This imposes upon the petitioner an almost impossible burden of proof. In the five-year period since 1962, over twenty firms and groups of workers have attempted to obtain adjustment assistance under the TEA, but none was found to meet the criteria for eligibility.

Ambassador Roth summed up the problem succinctly in his statement before the Subcommittee on Foreign Economic Policy (July 11, 1967):

"In the complex environment of our modern economy, a great variety of factors affect the productive capacity and competitiveness of American producers, making it virtually impossible to single out increased imports as *the* major cause of injury. In fact, it has usually been impossible to prove that tariff concessions were *the* major cause of imports."

In addition to liberalizing the eligibility criteria for adjustment assistance for firms and workers, MCA believes the proposed legislation should also liberalize to the same extent the eligibility criteria for escape clause relief for industries. Industry faces the same difficulties of proof as firms and workers when suffering injury-warranting tariff adjustments.

C. The Supplemental Agreement Relating Principally to Chemicals—Title IV

Approval of the separate agreement called the "Kennedy Round Agreements Relating Principally to Chemicals Supplementary to the Geneva (1967) Protocol to the General Agreement on Tariffs and Trade" would eliminate the American Selling Price system of valuation and further reduce duties on some other chemical products in return for further reductions and other concessions from EEC countries, U.K., and Switzerland.

The Kennedy Round was the sixth and most ambitious round of tariff reductions under the auspices of the General Agreement on Tariffs and Trade (GATT). In obtaining authority for these negotiations, President Kennedy stated in a Special Message to Congress on Foreign Trade Policy (January 25, 1962):

"I am therefore requesting two basic kinds of authority to be exercised over the next five years: First, a general authority to reduce existing tariffs by fifty percent in *reciprocal* negotiations."

and

"But *let me emphasize that we mean to see to it that all reductions are reciprocal*—and that the access we gain is not limited by use of quotas or other restrictive devices." (Emphasis added.)

It is the considered opinion of the U.S. Chemical industry that the results of the Kennedy Round negotiations, insofar as the chemical sector is concerned, are far from reciprocal. In exchange for reducing the U.S. tariffs on chemicals by an average of 43 percent, the EEC and the United Kingdom, principal overseas trading partners, are reducing their tariffs by an average of about 20 percent. This agreement is clearly not reciprocal because the Congress is asked to make further concessions in order to get the EEC and U.K. to reduce their tariffs to the same level as those already agreed to by the U.S.

The chemical industry has been quite concerned about the adverse trends in trade which have taken place under the tariff levels prevailing before the Kennedy Round. While our industry's exports have increased, the chemical exports of other countries have been growing at a faster rate. U.S. chemical imports in the period 1960–66 have increased an average of 12.2 percent per year, while U.S. chemical exports have increased only 6.9 percent per year. (See Exhibit A.)

Never in our previous history had it been proposed that tariff protection on a broad range of products be reduced by as much as 50 percent. Because of this, Congress was careful to insist that these tariff cuts be made in five annual installments so that the impact on industry would be softened to some extent at least. Yet the Administration now proposes even greater tariff reductions than those authorized by the Trade Expansion Act of 1962.

MCA urges that Congress not further compound the injury by endorsing the Supplemental Agreement Relating Principally to Chemicals. The proposed legislation goes beyond the scope of the Act, and the intent of Congress in authorizing trade negotiations (1) by reducing the tariff rates on some chemical products by more than 50 percent, and (2) by eliminating the American Selling Price (ASP) method of tariff valuation. In addition, the Supplemental Agreement contravenes the wishes of the Senate as expressed during 1966, in Senate Resolution 100, in that it was negotiated without prior authorization of the Congress.

Another unfortunate consequence of approval of the Separate Package is that the tariff rate would be reduced on 69 important, low-duty rate, non-benzenoid