

The bare and ugly fact is, that today European and also Japanese dyestuff prices, are manipulated through cartelized control; therefore, once you destroy the American selling price and substitute the lower based foreign selling price as a tariff basis, it doesn't really matter what the duty rate is that you put on a commodity, the foreign producers will be in a position to dominate our markets; they will break down our defenses, and will simply take over this industry at will.

It is interesting to note, that in July 1963, the Tariff Commission, in their T. C. Publication #181, stated: "*Foreign dye producers supply (through imports or production in their U.S. plants) about one-third of the U.S. dye market (in terms of value) and imports consist predominantly of intracompany transfers between foreign dye producers and their U.S. subsidiaries.*" That figure, updated to 1968, may be closer to one-half of the U.S. Dye Market.

It is no secret that the kind of pricing arrangements which are condoned in Germany (and now in Japan) and the philosophy of doing business in those foreign countries, if attempted in the United States, would land an American executive in jail.

*The third claim* is that the American selling price is unfair, since it imposes an unjustified burden on the consumer. The answer to this contention is that it just is not so. Any economist will realize that once the American dyestuff producer is out of the picture, through the elimination of all domestic competition, the prices of goods, and the burden on the consumer will go considerably higher. When the large cartels of Germany and Japan control the entire U.S. market, there is no doubt that prices on dyestuffs could then be set by forces over which this country will have no control, and will rise to all-time highs.

*The fourth claim* repeats the Europeans' contention that the American selling price is a non-tariff barrier and should be eliminated on that basis. This argument has been justifiably criticized by Senator Russell Long, Chairman of the Senate Finance Committee, when he stated on December 7, 1967, that: "*The American selling price system is not a non-tariff barrier. It is part of calculating tariffs, if one were to view the so-called American selling price as a non-tariff device, then to be consistent, he should also view the C.I.F. basis of valuation used by most of our trading partners as a non-tariff device, since the C.I.F. method of valuation establishes a higher tariff on the same commodity than an F.O.B. basis, we are at a disadvantage in trading with nations that use that system.*"

One might be tempted to ask: Were the hard economic facts which I have presented to you as well known to our negotiators, when they proposed a separate package, as they were to the European negotiators? By what measuring rods did our negotiators come to their conclusions that we can sustain a 70% cut in tariffs of dyestuffs, or that the A.S.P. is now unnecessary?

There are several hearings held before the Tariff Commission during 1966, where the dyestuffs industry made its economics known. On September 7, 1966, in sworn and documented testimony before the Tariff Commission, I presented similar economic facts to those which you have heard today, to show the disastrous effects of removal of A.S.P. on our company. Apparently, our negotiators chose to ignore these facts. Indeed, the conclusions drawn by the Tariff Commission's final hearings have never been made public.

*The fifth claim* is that the American selling price inhibits free trade and that the industry is in a strong position to face competition from imports. The truth is, that the growth of imports of dyes from foreign producers has increased at a compound rate of more than 20% between 1964 and 1966, with the existence of A.S.P. This certainly does not indicate any hindrance imposed on the importation of foreign dyestuffs into the United States by A.S.P. (see F.T. #110 and F.T. #125, U.S. Department of Commerce).

Special representative for trade negotiations, William M. Roth appearing before this committee, made the claim that the dyestuff industry is strong and growing, its exports are substantial, and the ratio of imports to exports is low. We are afraid this is an area in which he possessed serious gaps in information which he admitted before this committee. A proper separation of dyestuffs by itself will show an increased and startling trade deficit, not a surplus. Please refer to exhibit #2, which follows.