

common denominator of \$1.00 per lb. as the American Selling Price. For example, if the real selling price were \$2.00 per lb. and the import price \$1.80 (before duty) or 10% less than the ASP, then, if the selling price is converted to the base of \$1.00 per lb., the import price would be \$0.90 per lb. or still 10% less than the conversion base. This enables us to keep all relevant factors on an equal basis without revealing confidential information.

With the above explanation, we refer you to the attached chart where the following facts are evident:

Intermediate A: The importer is now receiving the goods, before duty is assessed, at a price already 4% *less* than our manufacturing cost. If ASP is removed, the advantage will no doubt be enough to destroy our market.

Intermediate B: The existing 35% importer's advantage (sold at *less* than our own cost even *with* ASP) has caused us to discontinue production of the material. Furthermore, while we have new patented process technology available, the 35% differential is sufficient to prevent us from erecting a new facility to make the product.

Pigment A: While we continue to produce, the importer's *duty paid* price in the U.S. is only 25% over our cost, a marginal operating allowance since we must pay distribution, advertising, research, administrative and selling costs out of the difference before a pretax profit can be made. These added costs range from 10 to 15%.

Pigment B: We are considering the discontinuation of this material since the importer's *duty paid* price is only 11% over our cost and we cannot operate profitably on that margin since we have *at least* 10% added costs to be paid (See Pigment A above).

We also wish to point out that the attached calculations are based on conditions as they are now in 1968 when only the first tariff reduction has taken place under the Kennedy Round. *Further tariff reductions can only worsen an already undesirable condition.*

In addition, we urge the Committee to note that the examples given *are only a few of many* such with which we must now cope. The inevitable result of the present Kennedy Round tariff reductions will be a reduction in our personnel while elimination of ASP will call for wholesale layoffs, an action entirely contrary to the need and spirit of the times. It is our hope that the Committee will recognize and appreciate the urgency of our plea. It should be evident that tariff concessions already made have placed us in an unsatisfactory position. It is our view that the Congress should undertake a thorough investigation of trade and tariffs.

Very truly yours,

R. L. MARIENTHAL,
Manager of Chemical Sales.

Enclosure. (See chart on p. 4803.)

NYANZA INC.,
Lawrence, Mass., June 17, 1968.

Representative WILBUR D. MILLS,
*U.S. House of Representatives,
House Ways and Means Committee,
Washington, D.C.*

DEAR REPRESENTATIVE MILLS: According to recent press releases your committee is currently hearing testimony regarding the effect of the Kennedy Round negotiations on the Chemical Industry.

In addition, you are considering the effect of eliminating the ASP method of evaluation.

Realizing that you will be besieged by countless pages of testimony, I shall keep my statement as brief as possible.

I am president of a small dye manufacturing firm, Nyanza Inc. located in Ashland, Massachusetts. It was founded in 1919. We employ about 100 people directly, and 200 indirectly.

A detailed analysis of the effect of the Kennedy Round 50% reduction on tariffs on our profit picture is alarming, if not disastrous. Elimination of the ASP protection would in analysis, amount to a further reduction of about 30% in our present protection.

For several years we have experienced strong competitive pressures in our markets from the giant chemical companies of Europe—Bayer, BASF, Hoechst