(*b*) On the other hand, there will be potential gain in netback for UCC on exports to Japan, accruing from substantial reductions in duty as well as probable increase in export volume resulting therefrom. Here, probable change in marketing conditions such as beneficial effect of tariff changes including stimulus to export volume, reduced by probable price cutting by foreign competitors, has been carefully considered and evaluated for each major UCC product individually in order to arrive at the potential net change in profit on UCC exports to Japan.

(*c*) This will not be the case into Canada, where KR duty changes either were negligible or actually turned out to be increases. Furthermore, since UCC sales to Canada are largely to an affiliated company, it is not felt that the 1.2% rebate effect will actually apply significantly.

(*d*) As far as the remaining countries are concerned, these constitute largely the less-developed countries for which tariffs were not affected by the KR reductions, but within which UCC will be subject to the adverse 1.2% and 3% effects cited in (a) above.

Based on the foregoing criteria and assumptions, the quantitative effect on UCC export operations is estimated in detail as follows:

	Estimated increase in netback (before tax) 1972	
	ASP[1] repealed	ASP[2] retained
I. UCC chemical exports to EEC:		
(a) From KR duty change (100 percent of reduction):		
Germany	+449,000	+148,000
France	+646,000	+323,000
Italy	+175,000	+52,000
Belgium	+283,000	+83,000
Holland	+95,000	+28,000
Luxembourg	+17,000	+5,000
Total	+1,665,000	+639,000
(b) Disadvantage from border tax change (see table on p. 3):		
Germany	−262,000	−262,000
France	0	0
Italy	+29,000	+29,000
Belgium	−262,000	−262,000
Holland	−80,000	−80,000
Luxembourg	−7,000	−7,000
Total	−580,000	−580,000
II. UCC chemical exports to EFTA:		
(a) From KR duty change (50 percent of reduction):		
United Kingdom	+102,500	+41,000
Sweden	+22,000	+9,000
Norway	27,000	+11,000
Denmark	21,000	+8,500
Finland	0	0
Switzerland	+6,500	+3,000
Austria	0	0
Total	+179,000	+72,500
(b) Disadvantage from additional price cutting expected from export tax rebate effect	−132,000	−132,000
(c) Profit on expected increase in UCC export volume to United Kingdom	+18,000	+9,000
III. UCC chemical exports to third countries other than EFTA:		
(a) Disadvantage from pricecutting expected from export tax rebate effect, all countries except Japan and Canada	−588,000	−588,000
(b) Loss in profit from estimated 3-percent reduction in export volume resulting from (a)	−88,000	−88,000
(c) Net change in netback on exports to Japan resulting from all marketing factors evaluated upon an individual product basis	+486,000	+486,000
(d) Canada, no change[3]	0	0

[1] Assumes Kennedy Round duty cuts of 50 percent, and includes all other features of "ASP separate package."

[2] Duty cuts stay at 20 percent.

[3] Canadian Kennedy Round duty changes are not yet definitely announced, but we understand that for UCC major products some tariffs may increase and others decrease. We can only assume here that possible advantaging from net duty reduction (if any) will offset loss from price reduction by EEC competitors expected from export tax exemption effect.