submitted by the Government. That Table, disregarding border taxes and export rebates, attempts to show how high our tariffs are on 13 low-priced benzenoid intermediates relative to the EEC tariff on these same products. The Government stated (pp. 45–6):

> "I can present no more graphic picture to you than that provided by a table we are submitting for the record. This table presents, for a representative 'baker's dozen' of the largest-volume intermediates produced, a comparison of the U.S. and EEC tariff rates as provided for in the ASP agreement. This table indicates that U.S. rates will still be considerably higher than those of the European Community, if the Bill is approved, and that the smallest spread between them is 11 percentage points over an 8 or 9 percent EEC rate."

On the facing page, we have taken the liberty of borrowing Table 8 and inserting two additional columns to reflect the effect of the border taxes and export rebates on the respective U.S. and EEC trade barriers. [Table 8 appears in Mr. Barnard's oral testimony.] The EEC is expected to harmonize its border taxes and export rebates at about 15% about the time the Kennedy Round cuts are completed. We have therefore added 15% to the EEC tariff to reflect the amount of the border tax. Similarly, we have subtracted 15% from the U.S. tariff to reflect the amount of it that is offset by the EEC export rebate.

The results are startling. Instead of having a table showing the U.S. rates "considerably higher"—an average of 5 times as high as the EEC—the Revised Table shows that their barrier on these products averages out to be almost ⅓ higher than ours. Instead of our barrier being at least 11 percentage points higher on all 13 products, their barrier is 5 to 19 percentage points higher than ours for 10 of the 13 products.

Table 8 clearly demonstrates what happens when you attempt to deal with tariffs alone as if the border tax-export rebate mechanism did not exist.

As I mentioned before, these increased border taxes and export rebates aren't just affecting chemicals, as is shown by Charts III and IV on the following pages which make the same comparisons for all industrial products. Charts III and IV appear in Mr. Barnard's oral testimony; Table III and IV in support of these Charts are as follows:

TABLE III.—GERMAN BARRIERS TO U.S. EXPORTS

[Percent of c.i.f. value]

	Tariff [1]	Border tax [2]	Total trade barrier [3]
Dec. 31, 1967 — Before Kennedy Round reduction and border tax increase.	11.0	4	15.0
Jan. 1, 1968 — After border tax increase.	11.0	10	21.0
July 1, 1968 — After 1st 2 steps of EEC reduction.	10.7	11	21.7
Jan. 1, 1972 — Under full EEC tariff reductions and tax harmonization at 15 percent.	7.5	15	22.5

[1] See table I.
[2] See table I.
[3] See table I.

TABLE IV.—U.S. BARRIERS TO GERMAN EXPORTS

[Percent of export value]

	U.S. tariff [1]	German export rebate [2]	Effective U.S. tariff [3]
Dec. 31, 1967 — Before Kennedy round reduction and export rebate increase.	11.8	4	7.8
Jan. 1, 1968 — After 1st U.S. tariff reduction and German export rebate increase.	11.0	10	1.0
July 1, 1968 — After further export rebate increase.	11.0	11	0
Jan. 1, 1972 — After full U.S. Kennedy round reductions and EEC tax harmonization at 15 percent.	7.7	15	−7.3

[1] Weighted average U.S. tariff on all dutiable imports in 1965. "Statistical Abstract of the United States," 1966, p. 878.
[2] See table II.
[3] See table II.