Therefore, the fact that the U.S. share of world exports is dropping does not mean that our chemical exports are in danger of declining.

Mr. BURKE. I thank you. That is all.

The CHAIRMAN. Any further questions?

Mr. BYRNES. Mr. Chairman.

The CHAIRMAN. Mr. Byrnes.

Mr. BYRNES. Mr. Hochschwender, on page 2 of your statement you cite an example of what happened in the case of one manufacturer where a domestic manufacturer had a price of $8 a pound for some product.

Mr. HOCHSCHWENDER. Right.

Mr. BYRNES. I can't understand how the American manufacturer in this case ended up anything but in the hole. Maybe there is something I am missing but, as I understand it, he was selling the product at a price of $3.25 a pound, including the duty of 30 percent.

Mr. HOCHSCHWENDER. $3.25 is the sales price of the importer.

Mr. BYRNES. With duty added.

Mr. HOCHSCHWENDER. With duty included; exactly.

Mr. BYRNES. And the duty was imposed on a base $2.40.

Mr. HOCHSCHWENDER. $2.40 was the value base, yes.

Mr. BYRNES. That would mean a 72-cent duty. If we subtract that from the $3.25 selling price, we would end up with the ability of this foreign company being able to offer it duty free for sale here for $2.53, including shipping cost and insurance.

Mr. HOCHSCHWENDER. Right.

Mr. BYRNES. If you then impose the duty on an ASP of $8, the new duty would be $2.40, wouldn't it?

Mr. HOCHSCHWENDER. Yes.

Mr. BYRNES. Using an $8 ASP.

Mr. HOCHSCHWENDER. Yes, using the $8 base.

Mr. BYRNES. So that with a duty of $2.40 you have a total price which he could offer it for of $4.93, is that correct?

Mr. HOCHSCHWENDER. Right.

Mr. BYRNES. But the American is trying to sell it for $8. How did he come out ahead on that? Can you sell something in a competitive field at $8 when somebody else is offering it for $4.93?

Mr. HOCHSCHWENDER. Sir, the point of this example that I hoped to make, as I said, is that the importer was nevertheless able to compete because of exactly the figures you just gave me.

Mr. BYRNES. In fact he can compete better, can't he, because before that he was selling at $3.25 and the U.S. value was $2.40, so the Americans at that point had an advantage of 85 cents.

Mr. HOCHSCHWENDER. Sir, I think there is a misunderstanding here. The $2.40, the Customs concept of U.S. value, has nothing to do with it. This is a noncompetitive product and it is the U.S. value duty which is assessed when there is no American selling price, when there is no production by a domestic manufacturer.

Mr. BYRNES. What is the duty when there is no U.S. manufacturer?

Mr. HOCHSCHWENDER. Well, it is the U.S. value which is provided by the customs laws.

Mr. BYRNES. If there is no manufacturer here what is the duty that is applied? Where the product isn't manufactured here, ASP doesn't apply because there is no U.S. product.