entirely kept their high sales taxes from increasing their export costs and prices. The shift to value-added taxes will underscore this effort and make it easier of accomplishment. In addition, to the extent that the incidence of these taxes in the actual economic world is at variance with those premises and rules, the European tax systems operate in the direction of providing a trade advantage for the Europeans."

The CHAIRMAN. Thank you, Mr. Gerstacker.
Mr. Turchan.

STATEMENT OF THOMAS P. TURCHAN

Mr. TURCHAN. Thank you very much, Mr. Chairman, and thank you for allowing Mr. Gerstacker to testify first.

SOCMA POSITION

I appreciate the opportunity you have afforded us to appear here this morning to present the reasons why the domestic benzenoid chemical industry opposes title IV of H.R. 17551 which provides for implementation of the so-called separate package agreement on benzenoid chemicals.

This agreement is clearly unreciprocal. I shall discuss the lack of reciprocity in three areas:

(i) the 50 percent—20 percent deal negotiated in the Kennedy round for chemicals,

(ii) the "separate" package; and

(iii) border taxes.

ADJUSTMENT ASSISTANCE AND ESCAPE CLAUSE

However, as a preliminary matter, I would like to agree with the comments made by Mr. Gerstacker on title V of H.R. 17551.

I must clearly and forcefully state at this point, however, that liberalization of adjustment assistance and of the escape clause cannot in any way or in any realistic sense be considered seriously as remedies for the gross lack of reciprocity mentioned.

We are convinced that the results of the Kennedy round negotiations will be loss of jobs and retardation in the creation of new jobs. Adjustment assistance is a mere palliative for this damage, and we wish to make clear that even if adjustment assistance is liberalized, it is no answer to the serious job problem and adverse balance-of-payments impact of these negotiations.

We do not object to the liberalization of this adjustment assistance standard, provided the present "escape clause" standard is accorded the same liberalization. We continue to reject the theory that the taxpayers' money should be used to compensate for injury caused by imports in lieu of using the "escape clause" to remove the cause of the injury. Thus, at a very minimum, any liberalization in the standard for adjustment assistance should be matched by the same liberalization in the "escape clause" standard.

SOCMA

SOCMA is a nonprofit trade association of manufacturers of synthetic organic chemicals. We have 79 member companies. With the