

viding additional tariff advantage on top of it. It treats all imports equally by levying the same amount of duty upon imports irrespective of whether it is a high or low wage country.

Moreover, unlike Brussels valuation (c.i.f.), it does not discriminate against foreign producers who, because of the distance involved or discriminatory freight rates, have to pay higher shipping charges in order to land their goods here.

Finally, ASP valuation reflects the cost of producing goods in the United States and the competitive factors prevailing in U.S. markets, instead of those prevailing abroad. This at least serves to diminish the extent to which changes in existing differences in production costs and market conditions will result in more favorable tariffs for foreign producers.

CLEARY, GOTTLIEB, STEEN & HAMILTON,
Washington, D.C.

ROBERT C. BARNARD,
GEORGE V. EGGE, Jr.,

*Counsel for the Synthetic Organic Chemical Manufacturers
Association and the Dry Color Manufacturers Association.*

EXHIBIT 2

SYNTHETIC ORGANIC CHEMICAL MANUFACTURERS ASSOCIATION,
New York, N.Y., May 17, 1966.

HON. CHRISTIAN A. HERTER,
Special Representative for Trade Negotiations,
Washington, D.C.

DEAR GOVERNOR HERTER: In December 1964 we met with you to discuss SOCMA's proposal for improving the administration of the American Selling Price provisions of the Tariff Act. These proposals had been made to the Customs Bureau as early as 1963 in response to criticism by importers of alleged inequities in the administration of American Selling Price valuation.

The maintenance of American Selling Price valuation is very important to the maintenance of a strong and viable benzenoid chemical industry in the United States, and its removal would undoubtedly force the exportation abroad of both jobs and capital. In this connection, it is important to remember that importers of benzenoid chemicals have taken the position that the uncertainty and unfair practices in the administration of American Selling Price valuation is more of a trade deterrent than the amount of duty assessed by reason of determining duty on the basis of the American Selling Price (see Hearing before the Trade Information Committee, p. 2420). While we believe that the administration of the American Selling Price valuation provisions is on the whole as fair and reliable as any in our customs laws, there are areas of criticism in which actual or supposed inequities in the administration of American Selling Price valuation can be eliminated.

For this reason, we believe it appropriate to review for you again at this time our proposals for improving the administration of American Selling Price valuation in order to remove the alleged inequities complained of by importers of benzenoid chemicals.

We believe that these proposals constitute an acceptable solution to the issues which have been raised concerning American Selling Price valuation and fully meet the complaints which have been voiced by importers. There is certainly no need to eliminate American Selling Price valuation in order to meet the complaints which have been made abroad.

1. *Complaint.*—One frequently heard complaint by importers is that products which have been noncompetitive (and therefore appraised on the basis of U.S. value, export value or foreign value), are frequently, and without advance notice, determined by the appraiser to have become "competitive" and therefore subject to appraisement on the basis of American Selling Price. As a result, importers have at times incurred lawsuits since they had calculated their costs for the imported merchandise on the premise that the product was not competitive and therefore subject to appraisement at a lower valuation base than American Selling Price.

Solution.—In order to resolve this problem, we have urged and would support a proposal that the Bureau of Customs amend its regulations to provide