

for all imports, this idea was rejected by the Senate, and by the House-Senate conference, as a result of an exhaustive study by the Treasury Department, which found that ascertaining American selling prices for competitive imports would be administratively difficult, uncertain, time-consuming, and subject to manipulation. Mr. Anthony Simonetti, Acting Appraiser and former Chief Assistant Appraiser of Merchandise for the Customs Bureau has testified before the Tariff Commission that in fact that is so and that ASP "is infinitely more difficult to establish than, for instance, 'export value.'"

The Congressional Record shows that the reasons why this unsatisfactory method was applied to benzenoids were the chaotic conditions of both the European dye market and foreign exchange markets as a result of the war, and the desire to protect what was then a very infant industry against an established Germany industry. It also was a device for disguising extremely high rates. As Senator Smoot pointed out, it was easier to set a 90-percent rate ASP than what would then have been an equivalent rate of 900 percent on foreign value.

The industry still testifies to the remarkably high protective value of the ASP system, which today provides some benzenoids with the highest effective protective duties of any imports into the United States, reaching a maximum of 172 percent. Such rates are highly anachronistic in today's world when all of the original reasons for ASP have long disappeared.

BORDER TAXES

The industry has emphasized throughout its testimony the problem of harmonization of European border taxes which, they say, destroy the reciprocity of the Geneva negotiations. The implication is that we gave the Common Market the right to raise border taxes as part of the Geneva agreements. This is simply not so. Although the two actions are occurring in the same timespan, they are not otherwise related. Our negotiators did not "give away" any right in this connection. On the contrary, they specifically reserved the right of the United States to initiate action under the GATT if these tax changes do in fact nullify or impair tariff concessions under the agreement. The administration is, in fact, pursuing this matter, as indeed it should. But failure to pass this bill would not help solve the border tax problem in any way.

In a number of other ways domestic industry spokesmen have misrepresented the border tax situation, but since it is irrelevant to the present bill in any case, there seems to be no point in going into these errors.

THE EFFECT OF THE ASP AGREEMENT

The industry stresses the drastic nature of the cuts in benzenoid duties that this bill will approve. Mr. Barnard, for instance, says—page 41—"the tariffs on the competitive products, those we do make, would be reduced by considerably more than 50 percent." This is not true.

A comprehensive computer analysis of the original Kennedy round agreement and the separate package, using an item-by-item breakdown of every tariff class from 403.02 to 409.00, shows that approval of the ASP package will raise the average weighted level of duties by