The interesting thing is that uranium oxide imports in 1961 accounted for \$276 million or almost 40% of the U.S. chemical import figure reported by the Government in Table 9. Since that time uranium oxide imports have declined drastically until in 1967 uranium oxide imports accounted for only \$16 million out of total chemical imports of about \$958 million.

By going back and including uranium oxide in imports for preceding years the Government has presented an extremely distorted view of what would appear to be a very minimal increase in U.S. chemical imports. All of this without a footnote of any kind to indicate what had been done.

If uranium oxide imports are excluded, the picture is changed drastically. The Government's statement would then have had to state that chemical imports increased from \$456 million (not \$732 million) to \$947 million, an average annual increase of more than 13% a year, instead of 4.7%. In other words, instead of indicating that U.S. chemical *exports* were increasing at almost twice the rate of U.S. chemical *imports*, it should have said that U.S. chemical *imports* were increasing at almost twice the rate of our chemical *exports*. When they insist upon using figures like these, and in a manner which creates a misleading impression, is there any wonder that there is a "credibility gap"?

There are a number of similarly misleading materials that have been presented by the Government, some of the more important of which we will deal with in the course of our testimony.

## I. ASP AND THE "SEPARATE PACKAGE"

It is important at the outset to clarify what the issue is in view of the comment in the press and elsewhere about "ASP" and the "separate package". ASP is generally described by foreigners, and even by our own negotiators, as an outdated invidious device which the United States applies surreptitiously to raise the duties on chemicals for purposes of protecting its overgrown "infant" chemical industry. Obviously since we do not believe this to be the case, it is important to understand what ASP valuation is and isn't—why it was created and why it is still so important to the benzenoid chemical industry today. Equally important is the necessity of distinguishing ASP from the "separate package" presently before this Committee. It is not just retention of ASP, it is the "separate package" agreement and its impact on the industry and the United States.

First, what is American Selling Price valuation? It is a method of valuation under which the duty is based on a percent of the wholesale price of the comparable domestic product rather than upon the price of the imported goods as in the case of export value, more commonly used by the United States, or Brussels (c.i.f) valuation more commonly used by many of our principal trading partners. If there is no comparable domestic product, ASP valuation does not apply.

### *ASP vs. other methods of valuation*

The principal difference between American Selling Price valuation and these other methods is that the duty is tied to prices and costs in this country rather than those abroad. ASP can be described as a most favored nation tariff—the same amount of duty is paid irrespective of where the product comes from.[1] Unlike "export value" it does not discriminate by providing low-wage countries with a tariff advantage on top of the cost advantage they already enjoy. Unlike Brussels valuation, which uses the c.i.f. value, ASP does not discriminate against a country that is further away or which has to pay discriminatory freight rates.

ASP valuation does not require an imported product to pay any more duty as the price of the import goes up or down. The amount of duty remains the same. But it does not further accentuate the cost disparity between the U.S. and foreign producers by providing imports with a tariff saving on top of the substantial cost advantage they already enjoy.

If you just stop to think about it a moment, "export" and Brussels valuation can be said to "subsidize" price cutting by imports. Under a 25% duty based on export value, the United States is in effect subsidizing 25% of any price cut made by foreign producers. For every dollar they lower their price, the United States collects 25 cents less duty. A dollar price cut costs them only 75 cents.

American Selling Price valuation should be judged on its merits as a method of valuation. Judged by objective standards it is not only an excellent basis of

[1] That rate of duty for Communist Bloc imports is, of course, higher. This is due to the rate of duty which is higher for *all* imports from the Communist Bloc, not just chemicals.