In order that the Committee may have the benefit of Dr. Tewksbury's complete "assessment", we are submitting a copy herewith for the Committee's file.

2. *ASP as a Method of Valuation.*—Mr. Haines states on page 2 of his testimony that:

"Mr. Simonetti, Acting Appraiser and former Chief Assistant Appraiser of Merchandise of the Customs Bureau has testified before the Tariff Commission that in fact this is so and that ASP is unfortunately more difficult to establish than, for instance, 'export value' ".

It is true that Mr. Simonetti's testimony was presented before the Tariff Commission and the Trade Information Committee to this effect in April of 1964, but Mr. Simonetti was not a "Acting Appraiser . . . for the Customs Bureau" at the time. Mr. Simonetti had retired from the Treasury Department in 1962 and specifically stated that he was appearing before the Tariff Commission and the Trade Information Committee "on behalf of the Organic Chemicals Group of the National Council of American Importers, Inc." [the predecessor to the Organic Chemicals Group of the American Importers Association]. Mr. Haines' statement concerning Mr. Simonetti was hardly the unbiased view of a Customs official it purported to be.

3. *Effect of "Separate" Package on Tariff Levels.*—On page 3 of Mr. Haines' testimony, he attempts to contest SOCMA's assertion that "the tariffs on competitive products, those we do make, would be reduced by considerably more than 50%," (SOCMA Statement, p. 41) Mr. Haines states "this is not true."

However, Mr. Haines then goes on to substantiate exactly what SOCMA said, as follows: "taking only competitive products, those we do make, the ASP package will lower average duties by 6.1%. This is a long way from the 'more than 50%' claimed by SOCMA." SOCMA did not contend that the ASP "separate" package lowered duties by "more than 50%." It is perfectly clear from the SOCMA testimony that the ASP "separate" package resulted in a *total* reduction in excess of 50%. (SOCMA statement, pp. 36–41.) When Mr. Haines says that the ASP package will lower average duties by 6.1%, he is referring to a reduction of 6.1% on top of the 50% reduction made in the Kennedy Round. While SOCMA does not accept Mr. Haines' 6.1% figure it certainly does support SOCMA's statement that the reduction would be "more than 50%".

The fact of the matter remains that as a result of the "separate" package, the total reduction on competitive products is that: "the tariffs on competitive products, those we do make, would be reduced by considerably more than 50%" . . . and . . . "because of the failure to make the competitive-noncompetitive distinction the duty on non-competitive products, those which are not made in the United States, would actually be raised above what has already been agreed to in the Kennedy Round." (SOCMA Statement, p. 41.)

As we went on to point out on the same page cited by Mr. Haines:

"In other words, the Congress is actually being asked to raise the duties on those products that we do not make and at the same time asked to reduce by more than 50% the duties on the products that are made in this country. What kind of economic sense does this make?" (SOCMA Statement, p. 41.)

4. *Position Taken by Respective Parties to the Agreement Substantiates the SOCMA Position.*—Mr. Haines takes the position that the "separate" package results in an increase in duties (Haines Statement, p. 3). Mr. Stobaugh and Mr. Hochschwender who also testified on behalf of the American Importers Association took similar positions. (Stobauch Statement, p. 8; Hochschwender Statement, pp. 4–5).

If we accept this interpretation of the Organic Chemicals Group of the American Importers Association that duties are in fact being raised, it will be the first time in history that "importers" have supported a duty increase, while a "domestic industry" has opposed such a move.

Why this weird turn about in the respective positions of the "importers" and the "domestic industry"? The answer is fully documented in SOCMA's testimony.

(1) The "importers" will receive tariff reductions considerably in excess of 50% on the competitive products produced by the domestic indusrty. This will provide them with a substantial competitive advantage which will enable them to take over an increasingly larger share of the domestic market in the area which will hurt the domestic industry and its employees the most—namely with respect to the products already produced in the United States.

(2) At the same time, the "importers" will suffer little or no harm as a result of the increase in duties on non-competitive products over the duties agreed to in the Kennedy Round. Since they have no U.S. competition on these products they can be expected to pass these duty increases on to the consumer.