of duty is applied to the wholesale price in an arm's-length transaction in the country of export—known in customs parlance as export value.

This is not the case, however, with respect to four, but only four, categories of products—benzenoid chemicals, rubber-soled footwear, and certain canned clams and wool-knit gloves. If any of these products are imported into the United States and found by the Bureau of Customs to be competitive with a domestic product, then the ad valorem rate of duty is applied to the wholesale price of the competitive domestic product—the American selling price.

Under the ASP method of valuation, the rate of duty for a particular imported article is applied to a price for a domestically produced product like or similar to, or competitive with, the imported article, irrespective of the value of the imported article. For imported benzenoid chemicals, if there is no competitive domestic product, the imported article is dutiable on the basis of United States value; United States value is the wholesale market price in the United States of prototype products imported previously, less import duty and certain other costs and allowances. If there is no United States value, the import article is appraised according to the conventional method of valuation.

IV. GENERAL DESCRIPTION OF BENZENOID CHEMICALS

The chemicals subject to ASP provisions are certain "cyclic organic chemicals having a benzenoid, quinoid, or modified benzenoid structure," as well as certain acyclic chemicals "which are obtained, derived, or manufactured in whole or in part from . . . cyclic products having a benzenoid, quinoid, or modified benzenoid structure." These chemicals are commonly referred to as benzenoid chemicals and are either characterized by a molecular structure having one or more six-membered rings or are derived from a product having such a structure. Benzenoid chemical crudes, benzenoid elastomers, and most benzenoid chemicals produced from naturally occurring animal or vegetable products are not subject to the ASP provisions.

Sources: Details of the Kennedy Round agreements are contained in *Agreement Relating Principally to Chemicals, Supplementary to the Geneva (1967) Protocol to the General Agreement on Tariffs and Trade,* Geneva, 30 June, 1967. The summary presented above under Sections I and II is based on the press release of June 29, 1967, by the Office of Special Representative for Trade Negotiations, Washington, D.C. 20506. Information on the ASP method of valuation and the general description of benzenoid chemicals was obtained from United States Tariff Commission, *Products Subject to Outy on the American Selling Price Basis of Valuation; Conversion of Rates of Duty on such Products to Rates Based on Values Determined by Conventional Valuation Methods,* TC Publication 181, Washington, D.C., July 1966.

APPENDIX B

DETAILS OF ESTIMATE OF EFFECT OF ASP PACKAGE ON U.S. EXPORTS

The method used to estimate the effect of the adoption of the "ASP Package" on United States exports is:

(1) United States exports to EEC and United Kingdom are projected to 1972, first without allowing for any tariff cuts;

(2) An estimate of increased exports due to the Kennedy Round unconditional tariff cuts is made;

(3) An estimate of the effect of tariff cuts due to adoption of the ASP Package is made; and

(4) An estimate of the effect of variations in key variables is presented.

These estimates are based on the assumption that there will be continued growth in world trade and reasonably stable price levels in the U.S. such as existed during the past ten years.

I. PROJECTIONS OF EXPORTS TO 1972

Data on United States chemical exports to the EEC and United Kingdom for the past 10 years are presented in Table 1. United States chemical exports to the EEC and United Kingdom have grown at an average yearly rate of 12.2% during this period (taking 1957–1959 as a three-year base as is done in latest United States Tariff Commission report on *Synthetic Organic Chemicals, United States Production and Sales*). A continuation of this growth rate between 1966 and 1972 would result in total chemical exports to EEC/UK in 1972 of $1.5 billion.