

The inequity of the bargain made by U.S. negotiators is illustrated by an in-depth consideration of the landed values, in the United States and in Germany of three products, vat blue 6, beta naphthol, and sulfamerazine. Beta naphthol is the prolific intermediate already described; sulfamerazine is a drug used in human and veterinary medicine; vat blue 6 is a widely used dye.

VAT BLUE 6

[Dollars per pound]

	United States to Germany			Germany to United States		
	Pre-1968	July 1968	1972	Pre-1968	July 1968	1972
Base price.....	\$2.79	\$2.79	\$2.79	\$1.45	\$1.45	\$1.45
Ocean freight.....	.045	.045	.045	.029	.029	.029
Insurance.....	.009	.009	.009	.0047	.0047	.0047
Duty.....	.392	.369	.284	1.116	1.004	.558
Border tax ¹	.129	.353	.469			
Custom brokers and forwarding fee.....	.02	.02	.02	.02	.02	.02
Export rebate.....				(.058)	(.159)	(.218)
Landed Value.....	3.385	3.586	3.617	2.5617	2.3487	1.8437
Change in landed values from pre-1968 level.....		.201	.232		(.213)	(.718)
Difference between import (landed value) and local base price.....	1.935	2.136	2.167	(.2283)	(.4413)	(.9463)

BETA NAPHTHOL

[Dollars per pound]

	United States to Germany			Germany to United States		
	Pre-1968	July 1968	1972	Pre-1968	July 1968	1972
Base price.....	\$0.30	\$0.30	\$0.30	\$0.16	\$0.16	\$0.16
Ocean freight.....	.017	.017	.017	.0185	.0185	.0185
Insurance.....	.001	.001	.001	.0006	.0006	.0006
Duty.....	.047	.046	.046	.11	.10	.055
Border tax ¹	.015	.040	.055			
Custom brokers and forwarding fee.....	.02	.02	.02	.02	.02	.02
Export rebate.....				(.0064)	(.0176)	(.024)
Landed Value.....	.40	.424	.439	.3027	.2815	.2301
Change in landed values from pre-1968 level.....		.024	.039		(.0212)	(.0726)
Difference between import (landed value) and local base price.....	.24	.264	.279	.0027	(.0185)	(.0699)

SULFAMERAZINE

[Dollars per pound]

	United States to Germany			Germany to United States		
	Pre-1968	July 1968	1972	Pre-1968	July 1968	1972
Base price.....	\$4.019	\$4.019	\$4.019	\$2.395	\$2.395	\$2.395
Ocean freight.....	.12	.12	.12	.0395	.0395	.0395
Insurance.....	.014	.014	.014	.008	.008	.008
Duty.....	.515	.465	.465	.83	.743	.415
Border tax ¹	.186	.508	.693			
Custom brokers and forwarding fee.....	.02	.02	.02	.02	.02	.02
Export rebate.....				(.096)	(.263)	(.360)
Landed value.....	4.874	5.146	5.331	3.1965	2.9425	2.5175
Change in landed values from pre-1968 level.....		.272	.457		(.254)	(.679)
Difference between import (landed value) and local base price.....	2.479	2.751	2.936	(.8225)	(1.0765)	(1.5015)

¹ Border tax used on duty paid value: 4 percent pre-1968, 11 percent July 1968 and an estimated 15 percent in 1972 and after repeal of ASP.

In return for reducing the U.S.-landed cost of vat blue 6 by 72 cents per pound, beta naphthol by 7 cents per pound, and sulfamerazine by 68 cents per pound, the American producer of those products can expect the landed cost in Germany to go up 23 cents per pound for vat