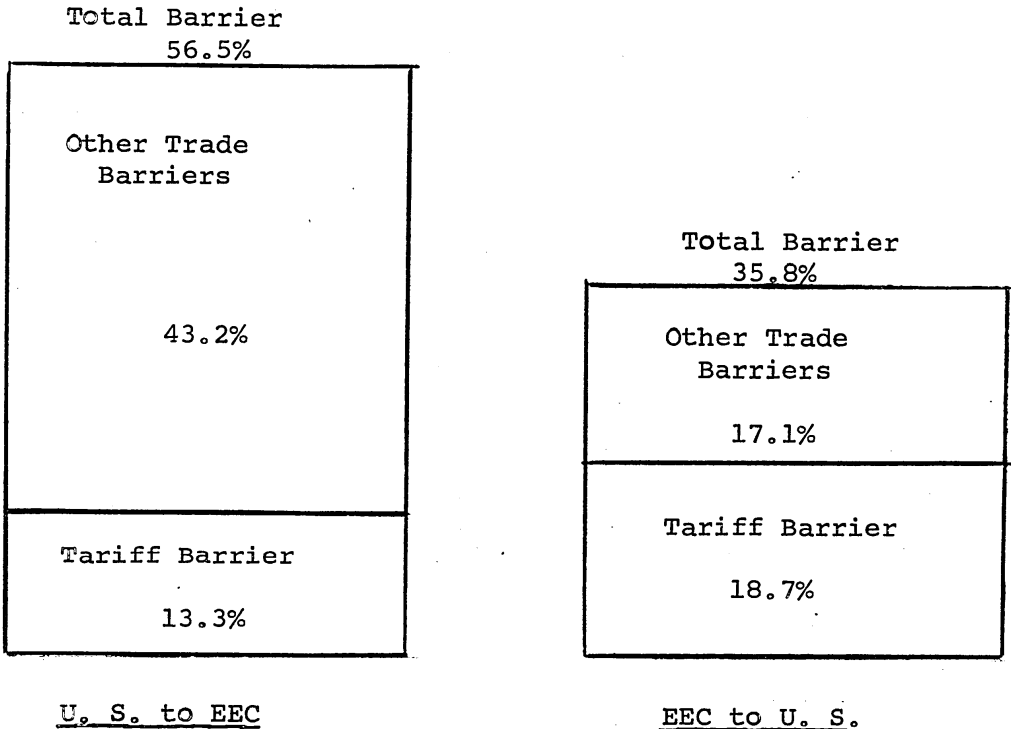


volume in international trade.⁷ We believe that the data developed on these products are broadly representative of the situation with respect to other commodities, including plastics. The study showed that the average EEC common external tariff rate for these fourteen products amounted to 13.3%. The average U.S. tariff rate for the same fourteen products was 18.7% or 41% higher. However, it was found that the EEC tariff rate accounted for less than one-fourth the total EEC cost-of-entry barriers facing these fourteen products, while the U.S. tariff rate accounted for more than one-half of the total U.S. cost-of-entry barriers. Thus, while U.S. tariff rates were 41% higher than the EEC tariff rates, total costs-of-entry were 58% higher into EEC than into the U.S.:

Comparative Costs-of-Entry
14 Chemical Products



In March, 1967, while in Geneva as an industry technical specialist for the plastics industry, I submitted information on EEC costs-of-entry as they applied to plastic materials. Our data at that time led us to conclude that a reduction of the EEC common external tariff on plastics to an average of 10% would require a U.S. tariff rate averaging 24.5% to amount to equivalent cost-of-entry barriers for both EEC and U.S. under existing conditions of international trade. Our study further concluded that the planned harmonization of EEC border tax at an estimated level of 14.7% would require a considerably higher U.S. rate than even the 24.5% in order to balance the total costs-of-entry.

A. BORDER TAXES

Since President Johnson's Balance of Payments speech last January first, Border Taxes have been in the spotlight. Much has been debated. Much new data has been developed and analyzed. We have had the experience of the German change from turnover tax to value-added tax. The chemical industry, and the plastics sector of the chemical industry, have been leaders for the past several years in analyzing the impact on trade of indirect taxation systems and border tax adjustments. From this work, we have come to the following conclusions:

⁷ *Comparative Cost-of-Entry into United States and European Chemical Markets*, Horace J. DePodwin Associates, Inc., February, 1966.