

necessity of having to determine dutiable value on the basis of prices prevailing in foreign countries (for customs purposes, valuation is based on the value of the imported product in the country of *consumption*), it gives customs officials considerable discretion in establishing dutiable value, especially where the buyer and seller are not completely independent of one another. Because of the discretion left to customs officials in establishing dutiable values, however, the Brussels system lacks the virtues found under the ASP system. In short, the Brussels value system suffers from the defect of uncertainty.

ASP is a fairer method. Fairer than either Brussel value or the export value system. Because of the nature of the American market place, the true American selling price may be easily *ascertained and confirmed* by customs officials and by importers alike since price information is published in numerous trade papers and journals. Furthermore, our anti-trust laws combined with the natural competition found in the huge American market place preclude the American Selling Price from being a false price. To phrase it another way, *ASP is not subject to manipulation*.¹¹

Finally, ASP is *consistent with the principal purpose of the United States tariff* in that it tends to offset some of the disparity between the costs of production here compared to those abroad. Serving this important purpose, yet providing equal treatment to all our trading partners, makes ASP an excellent system which might properly be utilized to determine customs value for a broad range of products. Consider what happens under the export valuation system, the system which would become effective if Congress adopts the Separate Package. The export value system provides a tariff advantage to the low cost foreign producers on top of the significant cost advantages they already enjoy. Thus, where low production costs permit a producer from a low cost country to undercut the United States price or the prices of other higher cost producers selling in this market, the application of a duty based upon export value actually increases rather than decreases the existing cost disparity. By providing a tariff advantage on top of the substantial cost advantage already enjoyed, the use of export value actually subsidizes a widening of the cost disparity.

ASP valuation, on the other hand, treats all imports alike—it levies the same amount of duties irrespective of whether the imported product is from a high or low wage country. It does not accentuate the difference by providing additional tariff advantages on top of wage advantages.

ASP should not be judged by the rhetoric produced by our foreign trading partners. It should be judged by the foregoing objective standards. Whether one method of valuation results in a higher value than another is completely irrelevant, since consistent with international obligations the rate of duty may be adjusted in such a manner as to ensure that any change in valuation base does not result in a change of the amount of duty. So judged, one must come to the conclusion that ASP is more than worthy of preservation; as a system it is worthy of application in other product areas.

IV. CONCLUSIONS

Allied Chemical welcomes efforts to establish freer world trade—*provided* all are permitted to operate under the same rules. Establishment of a “one way street”, where we lower our trade barriers while Europeans raise theirs, is merely providing a road leading to trouble—for U.S. industry, its employees and shareowners, and for the United States balance of payments and free world monetary stability.

Thus, for all the foregoing reasons, Congress should (a) reject the Separate Package, (b) consider application of ASP to other product areas, and (c) consider the implementation of a United States border tax and export rebate—to inhibit the unreasonable growth of low cost imports and provide an incentive to American exports.

¹¹ There have been charges made to the effect that (1) the ASP price is not the actual domestic selling price but is, rather, an artificially high “list” price and (2) that a product is given competitive status merely as a result of a domestic offer rather than actual sales. Although we doubt the accuracy of such charges, they could be effectively negated by slight changes in the regulations. For instance, domestic producers might be required to file quarterly the prices at which they have actually *sold* such product or run the risk of losing the protection afforded by ASP. To counter the alleged inequity that foreign exporters are unable to know in advance whether a product they ship will be subject to tariff based on ASP valuation, regulations could require a specified changeover period, say 60 days advance notice published in the Federal Register or Treasury Decisions, before an import could go from noncompetitive to a competitive status.