

prospect of the United States without control over its organic dyestuff industry, and completely dependent upon foreign-based producers to supply the needs of our country. That, we submit, would be a fantastic and ironic result from a trade expansion act!

*The fifth business fact* is, that our negotiators, in their haste to conclude the Kennedy Round, were maneuvered into giving away 50% reductions in U.S. tariffs on dyestuffs, and only receiving 20% in exchange from the Europeans. It was a one-sided deal.

The separate package now included in title IV, is an *unauthorized*, separate agreement which was offered by our negotiators who, in so doing, preempted the authority of Congress and prematurely assumed that Congress would abolish the ASP.

Our negotiators in Geneva were amply forewarned many times by Members of Congress not to go beyond the authority invested in them by the Trade Expansion Act of 1962. As you know today, these warnings were completely ignored by the signing of a special agreement on chemicals which now appears as a "fait accompli" in title IV of this bill.

Gentlemen, if this agreement is now passed into law as part of this bill, an unfortunate precedent would be set, and the next tariff negotiators could be guided accordingly.

In the message of May 28, 1968, explaining this bill, there were a number of claims made for the elimination of the American selling price, and we wish respectfully to refute these claims one by one.

*The first claim* is that the ASP system gives a few industries "a special privilege available to no other American business."

Perhaps one should recall, that prior to our entry into World War I, our dependency upon foreign production was so great, and shortages of dyestuffs in our country became so acute, and the need so desperate, that our Government, by various means at its disposal, arranged for Germany to smuggle a submarine full of dyestuff through the English blockade, and when it finally reached our shores at New Haven, it became a cause for national celebration.

The terrible dependency of the United States economy upon foreign dye producers was, at that time, burned into our national consciousness. It was this need which encouraged and brought about the development of the dyestuff industry in our country.

Congress early recognized that with the economic advantages and the cartelized structure possessed by the dye producers in Europe, only a strong tariff could keep an American dyestuff industry competitive permanently and alive, and *Congress then established ASP as a basis for tariffs*. The same conditions still prevail now as it did at that time.

*The second claim* is that the American selling price is unfair because it rests on an arbitrary method of valuation. If any system of valuation is to be classified as arbitrary, it should be the pricing and valuation systems used by the foreign cartels, with whom we are in daily competition. These cartels, if unchecked, can, and do, effectively set any price they desire for export to the United States. Some countries today admit they have cartels; others do not. Whether admitted or not, these cartels are still in existence, and if unleashed, would destroy the American dyestuff industry over night. That is just what they are waiting for.

The European negotiators have made it appear that the whole world is opposed to the American selling price. They have given this issue such wide publicity, blown way out of proportion to the tremendous objectives of the Kennedy round, that it became a "hot potato" for our negotiators. Indeed, it seemed to arouse all kinds of emotional upsets with the Europeans. Why was this so?

This heat was being generated by an extremely narrow, but powerful group of European chemical executives. Even before the ink was dry on the Trade Expansion Act of 1962, the "Verband der Chemischen Industrie of Germany" issued its slogan and battle cry: "Trade Expansion Act: Yes; American selling price: No". What they are actually after is the total American dyestuff business, which they once dominated and controlled. Nothing less will satisfy them.

The European negotiators very conveniently used the Germany's ASP argument as a smokescreen behind which they maneuvered us during the Kennedy round, into giving them a 50% reduction in tariffs on dyestuffs, while they only gave the U.S. a 20% reduction.