

reason to believe, and indeed to expect, that our trade negotiators would not exceed the broad grant of authority accorded to them.

Our negotiators have said that ASP valuation was a major issue "from the beginning of the Kennedy Round". Despite this fact and their admitted lack of authority to negotiate either ASP or reductions in excess of 50% under the Trade Expansion Act, our negotiators, during this 5-year period, did not at any time request from the Congress the authority necessary for them to negotiate.

In June 1966, after our negotiators had made manifest their intent to negotiate away American Selling Price valuation, the Senate expressed its concern by passing Senate Concurrent Resolution 100, which reminded our negotiators that tariff-making is a Congressional function. The Resolution warned them not to negotiate outside of the broad authority contained in the Trade Expansion Act without obtaining the necessary authority from Congress *in advance*. They chose, however, to disregard this clearly expressed view of the Senate.

Promises made.—In an apparent attempt to justify their disregard of Senate Concurrent Resolution 100, our negotiators repeatedly and publicly promised the industry and the Congress that any agreement negotiated with respect to ASP would be "*a separate self-contained and self-balancing agreement which the Congress will be free to consider on its merits without constraint.*"¹

The separate package was to be (1) reciprocal, and (2) supported by separate consideration *for the benzenoid chemical industry*. They told us that "with respect to benzenoid chemicals in particular, any concession by the U.S. on ASP would require significant liberalization of the protection now imposed by the EEC, in particular, upon imports of benzenoid chemicals".² Moreover, they went to great lengths to emphasize that the "separate package" was not to, and I quote, "be connected with large areas of tariff cuts within the Kennedy Round. Because then it would be a *fait accompli*, and then we would be holding a gun at the head of Congress, in effect saying, 'if you don't do this you would endanger this great negotiation'".³

The negotiators have done precisely the opposite of what they promised—and widened further the "credibility gap". They negotiated a deal which is neither "separate, self-contained [nor] self-balancing". From the outset the EEC insisted that they were unwilling to make any concessions for ASP. So it was necessary to put together a deal which would involve no extra consideration by the Europeans and yet at the same time have the appearance of the "separate package" that had been promised. This was done by negotiating a patently unreciprocal 50%-20% deal on chemicals in the Kennedy Round, which permitted the Europeans to "load" the "separate package" with the other 30% of the Kennedy Round cut.

This "package" is in no way "separate"—it is inextricably and purposefully tied to the chemical negotiations in the Kennedy Round. The "package" is not supported by any independent consideration for the benzenoid chemical industry—indeed there is considerable doubt as to whether there is any independent consideration at all. The deal merely purports to return to us the 30% hostage which we have already bought and paid for by our 50% Kennedy Round cut. Moreover, a part of the actual Kennedy Round concessions (as distinguished from "separate package" concessions of the EEC and U.K.), of Austria, Finland, Norway and Sweden are tied to implementation of the separate package.

Since the "separate package" is tied to one of the larger areas of tariff cuts within the Kennedy Round—the cuts made in the chemical sector—they have adopted a "gun to the head" approach by presenting the Congress and this industry with a *fait accompli* under which we are asked to choose—a real Hobson's choice—between the "separate package" deal and the 50%-20% deal negotiated on chemicals in the Kennedy Round, both of which are unreciprocal and injurious.

"Balanced deal" rationalization

Obviously in order to be able to categorize the "separate package" as "separate" our negotiators are now forced to contend that they obtained a "balanced deal" on chemicals in the Kennedy Round and in the "separate package", and indeed that the United States came out far ahead. To do this the negotiators

¹ *Hearings Before the Senate Finance Committee on Trade Policies and the Kennedy Round*, March 10, 1967, p. 35.

² Speech by the General Counsel of the Office of the Special Representative for Trade Negotiations, Nov. 10, 1966.

³ *Hearings Before the Senate Finance Committee on Trade Policies and the Kennedy Round*, March 10, 1967, p. 32.