

In the protocol of provisional application of GATT, the United States and the other signatories undertook as soon as practicable to bring their laws into line with the GATT standards. Since ASP valuation is based upon a statute it requires, of course, a statute to make the new standards effective.

3. ASP, by creating uncertainty as to the amounts of duties to be assessed, is a constant irritant to importers and consumers. It provides our foreign friends with a readymade retort whenever our exporters complain about unfair foreign trade barriers.

4. Repeal of ASP would so greatly improve the balance-of-payments situation that action by this Congress is clearly now in order. Mr. Stobaugh will present the facts in regard to this major consideration.

5. Repeal of ASP would eliminate the daily irritations and unfair consequences which now mark enforcement of that statute.

Mr. Stobaugh will now continue our presentation.

The CHAIRMAN. Mr. Stobaugh, we appreciate having you with us this morning.

STATEMENT OF ROBERT B. STOBAUGH, JR.

Mr. STOBAUGH. Thank you, Mr. Chairman. Members of the committee, I have completed a study to determine the effects of adoption of the "ASP package" on United States chemical exports and imports. Increases in United States exports of items other than chemicals were not considered. The results of this study have been published in a report, which is submitted with this statement.

Would you please insert this report into the record at the end of my statement?

The CHAIRMAN. Without objection that will be made a part of the record.

Mr. STOBAUGH. Thank you. Today, I would like to highlight and discuss some of the key findings of this study.

First I would like to present a very brief summary of the study. I estimate that in 1972, the base year of my study, with the adoption of the ASP package the U.S. net trade balance in chemicals would be increased by approximately \$110 million. This would have a relatively minor effect on the U.S. chemical industry, including the benzenoid sector; U.S. chemical industry output presently exceeds \$40 billion and benzenoid sales exceed \$3 billion. Whether or not this package is adopted, U.S. production of each segment of the benzenoid industry will continue to expand, in spite of an expected increase in imports. U.S. chemical exports will continue to increase, in spite of the much higher wages paid in the U.S. than abroad for unit wage rates are not a major determinant of chemical exports.

Now I will turn to some of the details of the study and mention some additional conclusions:

1. As mentioned above, I estimate that adoption of the ASP package would result in an increase of approximately \$110 million in the U.S. net trade balance in chemicals in 1972. This is the base year for which the effects of the ASP package are estimated; a larger net trade balance would be expected for subsequent years. This \$110 million would result from increases in chemical exports of about \$130