so forth. In these regards we command significant advantages.

In addition, concern has been expressed over the possible effect of imports on employment opportunities in the United States. We should be just as deeply concerned about the loss of existing jobs, dependent on U.S. export trade, which would be occasioned by the inevitable defensive measures taken by foreign countries on the creation of new import barriers here.

Nor should imports be treated as a scapegoat when, under the spur of competition, job opportunities in certain industries are modified by the concentration of production in more modern and efficient plants.

Turning to the administration's proposals, we support H.R. 17551, and in particular: (1) extension of the President's authority to adjust tariffs through June 30, 1967; (2) modification of the rules governing adjustment assistance; and (3) elimination of the American selling price system of valuation.

We strongly believe, Mr. Chairman, that the U.S. benzenoid chemical industry is not in such a precarious condition that it genuinely requires the exceptional and unique treatment that ASP affords.

In the context of the ASP agreement, I would just like to make the point that, in trade with the United Kingdom, the overall chemicals agreement works out clearly in favor of the United States. U.S. exports of chemicals to the United Kingdom are worth about \$170 million a year and the tariffs which they face are to be substantially reduced—by as much as 62 percent in some cases.

There will then be very few United Kingdom tariffs over 12½ percent in the chemical field; and the average will be below that figure. Many U.S. chemical tariffs will remain at 20 percent or higher and the average level will be well above that of the United Kingdom. U.S. imports of chemicals from the United Kingdom are around \$70 million a year, and only a small part of these are benzenoids.

In this regard, the United States has an excellent bargain. Our chemical industry should be able to maintain and increase its existing large favorable balance in trade with the United Kingdom.

For its part, the United Kingdom is apparently looking for an expansion of its trade in chemicals chiefly through the further reduction of EEC tariffs, which would follow the elimination of ASP.

In other words, our chemical industry is to receive more than it gave up in its bargain with the United Kingdom, with the latter receiving its principal benefits in Europe. This is, in our view, an excellent example of how multilateral trade works.

Finally, we wish to comment on the quota proposals which are under the consideration of this committee. We believe that all those who