and organic intermediates. These products are of particular importance to the business of H. Kohnstamm & Company. The definition used for benzenoid chemicals and products is that to be found in Part 1, Schedule 4 of the Tariff Schedules of the United States Annotated (1968).

We have plants involved with benzenoid manufacture and compounding at the following locations:

Brooklyn, New York
Camden, New Jersey
Clearing, Illinois
Elizabeth, New Jersey
Kearny, New Jersey

THE IMPORTANCE OF THE AMERICAN SELLING PRICE SYSTEM TO THE BUSINESS OF H. KOHNSTAMM & CO., INC.

The continued employment of the approximately 500 employees of H. Kohnstamm & Company is dependent to a large extent upon the United States maintaining the American selling price (ASP) system as a method of customs valuation.

H. Kohnstamm & Company, in addition to manufacturing benzenoid chemicals and selling them domestically, does a profitable export business with these products.

The history of H. Kohnstamm & Company, from 1851 to the present is, in fact, a prime example of the American free enterprise system in action. The company is now in its second century and is, to the best of my knowledge, the oldest privately-owned chemical company in the United States.

The ASP system gives us the protection which we need in order to compete with foreign producers who have lower labor costs. In addition, many of the foreign producers have cartel-arrangements, tax rebates for exports and many other arrangements which put us at a great disadvantage and which necessitates the ASP system. I would also like to point out that foreign producers, particularly in Japan and Western Europe, have newer plants and equipment than we to manufacture the same products, because their original plants and equipment were destroyed during the Second World War, while we have to continue to use our older plants and equipment.

The ASP system is absolutely essential for us to continue to compete with foreign producers in benzenoid chemicals and products. H. Kohnstamm & Company is a small company. It should be noted, in fact, that even with the ASP system, low-priced foreign benzenoid chemicals and products have been making increasing in-roads into U.S. markets. Since 1960, benzenoid imports have more than doubled and they are growing at an ever-increasing rate.

I would like to call the attention of the Committee to a statement by Mr. Ernest M. May before the Tariff Commission and Trade Information Committee:

> "A study made by the SOCMA accountants, Haskin & Sells, from confidential information supplied by dye producers indicates that the human effort portion in dye manufacture mill cost is approximately 50%. That means for one dollar worth of product fifty cents has been spent in human effort. Human effort not only includes the fellow with the shovel, but all the way up to the fellow with the test-tube in the research and control laboratories. We know this cost in Europe is about one-third the United States cost or about 17 cents. Therefore, if an average U.S. dye costs one dollar at the mill, the average European dye made under the same conditions cost 67 cents assuming raw material costs and incremental costs are equivalent. In addition, we know that by concentration and assignment of large volume production to most efficient units, an additional saving up to 25% can be achieved.[1]

I would further like to call to the attention of the Committee the fact that there would be great difficulty in administering the export value system which has been proposed to replace the ASP system for benzenoid chemicals and products. In 1951, Mr. W. R. Johnson, then Commissioner of Customs, pointed out in testimony before the House Ways and Means Committee that the ASP

[1] Ernest M. May. Memorandum before the Tariff Commission and Trade Information Committee in the Matter of Proposed Trade Agreement Negotiations under the Trade Expansion Act of 1962 (January 29, 1964), page 16.