

tinue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which written notice of such suspension is received by the CONTRACTING PARTIES, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph 1(b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the CONTRACTING PARTIES do not disapprove.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, where action is taken under paragraph 2 of this Article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such concessions or other obligations as may be necessary to prevent or remedy the injury.

Mr. DAVIES. Concurrently steps should be taken to remove the significant disadvantage to U.S. trade caused by European border taxes and export rebates.

Unless prompt action is taken in this matter there will be increasing serious damage to the balance-of-payments position of the United States.

Thank you, Mr. Chairman, for the opportunity to present this.

The CHAIRMAN. Thank you, Mr. Davies. In fact we thank all of you, Mr. Gerstacker, Mr. Turchan, Mr. Barnard, and Mr. Davies for your very fine presentation of the views of your organizations. The information is very helpful to us.

Any questions? Mr. Burke.

Mr. BURKE. I would just like to ask the counsel in connection with the tables that you presented here on total tariff reductions. Do you believe that the negotiators exceeded their authority under the law to grant these reductions where they would be over 50 percent?

Mr. BARNARD. May I answer this way. There is no doubt that the separate package is outside the authority granted by the TEA. Therefore, there is no authority in existing law for the separate package.

What I was trying to say was that the reductions in excess of 50 percent exceed any authorization that was approved by the Congress in the TEA. These separate agreements were not approved by the TEA. This is a separate consideration, but the total cuts that were negotiated exceed the cuts that were approved by the Congress in the TEA.

Mr. BURKE. Thank you.

The CHAIRMAN. Any further questions? Mr. Bush.

Mr. BUSH. Gentlemen, throughout the testimony there was a good deal of talk about the chemical industry being forced to go abroad. With respect to the plant, for example, that was built in the Netherlands, the largest styrene plant in the world, which Mr. Davies referred to on the last page of his testimony, page 6, is this plant 100-percent American owned, or is this plant partially Dutch owned?

Mr. DAVIES. I will get that information. We do not have the details of that. You want to know whether it is 100-percent owned.

Mr. BUSH. I don't particularly care about this plant but what I want to know is when the chemical industry talks about going abroad as a remedy to the existing dilemma that you find yourselves faced with, are you talking about 100-percent owned foreign plants, or