Although the U.S. chemical industry is larger than that of any other single nation, it is extremely important, we think, to point out some disturbing trends and problems which relate directly to the proposed legislation. The growth rate of the industry was 5.8 percent from 1960 to 1966, compared to an impressively larger 9.7 percent for members of the Common Market. Indeed, 1967 sales of chemicals in the United States were only 3.9 percent higher than those in 1966. The growth rate of U.S. exports for the 6-year period was about 7 percent compared to 15.1 percent for Common Market countries. It is interesting to note also this foreign subsidiary sales of U.S. chemical companies increased 16 percent per year, while the export growth rate was only 7 percent per year.

These measurements, plus those made in a multitude of product studies by the industry indicate that, for a number of reasons not within the control of our industry, we are losing its competitive position in world chemical production. The reasons are too numerous and complex to repeat here, but they include such factors as differences in raw materials costs, differences in application of antitrust laws, wage productivity ratios, and the use by other countries of important non-tariff barriers, such as indirect tax systems.

Let me speak now to MCA positions on the proposed legislation.

We support extended tariff negotiating authority of the President as provided in title II, but only for "housekeeping" purposes. This authority should not be used for additional tariff cutting, for any reason. We recognize the need for this authority for international trade problems which will arise.

The MCA strongly opposes title IV of H.R. 17551. This provision would eliminate the American selling price system of customs valuation. It is essential for the health and continued growth of this sector of the chemical industry that this cost equalizing customs system be retained.

To eliminate ASP, the Congress has been asked to approve a supplementary agreement negotiated in the Kennedy round. This agreement will afford the industry little export opportunity to balance the impact of imports. In order to understand fully the lack of reciprocity in the supplementary agreement, it is essential to consider the chemical tariff cutting in the Kennedy round itself. The United States reduced most chemical tariffs by 50 percent in the Kennedy round. In return, the EEC and the United Kingdom reduced chemical tariffs by about 20 percent. Most, but not all, other major nations reduced chemical tariffs by 50 percent. It is said by the Office of the Special Trade Representatives that the United States reduced chemical tariffs by an average of 43 percent and received in return an average reduction of 26 percent.

The chemical industry is convinced that the Kennedy round chemical tariff cutting was far from reciprocal. The effect will be a lesser contribution of the chemical industry to the U.S. trade surplus in the years to come and a considerable impact on the health and the growth of the U.S. chemical industry, particularly in certain segments.

The U.S. share of world chemical exports has declined from 29 percent in 1960, to 23 percent in 1965. U.S. chemical imports since 1961 have increased 14 percent per year, while our exports have increased only 7 percent per year. When you combine these trends