Kennedy round with no further tariff cuts, and no agreement was negotiated to remove ASP from canvas footwear.

Basis of our support for section 401(b) of H.R. 17551

While section 401(b) of the administration bill does provide for the conversion of ASP, it also takes account of the industry's arguments, and particularly of our plea for adequate time to adjust and for recognition of the recent imports from countries with costs even lower than Japan's. It is for this reason that we support it. I am frank to say that we are also supporting this bill because we no longer wish to be in a position of fighting to retain a valuation method which on the one hand our Government and its principal trading partners have condemned as anachronistic, unduly difficult to administer, and uniquely protective, but which on the other hand has proved to be an ineffective barrier to a steadily mounting volume of imports.

Let me stress that this bill will not solve our import problems. We are hopeful, however, that, by giving us time to deal with those problems, and by providing a conversion which uses the Tariff Commission's 58 percent as a floor to the 20 percent plus $0.25 a pair, we will have a reasonable chance to adapt to the even more difficult competitive conditions which the contemplated elimination of ASP will create.

We are not seeking a legislative panacea, nor are we prepared to accept the extinction of our industry. The industry is investing in plant modernization, including new methods of production. In addition, we are working with the Commerce Department in an effort to redevelop an export market for our products. We have a reasonable amount of confidence that a combination of our own efforts and the provisions of section 401(b) will, in time, result in a lowering of the competitive odds against domestic producers of rubber footwear.

Conclusion

In short, we are prepared to accept the administration's proposal for a conversion from ASP, but we hasten to add that if our economic prospects fail to improve, it is possible that we will be back here seeking an import quota. In this regard, I would like to call your attention to a statement we submitted to the Senate Finance Committee at the time of its October 1967, hearings on quota legislation. At that time we disavowed any present intention of seeking quota relief, but we said that it might be necessary to do so under any of the following circumstances:

1. If the Congress rejects the rubber footwear section of the administration's trade bill, and if it then converts ASP at a lower rate and at an earlier date;
2. If we are wrong in our judgment that, given time, the quality of our products will win out over the cutrate prices of our import competition; and/or
3. If Congress decides to legislate quotas for industries whose production, financial, export and import statistics are less discouraging than our own.

Because section 401(b) is a constructive approach to an extremely difficult problem, we support its enactment, and we hope and pray that we can live with it.

(The documents referred to follow:)