noid products. For a significant number of products, such imports would eventually result in discontinuance of U.S. based manufacture.

The economic reasons for the non-competitive position of U.S. benzenoids is too detailed to include here. Our petrochemical feedstocks are 40% higher than those abroad. Our labor costs, when combined with productivity usually result in a higher unit labor cost per pound of product. Cartel selling is legal for others but not for us. Export and other incentives are used abroad but not in the U.S.

The positive side of the separate package has also been studied and found to be minimal.

The United Kingdom and the Common Market would, on elimination of ASP, reduce chemical tariffs an additional 30% making tariff cuts by those countries equal to the 50% tariff cut by the United States in the Kennedy Round agreement. This is the *only* benefit to the U.S. chemical industry and we are convinced that new exports made possible under this additional tariff cut would be essentially negligible. Salesmen, in calculating the sale of a U.S. export into these countries, must include all costs of delivering the product to the customer's door. Tariffs are one of these costs. Presumably, if the tariff is reduced and all other costs remain constant, the U.S. exporter is in a somewhat more favorable, competitive position.

Calculations show, however, that few new export opportunities will be gained by the 30% tariff cuts. There would be a relatively greater gain in exports to the U.K. largely because of the border equalization tax situation in the Common Market countries. In five Common Market countries, border equalization taxes (applied to the *duty paid value*) will have moved from a 4% level to a 15% level estimated to occur by 1970. France will have reduced its rate from 25% to 15%. Germany and the Netherlands have moved to 10% (Germany will go to 11% in July 1968) and switched from a turnover cascade system to a value-added system. Our costs in exporting to these countries will have increased. Our netback on such sales will decrease more than that of a producer in the country of sale, thus making us less competitive. In addition is the effect of detaxation of exports which will aid the indirect tax countries in not only penetrating the U.S. markets but third markets as well. The net effect of increasing border taxes in Europe is to considerably offset the tariff cuts made in the Kennedy Round and in the separate package if it is approved.

From a realistic and commercial viewpoint, it can only be concluded that the 30% tariff cut by the U. K. and the Common Market countries will result in insignificant gains for Monsanto export sales. There would be relatively small savings on shipments to subsidiaries in the U. K. and the EEC.

We are convinced, therefore, that the American Selling Price system must remain. The loss of ASP would create serious problems, not compensated for by the concessions to the U. S. in the separate package agreement. Careful study of this complicated matter should convince the Ways and Means Committee of the necessity for the retention of ASP.

MAN-MADE FIBERS

Monsanto has a serious problem due to imports of man-made fibers and products manufactured therefrom under economic conditions advantageous over those of U.S. production. A major part of Monsanto's total sales, (26.9% in 1967), consisted of man-made fibers. This proportion has remained relatively stable since 1962. This is the single largest product category of the eleven categories into which Monsanto divides its sales. The man-made fibers produced by Monsanto include nylon, acrylic and polyester fibers.

This statement is in support of a statement to the Ways and Means Committee by the Man-Made Fiber Producers Association which discussed U.S. import controls on man-made fibers and products. The controls proposed would be an extension of those which presently limit imports of cotton products into the United States. This agreement by the U.S. with thirty other nations is referred to as the Long Term Cotton Textile Arrangement. The operation by Monsanto of a number of fiber plants abroad, in addition to those in the United States, gives us an understanding, we believe, of world fiber economics that supports the recommendation for import controls.

Since this statement is in support of that by the Man-Made Fiber Producers Association, the extensive documentation and views presented on behalf of the man-made fiber industry by the Association will not be repeated. It is essen-