

SEPARATE PACKAGE

The Separate Package Agreement which would be implemented by H.R. 17551 involves more than just the question of whether or not American Selling Price valuation should be retained. Even on the basis of the information submitted by Ambassador Roth, it is clear that this Separate Package Agreement involves substantial Tariff reductions in excess of the already large 50% reductions authorized under the Trade Expansion Act. In this connection, we joined with the other member unions of the AFL-CIO at our annual convention in December 1967 in passing a resolution stating:

"No tariff cutting, beyond the authorization of the Trade Expansion Act, should be approved if there is any change of method of valuation such as ASP."

The Separate Package Agreement is clearly inconsistent with this resolution in that the implementation of this agreement would, in and of itself, result in "tariff cutting beyond the authorization of the Trade Expansion Act." In this connection I believe that Mr. Andrew Biemiller, the Legislative Director of the AFL-CIO, made a very telling point when he pointed out that:

"Those who support removal of American Selling Price valuation argue that four industries—should not have a separate method of valuation because no other industry enjoys this special method of protection." But that: "By the same token, it seems reasonable to us that no industry should be given different treatment by being asked to absorb a greater than 50% cut."

We agree fully with Mr. Biemiller on this point—no industry—and even more important the workers of no industry—should be given different treatment by being asked to absorb a greater than 50% cut.

If we are going to consider the elimination of one method of valuation or another, we should not consider it on the basis of which is more widely used, but rather on the basis of which method of valuation is better. On this basis, we believe that there is far more justification for eliminating valuation based upon low cost foreign prices, than there is for eliminating of ASP valuation which reflects the cost of producing the same product in the United States. Rather than us having to adjust to their costs and their standards of living, they should have to adjust to ours.

THE KENNEDY ROUND AGREEMENT ON CHEMICALS

It is extremely difficult for us to understand how this country could have agreed to cut its chemical tariffs by 50% in return for a reduction of only 20% by our principal trading partners. Even under existing tariffs, chemical imports are already increasing rapidly. Given the higher costs prevailing in this country, it is hard to see how even equivalent tariff reductions by the United States and its principal trading partners will begin to generate as much in the way of increased exports as it would in increased imports. The idea of us even considering cutting our chemical tariffs by more than they did is absurd.

As an experienced contract negotiator, it seems pretty clear to me what's been done. The European negotiators were pretty sharp. They negotiated this 50%-20% Kennedy Round deal in order to make it look like they were really giving us something when they threw in the other 30% as a "concession" for the elimination of the American Selling Price valuation. This "ploy" was so obvious that I simply cannot understand how our negotiators let them get away with it.

As a result we are going to be adversely affected no matter what the Congress does. If you don't approve the Separate Package, we are going to get stuck with the unreciprocal 50%-20% Kennedy Round deal which will result in a far greater increase in our chemical imports than in our chemical exports. If the Congress does approve the Separate Package, the situation is even worse. American Selling Price valuation will be eliminated and our benzenoid chemical tariffs will be reduced considerably in excess of 50%.

Either way you look at it, its heads—they win and tails—we lose—only if its tails and ASP is eliminated and benzenoid chemical tariffs are reduced by more than 50%—we lose even worse. It makes you feel like a man who's been asked whether he would prefer to work for 10 cents an hour or 20 cents an hour. Of course he would choose 20 cents an hour, but it sure isn't much of a choice.

We believe that this General Agreement on Tariffs and Trade ought to be like some of our labor contracts and have a renegotiation clause. Then if you get stuck with a bad agreement like has happened in chemicals, you can go back and straighten things out.