our chemical tariff by 50 percent in return for reductions of 20 percent by our principal European trading partners.

The key issue in determining reciprocity is the effect on future trade. Where costs of production abroad are lower than in the United States, it takes a greater cut in foreign tariffs—assuming tariffs are the only trade barrier, which we know they are not, to generate an equivalent export increase. If there were to be unequal cuts, clearly theirs should have exceeded ours.

Even when judged by the trade negotiators' own obsolete standard of equal percentage tariff reductions by both sides (rather than the future trade effect of the cut) the 50 percent-20 percentage bargain agreed to in Geneva gives away a 30-percent reduction in excess of that which our own negotiators' standard of reciprocity would require.

2. *Separate package.*—Second, our negotiators agreed to the so-called separate-package agreement which it is now submitting to the Congress. Under this agreement the United States would abolish American selling price valuation and reduce still further the tariff on literally hundreds of chemicals in excess of the 50-percent reduction authorized under the Trade Expansion Act. In exchange for this concession, our European trading partners would reduce their tariffs by an additional 30 percent and thereby match the 50-percent reduction we agreed to in the Kennedy round.

We have carefully studied this separate package and the effect it would have upon our industry. There is not the slightest question but that the retention of American selling price valuation and prevention of still further duty reductions on a plethora of U.S. products is of significantly greater trade value to this industry and to the United States than the additional 30-percent reduction in foreign tariffs which the separate package offers. The acceptance of this package will cause a substantial increase in chemical imports which will not be matched by additional exports from the reductions to be made by our trading partners.

3. *Border taxes and export rebates.*—Finally, these unreciprocal chemical deals were made still more unreciprocal by the border tax-export rebate mechanisms employed by most of our principal European trading partners. While we were agreeing to reduce substantially our entire barrier to their exports (tariffs), they were agreeing to lesser reductions in their tariffs, which are only a portion of their barrier to our exports. They made no reduction at all in their border taxes, the other significant part of their overall trade barrier.

As if this were not enough, our negotiators knew at the time they agreed to these deals that most of the Common Market countries would be raising their border taxes by more than they were agreeing to lower their tariffs. The end result was that their total barrier to our trade—tariff plus border taxes—will be higher after the entire Kennedy round reduction than before the Kennedy round began.

What the Common Market was giving with one hand in the form of tariff reductions, it was more than taking away with the other by raising border taxes. Moreover, our trade barrier was not only cut in half, it is still further undermined by increased European export rebates. Simultaneously, their overall trade barrier to imports is higher than it ever was. What kind of reciprocity is that?