

U.S. production. Would you give me an example of what you are referring to as an incentive to produce noncompetitive products?

Mr. MARSHALL. Yes, Mr. Schneebeli; may I ask Mr. Stewart to answer that question?

Mr. SCHNEEBELI. Certainly. He is an expert here. I am glad to see him again before our committee.

Mr. STEWART. Very briefly, the determination of whether an imported chemical, and we talk here specifically about dyes, pigments, and dye intermediates, is competitive, is a judgment made by the Bureau of Customs essentially on chemical formulation grounds.

In 1966, according to the Tariff Commission, of the total imports of dyes the majority by quantity, 7.2 million pounds, were deemed by Customs to be noncompetitive. However, the judgment of the marketplace as to whether an import dye found to be noncompetitive and, therefore, not subject to American selling price, is fully interchangeable in a commercial sense with American-produced dyes, is quite another matter.

We have prepared, to illustrate this should we be asked, Mr. Schneebeli, four cards which show fabric or yarn dyed with dyes that were imported and classed noncompetitive, and fabric and yarn dyed with American-produced dyes.

On each card, in addition to the visual evidence of your eyes, you will find the results of a test by a spectrophotometer which shows the light reflected by the fabric or yarn, and you will find this scientific evidence shows that the quality and performance of the dyes are virtually identical.

Without objection, I would appreciate an opportunity to give these as an exhibit to the committee to be made a part of this hearing.

Mr. SCHNEEBELI. Mr. Chairman, I would ask for that permission.

The CHAIRMAN. Without objection, exhibit material will be held for the use of the committee in its determinations.

Mr. SCHNEEBELI. Mr. Stewart, by "noncompetitive" do you mean something that can't be produced in this country?

Mr. STEWART. No; it means that at any particular moment of time the foreign producer has the opportunity to adopt names and chemical formulations for an article commercially competitive with one which is presently being produced in the United States, but which, under the circumstances for technical reasons, can be treated by the Bureau of Customs as noncompetitive and, as our testimony shows and as the prior witness admitted, at least half—we say more than half—of all imported benzenoid chemicals are held to be noncompetitive and not subject to the American selling price, though they are competing directly in the market with other American-produced products.

Mr. CURTIS. Would the gentleman yield there?

Mr. SCHNEEBELI. Go ahead.

Mr. CURTIS. Is it your interpretation that the Bureau of Customs is carrying out the letter of the law, or that it has stretched the intent of the law?

Mr. STEWART. We make no complaint about the administration of the law by the Bureau of Customs. What we are saying is that the system