

line Products, Inc., and as spokesman for the ad hoc committee of U.S. dyestuff producers. I am accompanied by Eugene L. Stewart, our company's counsel.

In addition, representatives of the dyestuff producers who are members of the ad hoc committee are present in the hearing room in support of this appearance. Each of these companies is a small to medium size producer of dyes in the United States.

We appreciate very much the time which you have allotted to us for our testimony this morning. In the interest of conserving the committees' time in view of your time schedule, I shall not read my prepared testimony. Instead, I shall summarize its contents.

The CHAIRMAN. Mr. Marshall, without objection your entire statement will appear in the record.

Mr. MARSHALL. Thank you, sir. There is one simple, centrally important fact which you need to know in making up your mind about the proposal to repeal ASP. It is that almost the entire impact will be dealt to the U.S. dyestuff industry.

Ambassador Blumenthal said about as much to the German chemical industry in an address on December 8, 1966.

The amount of duty to be paid on imports is determined by multiplying the rate by the value. ASP is the rule for determining the value. The rate is a separate factor from ASP. The majority of imported dyes were subject, pre-Kennedy round, to the rate of 40 percent. This was cut to 20 percent, with no exceptions.

Few industries had each and every product in its line cut by the full 50 percent. We did.

The second part of the equation, rate times value equals duties, is also involved. The separate agreement on chemicals would change the "value" part of the equation by substituting values which the administration itself claims are about half of those presently used.

The effect would be to reduce still further the duties paid on imported dyestuffs, below the level to which those duties will be brought under the 50 percent duty cut, which I just discussed.

To understand the significance of the rates and value base provided for in the separate chemical agreement, you must be able to relate them to actual prices, foreign and domestic, and the duties collectable under the pre-Kennedy round ASP rates, for which the new rates based on the foreign producers' price would be substituted.

We have made such an analysis. Because the price information is in some cases confidential, this analysis is offered as a confidential exhibit. The results of that analysis can be publicly summarized, as follows: And I would respectfully call your attention to table No. 1.

The effect of the repeal of ASP and substituting the separate chemical agreement rates, based on foreign selling price, would fall most heavily on dyes. The average cut in duties for dyes would be 66 percent. Advanced dye intermediates, the second most important commercial class, would suffer a 60-percent cut.

Aside from certain carefully limited provisions which are not involved here, the Congress has never authorized the Executive to cut the duties protecting any substantial American industry by more than 50 percent.

Here we are, perhaps the most import-sensitive industry in the United States, singled out for a two-thirds cut in the amount of duties to be collected on competitive foreign imports. Why?