

C. Adjustment ability of the United States chemical companies

If the ASP Package is adopted, then the future growth in productive capacity of those products in which United States manufacturers are especially competitive will be increased because of additional exports; on the other hand, growth in an area such as dyes will be slower than would otherwise be the case.

The adjustment of the utilization of resources to cope with such a change in future investment patterns should be relatively easy for the chemical industry. First, the industry is constantly shifting resources into new products. Second, the industry has many trained personnel, such as members of the Chemical Marketing Research Association and the Commercial Chemical Development Association, who specialize in searching for new product opportunities. Third, most of the output of United States dyes and other benzenoids are made by companies that produce many other products. Many of these other products are made at the same plant site as are dyes and other benzenoids.

This ability of rapid adjustment should enable the United States chemical companies to adjust to any export opportunities opened up by the adoption of the ASP Package.

D. Retention by Congress of the power to determine tariff levels

Traditionally, the power to set tariff levels has rested with Congress. However, for practical purposes in the case of products protected by the ASP method of valuation, the power to set tariffs rests with the United States producers. The reason for this is that once a tariff level is set by Congress, the effective tariff rate is raised any time United States producers increase prices on the product. As a result, the effective tariff is increased without any reference back to Congress.

The protection of the United States consumer by the setting of effective tariffs by Congress is especially important in the dye product category because of the relatively low level of competition as shown below.¹⁰

Number of producers in the United States	Individual dyes made by number of producers shown at left	
	Number	Percentage of total
1.....	646	50
2.....	214	17
3.....	125	10
4.....	105	8
5 or more.....	196	15
Total.....	1,286	100

Thus, 50% of the individual dyes made in the United States are made by only one United States producer, while 85% of the individual dyes are made by four or less producers. Data indicating the total production or total sales of individual dyes made by any specified number of producers are not available. However, about 45% of the total U.S. sales value of dyes appeared in the "all other" categories of the 1965 United States Tariff Commission Report on *Synthetic Organic Chemicals Production and Sales*, and most if not all of these sales were of dyes made by three or less producers.

E. Conclusions

These conclusions are in addition to those presented in Section III D. Continued growth is expected in all segments of the United States benzenoid industry regardless of whether the ASP Package is approved. The United States chemical industry is expected to be able to take advantage of the export opportunities opened up by the adoption of the ASP Package.

Under the ASP method of valuation, United States producers can raise the effective tariffs without Congressional approval by raising domestic prices. Adoption of the ASP Package would enable Congress to retain the power to determine tariff levels.

¹⁰ United States Tariff Commission, *Synthetic Organic Chemicals, United States Production and Sales*, 1965.