

Industry. The Embassy has requested that the statement be transmitted to the Committee on Ways and Means for its consideration for possible inclusion in the record of the current hearings on tariff and trade proposals. In forwarding the statement, the Embassy of Switzerland said that this transmittal did not imply an official position of the Embassy and it was not responsible for the contents of the statement.

I am pleased to forward three copies of the enclosed statement for your consideration.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary for Congressional Relations.

Enclosure:

STATEMENT OF MICHAEL P. DANIELS, COUNSEL, SWISS UNION OF COMMERCE
 AND INDUSTRY, ZURICH, SWITZERLAND

This statement is filed on behalf of the Swiss Union of Commerce and Industry, the principal association of business in Switzerland. This statement is particularly concerned with the abolition of American Selling Price valuation on benzenoid chemicals as provided for in a protocol negotiated in Geneva in 1967 which would be implemented by the Administration Trade Bill, H.R. 17551.

The importance of the ASP issue

In this crucial period in the world economy, the American Selling Price issue has taken on a significance beyond the immediate economic interests involved. It has become the focus of attention for the entire field of non-tariff barriers to international trade and in a very real sense is the gateway to further meaningful negotiations in the non-tariff area.

Successive rounds of tariff negotiation since the end of World War II have significantly reduced tariff barriers to international trade. The world trading community is now faced with the difficult problems presented by non-tariff barriers which are of a greater importance as impediments to a free exchange of goods.

The United States, as the world's largest exporting nation, has an important stake in the elimination of such non-tariff barriers to trade. The problem facing the United States and its trading partners is the process and the institutions through which such barriers may be removed.

In difficult negotiations, with the success of the entire Kennedy Round at stake, the United States agreed to the abolition of American Selling Price, a notorious non-tariff barrier, in exchange for reciprocal concessions by other nations. It is clear that without abolition of American Selling Price a bargain in the chemical sector would have been impossible and without chemicals the entire negotiation on industrial products in the Kennedy Round undoubtedly would not have been consummated. It is a testament to the good faith and earnestness not only of the United States negotiators, but those of other countries as well, that the difficulties which stood in the way of an ASP negotiation were overcome and an acceptable bargain was struck.

The essential feature of the United States position was that any agreement was subject to ratification by the United States Congress, since there was no prior authorization for abolition through negotiation. The United States insisted upon, and finally won at the 11th hour, the agreement of its trading partners to this principle, and the ASP package so negotiated is now before the United States Congress for ratification.

Given the nature of the important remaining non-tariff barriers to trade, involving as they do fiscal policy, health, safety, consumer protection, the national security and business organization, it appears that future negotiation on non-tariff barriers by the United States will most probably be on an ad referendum basis. Legislative bodies are not, by their nature, able to negotiate. The problem for the United States, therefore, if it is interested in the elimination of other non-tariff barriers to trade, is to demonstrate that its negotiators, although not armed with prior authority to negotiate on specifics, nonetheless can return to the Congress of the United States and achieve ratification of fair bargains arrived at through negotiation. This is not to say that it is incumbent upon the Congress to swallow whatever its negotiators bring back for ratification. It does imply, however, an obligation to accept fair bargains and to appreciate that in the negotiating process there must be give and take.