

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, October 7, 1966.

Mr. CARL S. OLDACH,
President, Synthetic Organic Chemical Manufacturers Association,
New York, N.Y.

DEAR CARL: Thank you for your letter of September 29, 1966, in which you set out a three-part proposal on behalf of the SOCMA with respect to the issue of American selling price (ASP).

First, with respect to the retention of ASP, it is clear that the Europeans are seeking the elimination of the ASP system, and this is the issue we must presently contend with in the Kennedy Round. In considering such elimination, the basic question is what economic impact the conversion of rates based on ASP would have on the domestic industry. Through a variety of means, including analysis of the Tariff Commission's report, independent research, and discussions with you, we hope to arrive at a fair and objective judgment on this important question.

Second, with respect to changes in the administration of the ASP system, we are certainly prepared to pursue the proposals which you have made, recognizing that the Bureau of Customs has primary responsibility in this field. Such changes would not, in our judgment, meet the present desires of the Europeans, but it is possible that their attitude may change.

Third, with respect to a tariff-reducing program tied to a decline in the difference in costs of production, I have my doubts, as you know, whether this would be negotiable. Nevertheless, I assure you that we will consider this proposal seriously as we develop our position on the ASP system.

With best wishes,

WILLIAM M. ROTH,
Deputy Special Representative.

EXHIBIT 3

THE ASSISTANT SECRETARY OF COMMERCE,
Washington, D.C., June 3, 1966.

ROBERT C. BARNARD,
Cleary, Gottlieb, Steen & Hamilton,
Washington, D.C.

DEAR BOB: As promised in my letter of May 16, I am enclosing copies of material submitted by our Embassies in Bonn, Brussels, Paris, Rome, the Hague, and Tokyo replying to our request for export price information on the benzenoid chemicals listed in your letter of May 11. I think these messages are self-explanatory. The export data book from Tokyo will be forwarded as soon as it is received. For your information I am also enclosing a copy of the message we sent to the Embassies in your behalf.

Our Embassy in Bern has advised us that there is no information available in published sources on export prices of benzenoids. The Embassy also said that it cannot obtain data from the Swiss chemical industry because in providing such data to the United States the Swiss industry would be violating Article 273 of the Swiss Penal Code.

Our Embassy in London has made a number of contacts attempting to obtain the desired information and has reported that data are available only from individual companies. It does not believe the companies would provide the price information desired on commercial grounds. No published production data are available except by broad categories. The Embassy further states that even if data were available it would not be meaningful because prices on chemical sales are negotiated and the final price is determined largely on the business relationship between seller and purchaser and the size of the purchase. It has been the experience of the Embassy in London that the best source for information of this kind is the American companies operating in the U.K. and the Embassy believes it might be useful for the U.S. industry to contact those companies for the needed information.

As indicated in the meeting in my office and in my letter of May 16, we were not very hopeful that our Embassies would be able to obtain the very specific