tied behind our back. The issue which we present to this committee is not one of free trade versus protectionism. The issue which is posed is whether the Kennedy round and the chemical deals are such that we can afford liberalization without reciprocity and without equality of tax treatment for U.S. exports, whether we can afford to liberalize trade when our trading partners are not doing so.

We believe the answer is "No."

We appreciate the opportunity to present this position to the committee.

(Mr. Barnard's prepared statement and exhibits referred to in his oral statement follow:)

STATEMENT OF ROBERT C. BARNARD, COUNSEL, SYNTHETIC ORGANIC CHEMICAL MANUFACTURERS ASSOCIATION AND DRY COLOR MANUFACTURERS ASSOCIATION

My name is Robert C. Barnard. I am counsel for SOCMA. My firm is also counsel for the Dry Color Manufacturers Association (DCMA), an association of 23 manufacturers of dry colors used in plastics, inks, rubber, linoleum, paints, etc. With the Committee's permission I would like to submit a list of members for the record. In the interest of consolidating statements, as the Committee has requested, my statement is on behalf of both SOCMA and DCMA.

THE "CREDIBILITY GAP"

Before getting into my testimony, I could not help but note during the course of these hearings that a number of members of this Committee have commented upon the differences in the evaluation of import problems with respect to particular products which they got from industry as compared to those that they got from the Government witnesses. It was noted that there is apparently a "credibility gap". I doubt that this "credibility gap" will be more apparent anywhere than in this discussion of American Selling Price (hereinafter referred to as "ASP").

During the course of my testimony I will refer to several of the more salient examples of this "credibility gap". However, I would at the outset like to point out one of them which deserves particular comment and which does not fit in the rest of my testimony.

On page 21, the Government's testimony contains the following statement:

> "The competitive strength of the U.S. chemical industry is nowhere better demonstrated than in its large and consistently growing surplus in world trade. United States' exports of chemicals and allied products have increased steadily from $1.8 billion in 1961 to $2.8 billion in 1967, an increase of 57 percent or an annual average increase of 7.7 percent. During the same period imports increased from $732 million to $963 million, an average annual increase of only 4.7 percent."

This statement is supported by Table 9 submitted by the Government, the relevant portion of which is reproduced facing page 4 with adjustments to reflect the effect of uranium oxide imports. [Table 9 appears in Mr. Barnard's oral presentation.]

The figures contained in Table 9 are extremely misleading. The chemical figure for 1961 as published in the Department of Commerce's *United States Imports of Merchandise for Consumption—1961 Annual*, FT 110, for that year is $390 million, not $732 million; the published figure for 1962 is $417 million, not $766 million, as stated by the Government; the figure for 1963 is $558 million, not $714 million as stated by the Government. The remainder of the figures are the same as the figures reported by the Department of Commerce for those years.

Now we know how the Government got the figures in Table 9. From 1942 to 1960 the substantial U.S. imports of certain radioactive materials such as uranium ore and uranium oxide were confidential—presumably because of their relation to the atomic stockpile. In 1960 these figures were released and these imports were classified as metals. In September 1963, uranium oxide and a number of other products were reclassified and put into the chemical schedule. So what the Government has done is to go back and change the figures from 1961 to 1963 for the amount of duty to be paid by importers.