

5. Establish at least a 5-percent U.S. border tax and a 5-percent U.S. export rebate.

In conclusion, I wish to point out that what we are faced with in dealing with this proposed legislation is not a choice between either protectionism or free trade, as many argue. We are faced with a choice of whether we are going to establish a realistic program which will expand trade and encourage economic competition or whether we are going to permit the old order of international chemical cartels and monopolies which operated before the Second World War to be reestablished.

If the ASP system is eliminated foreign cartels will be able to undersell U.S. companies in many benzenoid chemicals, eliminate the competition of U.S. companies and, as a result, curtail U.S. advances in technology vital for the national defense.

Once U.S. competition is eliminated the cartels would be free to set high prices and the U.S. consumer will be the loser. The questions which get at the crux of the whole ASP issue with regard to benzenoid chemicals are:

- (1) What makes the benzenoid chemicals so special?
- (2) Why is elimination of ASP such an emotionally charged issue for European and Japanese chemical producers?

The answers are:

(1) Benzenoid chemicals are special because they provide the broad technological base from which many of the most important chemical developments can be expected.

(2) Why is elimination of ASP such an emotionally charged issue for the Europeans and Japanese because they see in it an opportunity for their rising cartels to control future chemical markets.

Finally, I wish to emphasize that for the sake of reciprocity we at H. Kohnstamm & Co. respectfully request that the United States establish a 5-percent border tax and a 5-percent export rebate.

Mr. Chairman and members of the committee, thank you very much for your attention.

(Mr. Meltzer's prepared statement follows:)

STATEMENT OF YALE L. MELTZER, MANAGER, COMMERCIAL DEVELOPMENT, MARKET RESEARCH, PATENTS AND TRADEMARKS, H. KOHNSTAMM & CO., INC.

Mr. Chairman and members of the Committee, I am Yale L. Meltzer, Manager of Commercial Development, Market Research, Patents and Trademarks for H. Kohnstamm & Company, Inc. of New York, New York. My company is a domestic producer of benzenoid chemicals and products and I am appearing on its behalf.

Before proceeding with my statement, I want to take this opportunity to thank you, Mr. Chairman, and the other members of the Committee for these public hearings on tariff and trade proposals.

DESCRIPTION OF H. KOHNSTAMM & CO., INC.

H. Kohnstamm & Company is one of the oldest producers of benzenoid chemicals and products in the United States. It has been owned and managed by the same family for four generations. It is a New York corporation and has been in business since 1851. It has approximately 500 employees and would be classified as a "small business." The ability of H. Kohnstamm & Company to stay in business depends to a large extent upon its continued manufacture of benzenoid chemicals and products. Some of the benzenoid chemicals and products which H. Kohnstamm & Company manufactures and sells are dyes, organic pigments