The major cost-of-entry costs other than tariffs included in the above chart, and in the chart on page 26, are shipping costs, border tax adjustments, c.i.f. valuation, cascaded border tax base, and special taxes or charges applying in specific countries or to specific products. Much debate centers on whether or to what extent border tax adjustments operate as cost barriers to trade and whether they should, therefore, be included in calculations such as these. The issues and the contending arguments are well known to the Committee on Ways and Means. This statement suggests that, where domestic price comparisons are made between the prevailing tax-paid price in EEC (direct and indirect taxes included) and the prevailing price in U. S. (direct and indirect taxes included), as is done in the foregoing section on price comparisons, and where such price comparisons show increasing disadvantages to U. S. producers, it follows that border tax adjustments on U. S. exports to EEC sharply disadvantage our export trade to those countries and border tax adjustments on EEC exports to U. S. and to third countries correspondingly disadvantage both our domestic trade (especially now that U. S. tariffs are reduced) and also our export trade to third countries. Based on this reasoning, and in view of the considerable doubt that there is any significant difference in incidence between direct taxes and indirect taxes, we believe it appropriate to include border tax adjustments among trade barrier costs.

The Society believes that the date summarized above demonstrate that there are substantial and differential costs-of-entry beyond tariff duties themselves which must be considered in trade negotiations and which must be taken into account in arriving at any true measurement of reciprocity. Border tax adjustments constitute one of these differential cost elements and, therefore, their effects in disadvantaging U.S. trade must be considered. We agree that further studies are needed to develop additional data. Such studies are now being undertaken in the plastics industry, and we urge the full cooperation of Government in this effort.

B. INTERNAL RESTRICTIONS AFFECTING MARKETING AND DISTRIBUTION

Many countries have extensive laws and regulations requiring clearance or approval of plastics products relating to health, sanitary, or safety reasons. To give an example, in many European countries, prior clearance must be obtained in order to market plastics having uses involving contact with food for human consumption. Approval may also be required for the use of certain plastics for construction purposes.

It is not the Society's contention that such regulations constitute barriers to trade *per se*. However, we believe that they could be employed as a device to limit exports from this country such as by the adoption of standards or nomenclature which would arbitrarily discriminate in favor of competitive products manufactured in the destination country.

The export potential for plastics products and materials which might be subject to internal marketing restrictions abroad due to health and similar reasons is believed to be quite substantial. Accordingly, it is recommended that our Government institute procedures to review and identify all such restrictions continually. In the interest of promoting exports from this country, we would also suggest that stronger efforts be made by Government through the Department of Commerce to familiarize domestic producers with the appropriate laws and regulations involved such as by their periodic compilation and publication on an industry sector basis.

III. Problems Faced by American Plastics Exporters and Recommendations Aimed at Making the Industry More Competitive in World Trade

Many of the industrialized nations of the Free World have very effective export incentive programs. While these incentives take many forms, their purpose is clear—to make export business as attractive as possible.

The U.S. has generally avoided such mechanisms, relying instead on the business community to compete in world markets through a combination of export sales and foreign production facilities. In general, these policies have served the nation well, resulting in a consistently favorable return of earnings in excess of investment outflows.

We are fully aware of the current Administration proposals which are designed essentially to conserve and bring home dollars now in the hands of U.S.