blue 6, 4 cents per pound for beta naphthol, and 46 cents per pound for sulfamerazine as the result of the Kennedy round reductions.

There are other factors in addition to import duties which restrict the ability of Cyanamid and other American firms to maintain and enlarge foreign markets for benzenoid products. Other considerations are: patent laws which require licensing of patents to local firms if the patented products are not manufactured locally; charges, such as consular fees, surcharges and prior deposits; international loan and trade agreements; low local prices which, if met by an importing U.S. firm, could lead to charges of dumping; and other worrisome factors such as currency exchange restrictions, import licenses, and unreasonable documentation requirements. Restrictive policies of foreign countries or competitive circumstances in most cases compel location of facilities overseas if we are to compete successfully in the foreign markets. In addition, by constructing manufacturing plants in foreign countries, the manufacturer equalizes the disparity which inherently exists in trading between distinct economic and political sectors of the world; capital, labor, freight, and the other costs which are determinative of business success are than on a par with competition. It cannot be hoped to equalize international trade by adjustment of tariffs only; the other and more dominant business realities which have been outlined must also be considered.

AMERICAN SELLING PRICE BASIS OF VALUATION SHOULD BE RETAINED: REPEAL WILL CAUSE ADDITIONAL DAMAGE

To this forbidding picture for the benzenoid business of Cyanamid, it is now proposed by the administration, as part of its "bargain" in the recent negotiations, that the American selling price method of valuation be repealed. There is no great complexity to the American selling price method of valuation; under this system the base used for computing the tariff on benzenoid chemicals is the price charged for similar goods by American manufacturers in their own highly competitive market, instead of the export price. Enacted in the 1920's, the American selling price method of valuation has proved to be a workable system; domestic prices for materials are readily available, whereas foreign manufacturers, not governed by laws such as the Robinson-Patman Act, offer varying prices in their home countries and, understandably, are quite secretive about the charges. Indeed, the workability of the American selling price method of valuation recommends it for adoption outside the severely limited area of its application under the present law.

The American selling price basis of valuation seeks to compensate for the disparity in costs between foreign and domestic production, and, in fact, imports of benzenoids have been increasing sharply despite the American selling price basis of valuation.

The damaging effects which have already been detailed in the con-