

The significance of failing to grant such authority would be considerably greater than the significance of granting it. Granting it will permit the continuity in the exercise of U.S. foreign trade policy pending more far-reaching decisions upon future directions. Refusal to grant could signal to the rest of the world a breakdown in U.S. leadership in trade matters.

#### *Adjustment assistance*

According to Ambassador Roth and other Administration spokesmen, adjustment assistance under the 1962 TEA has not worked as was intended. We believe that the impact of imports has been exaggerated, by both industry and labor. If governmental help is desirable because imports contribute to a displacement, then governmental help is also in order if these displacements arise from technological developments, changes in taste, a shift in defense orders, or still other factors. Nevertheless it is a fact that the support of labor for the Trade Expansion Act of 1962 was based, in no small part, upon the promise of adjustment assistance. That being so, it would be prudent to do everything possible to make it a reality. Accordingly the U.S.-Japan Trade Council supports legislation to make it easier to obtain adjustment assistance.

At the same time the Council hopes that the Congress will stand fast against any changes in the criteria leading to adjustment of tariffs. In this respect, the much criticized decisions of the Tariff Commission can be fully defended on both legal and policy grounds. It is not surprising in the least that there have been no cases of relief under Title III of the Trade Expansion Act of 1962. Most of the tariff changes had taken place long before and the changes effected by the Kennedy Round are scarcely now in effect. The whole notion of adjustment, under the Trade Expansion Act, implies that an industry has already had time to attempt to adjust to tariff changes that took place long ago.

#### *American selling price valuation*

We think that the problem of American Selling Price valuation or ASP has been inflated well out of its proper proportions. This abnormal method of valuation applies to only a very small part of all of the imports into the United States and one would suppose that it was of general application from all the attention it has been given. Nevertheless, it is contrary to the GATT (except for the saving clause on existing legislation) and the United States has been inviting trouble by not doing the sensible thing years ago and removing this anomaly from the American customs law. Such unilateral removal was proposed by the Administration back in 1950 when the customs simplification legislation was being first proposed. It seemed a very normal and natural thing to ask the Tariff Commission to find the equivalent rates, as near as may be, on the normal valuation methods and to convert as a unilateral U.S. matter. It is unfortunate that it was not done in this way. We think an enormous amount of confusion and misunderstanding has arisen because of the attempt to bargain for the removal of ASP, and to combine the process of converting into rates giving comparable protection with the process of reciprocal reduction of tariffs.

The chemical tariffs to which the American Selling Price applies are of considerable interest to the trade between Japan and the United States, as also is sneaker-type footwear entered under Item 700.60 of the Tariff Schedules of the United States. There was no bargain in Geneva on the footwear because the United States delegation took an unacceptable position with respect to the rate of conversion. The United States sought to negotiate on a basis which meant an actual increase in duty. This was highly unacceptable not only to the principal supplying country, Japan, but also to importers in the United States.

Now, the Administration requests authority to enter into an agreement eliminating ASP on footwear, which we heartily approve. But it includes a quite unjustified minimum rate, effective not before 1971. The rate is a compound rate of 20 percent plus 25 cents a pair *coupled with* a floor of 58 percent ad valorem. This proposal is entirely wrong in principle because it departs from the conception of converting at the same level of protection that has been enjoyed during a recent historical period. The Tariff Commission found a level of 58 percent in 1965. We submit that the bill should be amended so as not to tie the hands of the negotiators, and allow rate and product definitions consistent with the 1966 Tariff Commission report, or a new report.

#### *The "Final List" and customs administration*

The United States-Japan Trade Council urges that abolition of the "Final List" be approved by the Committee as part of this bill or as a separate bill.