It is not intended at this time to forecast the Cyanamid's entire benezenoid chemicals business will be discontinued as a result of tariff reductions. Certainly, continuing studies are being made of new processes and improvements in the interest of reducing costs of production of benzenoids; where economically practicable those improvements and new processes will be made. But, it is inevitable at the very least that some products will be discontinued, many are likely to be discontinued, and that production volume will be curtailed because of competition from imports. Such curtailment and shutdown of production will idle workers when we are expected and want to take on employees. Organized labor is acutely aware of this problem and went on record at the last AFL-CIO convention as supporting tariff protection where workers jobs were jeopardized by foreign imports. A poorly considered decision in the tariff area can erase the jobs of many of the near 3,000 employees engaged by Cyanamid in the benzenoid chemicals area. At the very least, the stunted growth of that area will not provide added employment for the ever-increasing work force of the United States.

KENNEDY ROUND WILL RESULT IN INCREASED IMPORTS BUT EXPORTS WILL NOT INCREASE

The leading purpose expressed in the Trade Expansion Act of 1962 is "to stimulate the economic growth of the United States and maintain and enlarge foreign markets for the products of United States * * * industry * * *" Public Law 87-794, section 102, 19 United States Code section 1801 (1962). That congressional intent has not been fulfilled by the negotiators; in fact, even greater hurdles will be placed in the way of the export of American benzenoid chemicals, as contrasted with the freer economic ability of foreigners to sell such chemicals in the U.S. market as a result of the concessions made by our negotiators.

While foreign countries agreed to a tariff reduction, the tariffs of some of the European countries are being raised as the result of the Common Market's policy of "harmonizing" at a single tariff rate for the entire European Economic Community. Second, the Common Market countries are in the process of harmonizing their border taxes and export rebates, by shifting from the "cascade" type of turnover tax systems to a uniform value-added turnover tax (TVA) system. These taxes provide trade barriers over and above tariffs, and the charges are part of the cost of exporting to these countries.

For example, before January 1, 1968, Germany imposed a cascade-type turnover tax under which each import of a product into Germany, was taxed at the regular rate of 4 percent of the selling price including the tax. After the first of the year, Germany changed to a TVA system; products of U.S. manufacture imported into Germany are now burdened with an initial tax of 10 percent at the border. In addition, there will be a tax burden on subsequent sales in Germany limited to 10 percent of the value added after importation. On July 1, 1968, the rate will be increased to 11 percent.