

A special group of dyestuff components called fast color salts, fast color bases, and Naphthol AS and derivatives—which collectively are referred to as “Azoics”—were subject, pre-Kennedy Round, to the rate of 3.5¢ per pound plus 20%. These were cut to 1.7¢ per pound plus 10%. No exceptions. Synthetic organic pigments—known as “lakes and toners”—were dutiable, pre-Kennedy Round, at 40%. They were cut to 20%. No exceptions.

Finally, advanced chemical compounds made in dyestuff plants, known as advanced intermediates, were also cut by 50%. Most of these were dutiable, pre-Kennedy Round, at 3.5¢ per pound plus 25%. These were cut to 1.7¢ per pound plus 12.5%. A group of 23 advanced intermediates were dutiable, by name, pre-Kennedy Round, at 3¢ per pound plus 20%. These were cut to 1.5¢ plus 10%. A second group of 30 advanced intermediates, and their salts, were dutiable, pre-Kennedy Round, at 2.8¢ per pound plus 20%. These were cut to 1.4¢ per pound plus 10%. No exceptions.

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

Let us not lose sight of the fact that the Congress is here being asked by the Administration to ratify an action which was taken in the course of trade agreement negotiations under claim of authority in the Trade Expansion Act. It used every bit of its authority in cutting duties on dyestuffs by 50%. Now it asks that still further reductions in duty be approved, a price being asked of no other industry.

The second part of the equation, rate times value equals duties, is 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% duty cut, which I just discussed. What is the size of this additional cut?

III. THE AGREEMENT ON CHEMICALS IF APPROVED BY CONGRESS WOULD REDUCE DUTIES COLLECTED ON DYES AN AVERAGE OF 66%, ASSUMING THAT THE FOREIGN DYE CARTEL DID NOT LOWER ITS SELLING PRICES TO TAKE ADVANTAGE OF THE FACT THAT THE REPEAL OF ASP WOULD BASE U.S. CUSTOMS VALUE ON THE CARTEL'S PRICES

The agreement on chemicals, which would be ratified by enactment of Title IV of H.R. 17551, provides essentially for repeal of ASP, and the substitution of new rates based on the export price of imports for the 50% reduced ASP rates. For dyes, pigments, and azoics, the new rate of duty would be 30%. For advanced dye intermediates, the new rates, based on export price of imports, would range from 1.5¢ per pound plus 10% to 2.4¢ per pound plus 19%. The great majority of the advanced intermediates would be dutiable at 1.5¢ per pound plus 18% ad valorem.

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 which are collectable under the pre-Kennedy Round ASP rates, for which the new rates based on the foreign producers' prices (let's refer to that as FSP—foreign selling price—in contrast to ASP—American selling price) would be substituted.

We have made such an analysis, based on American Aniline's records of American and foreign selling prices for a large number of commercially important dyes, azoics, and advanced intermediates. Because the price information is in some cases confidential, this analysis is offered as a confidential exhibit. The analysis is based on 1965 prices, ASP and FSP, since that is the last year in relation to which data the Kennedy Round agreements were negotiated.

The method used is to determine in comparison with the duties actually collectable under 1965 ASP rates, the duties that would have been collectable, product for product, had the separate agreement rates based on FSP been in