of the U.S. Government for constructive comment on U.S. trade policy and legislation.

We believe that Monsanto's views, therefore, should be of some value to the Ways and Means Committee in its consideration of the major issues now under consideration. It is a fact that the proposed legislation, H.R. 17551, and the possible amendments to it will have a deep and lasting effect on Monsanto.

This statement presents Monsanto's reasons why:

(1) Title IV of H.R. 17551, which would eliminate the American Selling Price system of valuation, should be deleted;

(2) Man-made fibers, and products made from them, should be subject to the Long-Term Cotton Textile Arrangement now applicable to cotton products and

(3) Access to world-priced feedstocks should be afforded U.S. petrochemical manufacturers.

AMERICAN SELLING PRICE (ASP) (H.R. 17551) TITLE IV

Monsanto subscribes fully to the statement by the Synthetic Organic Chemical Manufacturers' Association relating to this subject and hence many of the important points made in that testimony will not be repeated. However, there are a number of facts and considerations unique to Monsanto concerning the proposed elimination of the ASP system of valuation which we believe will be of interest to the Ways and Means Committee.

Over $300 million of Monsanto's total sales volume of $1.6 billion in 1967 resulted from the sale of benzenoid products. Monsanto clearly has a much higher proportion of sales of benzenoid products (19%) than does the industry which averages about 8%. Further, Monsanto's benzenoid product mix covers perhaps the widest variety of benzenoid products manufactured by any U.S. producer. Included are plastics, plasticizers, bulk medicinals, food chemicals, pesticides, synthetic detergents and intermediates.

Sales volume and/or sales price of most of these products would be adversely affected by changes in the ASP system by competitive products made abroad and shipped to the United States. Unique or patent protected products would not be affected but these are relatively few. Approximately 8,000 of our 45,000 employees in the U.S. are engaged in the manufacture of benzenoid products, including those benzenoids used internally to make other products, and their jobs would likewise be adversely affected.

Although the Kennedy Round tariff cuts will cause Monsanto major difficulty due to greatly increased benzenoid imports, the additional effect of loss of ASP is substantial and measurable. ASP should be retained for at least two other compelling reasons: (1) The damage to the benzenoid industry would clearly be against the national interest and (2) the separate agreement on ASP negotiated in the Kennedy Round is not reciprocal. The negative effects of new imports made possible under the separate agreement will far outweigh the positive effects of new exports which might result from the 30% tariff cuts condede by the U.K. and the Common Market.

This statement will include consideration of both the positive and negative effects of the separate package on Monsanto.

First, the negative effect of elimination of ASP as it relates to Monsanto: The conversion of rates by the Tariff Commission in 1966 was a sincere effort to afford protection equivalent to that now afforded by ASP. This effort fell short in a number of cases due to the complexity of the task and the lack of essential foreign prices. There is little to gain by a discussion of the conversion because Monsanto's benzenoid product rates were reduced in the Kennedy Round separate package to a ceiling equivalent to 20%. Without application of this ceiling, the converted rates, cut by one half, would be higher. The effect is, that for well over half of our benzenoids, a greater than 50% tariff cut would result from the elimination of ASP. This is clearly beyond the spirit of the Trade Expansion Act of 1962 and is in violation of responsible treatment of a group of products already subjected by Kennedy Round tariff cutting to serious import competition.

Monsanto has made a series of studies with respect to most of its 130 benzenoid products to determine the effect of the Kennedy Round tariff cuts and the loss of ASP. Calculations made been made, on a product by product basis, to determine which foreign produced benzenoids can be shipped to the United States competitive to those made in the United States. Many of these products