worth of chemicals shipped from the U.S. to the EEC. In terms of overall trade with GATT partners participating in the Kennedy Round, the STR says the U.S. gave concessions on $400 million worth of chemicals imported from GATT partners and received concessions from these partners on $1,050 million worth of U.S. chemical exports.

This method of analyzing results gives the impression that the U.S. received far more than it gave in the Kennedy Round. The fact is that such members merely reflect the pattern of past trading positions and have no relationship to the future worth of concession exchanges. The impact such exchanges may have in altering future trade among countries constitutes the only true measure of reciprocity.

During the course of the Kennedy Round negotiations, the U.S. made 50 percent reductions in nearly all chemical tariffs. (Through the rounding-out procedure, many of these reductions are greater than 50 percent.) In contrast, the U.K. and the EEC promised to reduce tariffs only by about 20 percent. Another important trading partner, Japan, committed itself to 50 percent reductions. Chemical concessions from the balance of the GATT membership participating at the Kennedy Round were far less in significance. On the fact of these percentages, the chemical agreement in the Kennedy Round clearly was not reciprocal. The EEC and the U.K. will match in percentage the chemical tariff cuts made by the U.S., only if the United States Congress approves the Separate Package eliminating the American Selling Price system of valuation.

Chemical industry studies on the reciprocity of the Kennedy Round tariff cuts show that chemical imports to the United States will increase faster than U.S. chemical exports. We believe this is true because reciprocity in new export opportunity was not achieved. Some of the difficulty lies in the fact that U.S. production costs are higher than abroad. Also, the decrease in border equalization taxes in all Common Market countries except France will offset most of the tariff cuts made in the common external tariff. In addition, other non-tariff barriers will tend to nullify tariff reductions gained by the U.S. in the Kennedy Round. In the U.S. market, however, product-by-product evaluations show a severe impact by imports on many MCA member companies' products and profits.

Members of the MCA, therefore, believe that the United States must find a way to determine the balance of new export opportunities resulting from trade negotiations. Considering the current difficulties with the U.S. balance-of-payments, these considerations are essential to effective bargaining in the future.

V. TRADE EXPANSION ACT OF 1968

A. Extension of President's Tariff Negotiating Authority—Title II

The Administration seeks tariff negotiating authority of the "housekeeping" variety in Title II of H.R. 17551.

The extension of the authority of the Trade Expansion Act (TEA), Sections 202 and 211, would allow negotiations of duty free treatment for low-rate articles and categories of materials where U.S. and European Economic Community (EEC) account for 80 percent or more of world trade.

It is our view that now is not the time for further reductions in tariffs. Never before have such extensive tariff cuts been made as were negotiated in the Kennedy Round. It will take years to properly evaluate the effect on the U.S. economy of such large reductions. Since further tariff reductions can hardly be needed for "housekeeping" purposes, MCA urges that the authority of TEA Sections 202 and 211 not be extended.

With these modifications, the MCA would support extending the President's negotiating authority.

B. Liberalization of the Adjustment Assistance Provisions of the TEA—Title III

The MCA has stressed the need for adequate escape clause procedures to permit tariff adjustments by the President when trade concessions contribute to increased imports which result in injury to U.S. industry.

Presently the adjustment assistance and escape clause provisions of the Trade Expansion Act provide that a petitioner must prove (1) that as a result of tariff concessions, the article is being imported in such increased quantities as to cause serious injury to the domestic industry, and (2) that such increased imports were the major factor in causing or threatening to cause injury to the petitioner.