

406.50—was 72% while the average converted rate for noncompetitive dyes was approximately the same as the existing statutory rate of 40%. By averaging all of these converted rates together on a weighted average basis, which gave added emphasis to the noncompetitive converted rate inasmuch as the value of such imports were almost twice that of competitive imports, the Commission came up with a rate of 48% for the basket category.

Based upon the Commission's own data, this constituted a 33% decrease—72% to 48%—in the average level of tariff protection accorded dyes produced in the United States. The same averaging system resulted in similar unilateral tariff cuts on competitive products in the important basket categories, as shown in the following table:

[In percent]				
TSUS		Converted ad valorem rate on competitive products based on Tariff Commission data	Tariff Commission converted rate	Unilateral tariff reduction
403.60	Intermediates.....	42	36	14
405.15	Pesticides.....	39	25	29
405.40	Plasticizers.....	53	36	32
406.50	Dyes.....	72	48	33
406.70	Pigments.....	77	43	44
408.60	Flavor and perfume materials.....	64	54	16

I emphasize that these figures on unilateral tariff cuts as a result of the conversion alone are based upon the Commission's own data. Industry data indicates that the unilateral cuts were actually greater:

The "ceiling rates" result in tariff reductions substantially in excess of 50%

The unilateral tariff reductions accorded by the Tariff Commission's converted rates were further compounded by the "ceiling rates" agreed upon by the trade negotiators. The "separate package" agreement not only provides for the adoption of the inequivalent converted rates, but also requires that many of those rates be still further reduced to agreed-upon "ceiling rates". With respect to most benzenoid products produced in the United States the combination of inequivalent converted rates plus the "ceilings" result in tariff reductions considerably greater than the 50% reduction authorized under the Trade Expansion Act.

Basket Rates.—The Government witnesses insist that the reductions in the baskets—the "key to the future"—are less than 50%. Their claim is predicated on the Tariff Commission's converted rates which are based on the mixture of competitive and noncompetitive products; it disregards the only relevant rate for measuring the tariff reductions for products produced in the United States.

Since the Special Trade Representative's directive prevented the establishment of equivalent converted rates for competitive products in the basket categories, the Government is attempting to "lift itself up by its own bootstraps" by claiming these inequivalent converted rates as an appropriate starting point for measuring the percent by which the basket categories were reduced.

If the proper measure of reduction on competitive products—the average converted rate for competitive products—is used, the Commission's own data shows that the total reduction on competition products exceeded 50% in the important basket categories. The following table is illustrative:

[In percent]				
TSUS		Tariff Commission converted rate for competitive imports	STR table 10 final ad valorem equivalent	Total reduction
403.60	Intermediates.....	146	20	57
405.15	Pesticides.....	145	15	67
405.40	Plasticizers.....	161	20	66
406.50	Dyes.....	72	30	59
406.70	Pigments.....	77	30	61
408.60	Flavor and perfume materials.....	165	20	69

¹ Tariff Commission's converted ad valorem rate for competitive products adjusted for the specific duty in order to reflect the ad valorem equivalent.