

United States. In an attempt to halt this illegal invasion into our market, we are filing a dumping complaint with the Commissioner of Customs.

A copy of this formal complaint is submitted for the record.

HOW WILL KENNEDY ROUND AGREEMENT AFFECT LAKEWAY

If ASP is retained, the Kennedy round agreements will reduce the duty on imported products from \$36.7 a pound to \$0.1879 a pound on January 1, 1972. A chart showing the year-by-year tariff reductions is in your folder. The amount of this reduction exceeds the present profit on dichlorobenzidine by a wide margin. Since dichlorobenzidine is our lifeblood, we are devoting a large part of our technical efforts seeking ways to reduce our costs in order to stay alive. We are determined to stay in this business if we can, but there is no doubt that the Kennedy round agreement presents us problems.

We have no hope of exporting dichlorobenzidine. Our domestic price is \$1.33 a pound. We believe that the price in Europe is below \$1 per pound and in Japan \$1.01 and \$1.06 per pound, depending on size of purchase.

For certain, the Kennedy round will cause deterioration of our profits and may in the end put us out of the dichlorobenzidine business entirely. The Kennedy round offers no advantages whatsoever. I see no possible reciprocity. We can't help but be financially hurt by the subsequent tariff reduction under the Kennedy round.

A year ago, we were asked to analyze the effect of the Kennedy round on our situation. At that time, it was reported that export value for dichlorobenzidine was \$1.071 per pound. We suspected then that the \$1.071 was too high by a large magnitude. We now know that our suspicions were correct.

HOW WILL THE SEPARATE AGREEMENT OR ELIMINATION OF ASP AFFECT LAKEWAY

The use of American selling price is the most certain method possible in determining a realistic base for assessing duty. It is far easier for a customs examiner at the Port of New York to determine the wholesale selling price of a dichlorobenzidine in the United States than it is for him to determine the price in West Germany, France, Italy, or Japan.

In Europe today there is no such thing as a list price for dichlorobenzidine. Producers sell at quite different prices to similar customers and yet this nonexistent foreign price is exactly the base on which the Government is considering to calculate import duties.

If we assume elimination of ASP, the use of export invoice value as a duty basis, and rate of 1.5 cents per pound plus 18 percent of export value, current imports of dichlorobenzidine would pay the following duty: From Japan, \$0.16, from West Germany, \$0.18.

The current duty of these imports—32.9 cents per pound. If ASP is retained and the Kennedy round reductions go unchanged, the duty in 1972 would be \$0.188 cents a pound based upon the continuance of the present U.S. selling price.